
The St. Mary Magdalene & Holy Jesus Trust

Registered Charity No 225979

Report and Financial Statements

For the year ended 31st March 2023



THE ST. MARY MAGDALENE & HOLY JESUS TRUST

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Telephone: (0191) 269 7920
email: st.marymagdalene@mmhjtrust.com
Registered Charity No 225979

Trustee: St Mary Magdalene and Holy Jesus Trustee Limited
Chair: Mr J Lee, OBE

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 2023

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 St Mary Magdalene & Holy Jesus Trust is an unincorporated charity with a corporate trustee, the corporate trustee being The St Mary Magdalene & Holy Jesus Trustee Limited (The Trustee).

The organisations' governing documents have changed over the years with the current governing documents being the 2008 Scheme (As amended by supplemental schemes dated 25 February 2022 and 2 May 2023) and Articles of Association (Amended July 2021).

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 is close to completing the redevelopment of the former Magdalene Court flats site, owns a former care home, which is no longer used for residential accommodation and owns 4 flats referred to as the "Chippendale Properties" 3 of which are occupied with the remaining flat in the process of being sold (See Section D). The Trustees will earmark any funds from the sale to procure alternative accommodation of equivalent amenity value.

In accordance with the Trust's Scheme, when making appointments, The Trustee 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 10 bungalows occupied by Freemen of the City of Newcastle upon Tyne.

Regarding 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. Details of the class of person to whom preference must be given does vary across the Trust's properties. Detailed information is provided in the 2008 Scheme (As amended by supplemental schemes dated 25 February 2022 and 2 May 2023).

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The Trust also makes quarterly grants to the beneficiaries of 3 “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 6 beneficiaries of whom three must be poor widows of Clergymen and the poor widows of Freemen with preference being given to the widows of merchants.
- **Thomas Davison Hospital**
Comprises 6 beneficiaries who must be the poor widows or unmarried daughters of Freemen.
- **Sir Walter Blackett Hospital**
Comprises 6 beneficiaries who must be poor unmarried Freemen.

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

provides the following additional benefits for residents of the Almshouses:

- An on-site Handyman Service.
- 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.
- Security service which includes an on-site security guard.
- Communal grounds.
- Free social activities and events.
- 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 that are in accordance with the objects of the St Mary Magdalene and Holy Jesus Trust. During the year ended 31st of March 2022, the Trustee made a grant of around £10,000 to Caring Hands. Caring Hands are a charity that provides a range of services to vulnerable people in Newcastle upon Tyne. It should be noted that the funds did not come from the Trust directly but were provided from the estate of a deceased resident in accordance with their will. Payment of this grant was completed during the year ended 31st of March 2023.

The Trustee has 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

- The organisation is continuing to deliver against its 2021-27 Business Plan. The Magdalene Court scheme commenced in June 2022 and is due for completion in July 2023. This will provide 15 flats suitable for people with disabilities along with 3 family houses which are also suitable for people with disabilities.
- Refurbishment works to the Mary Magdalene Bungalows have continued throughout the year.

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This has included an external refurbishment programme for the 25 1990 Mary Magdalene bungalows, which resulted in raising the Energy Performance Certificate rating for these properties from a D to a C. Additional 1950 Mary Magdalene Bungalows have also been refurbished during the year.

- The organisation reviewed its Investment Policy. This Investment Policy sets out what the Trust's investments should achieve and is fully aligned with the Business Plan.
- We continue to receive a high level of interest from potential applicants who wish to live in our almshouse accommodation. An annual review of maintenance contributions was undertaken to make them more commensurate with the standard of property provided with a strong focus on ensuring that contributions were affordable given the increases in living costs. All maintenance contributions remain under the Local Housing Allowance rates for Newcastle upon Tyne.
- The organisation has produced a Value Statement, which provides a set of guiding principles for the organisation. The Value Statement was informed by stakeholders, guides decision making and establishes a standard for assessing actions and future proposals.

C. FINANCIAL REVIEW

The financial statements for the year ending 31st March 2023 show:

- Net surplus (exclusive of investment gains / losses) of £349,800 (2022: £187,200 net loss)
- Net Investment Loss of £1,532,700 (2022: £848,000 loss).
- Cash Flow £1,810,800 negative (2022: £1,318,900 positive).
- Total Funds £44,049,300 (2022: £45,232,200).

❖ 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 is to set Maintenance Contributions at a level covering everyday charitable property costs and contributing to long term repairs. Trustees are also mindful of the cost-of-living crisis and Maintenance Contributions continued to remain lower than the Local Authority Housing Allowance levels for Newcastle upon Tyne.

Investment Income from the Permanent Endowment is used to fund the loss on charitable operations, with the excess transferred to the Capital Expenditure Fund to finance the business plan.

❖ Significant Events Impacting This Year's Results

- Resident numbers increased as upgraded bungalows were released from the refurbishment program. This resulted in 97% of theoretical maintenance contributions being received in the year totaling £578,727 as opposed to 91% (£542,800) in the previous year.
- Investment Income was 0.5% lower than the prior year, with decreases in commercial estate income being offset financial investment income increasing due to both the restructuring of

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the portfolio and the additional income derived from reinvesting the former Northumberland Street Sinking Fund.

❖ Review of Reserves

At 31st March 2023, 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	Total
ABDN Asset Portfolio	15,908.5	-	-	-	15,908.5
Evelyn Partners Portfolio	2,640.8	-	-	-	2,640.8
EdenTree Portfolio	896.9	-	-	-	896.9
CCLA Portfolio	4,633.2	-	-	-	4,633.2
Investment Property	7,583.5	-	-	-	7,583.5
Cash & Deposits	551.2	562.1	-	1,628.5	2,741.8
Operational Property	-	-	7,774.9	-	7,774.9
Assets Under Construction	-	-	-	2,636.8	2,636.8
Other Current Liabilities	(198.9)	(62.1)	-	(506.1)	(767.1)
Total	32,015.2	500.0	7,774.9	3,759.2	44,049.3

- 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.
- General Reserve**
 The General Reserve Policy level is £500,000 which equates to 2 years net cost of operations excluding depreciation (2022 2 years).
- 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**
 This 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 was 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.

The Charity Commission discharged the order on November 15th 2021 resulting in the closure

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of the fund and its transfer to the Permanent Endowment.

❖ Investment Policy

The Trust's Investment Policy was revised in the year. Given the strong capital position, the risk levels in the financial portfolio were increased to provide for greater income flows during the period of the business plan.

Ethical Criteria:

The Trustee are mindful of the charity's purposes, with a focus on the position of beneficiaries and what causes them hardship. Taking into account poverty and negative wellbeing impacts linked to poverty, the Trustee excludes direct investment in companies whose primary business is predatory lending, gambling, tobacco production and alcohol production.

Environmental, social and governance (ESG) factors and active stewardship:

ESG is an important aspect to our investments. We wish to work with an investment manager who integrates ESG research into their investment process. Our investment manager should be a signatory to the UN Principles for Responsible Investment, as a sign of best practice in this area. We wish to have a continuing dialogue with our investment manager about their own Sustainability practices, goals and performance.

Targeted returns are as follows:

Commercial Property	6% net yield
Agricultural Property	50% capital growth over 10 years
Financial Portfolio	Outperform ARC by 1%-2% over average.

❖ 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 will continue to be exposed to a degree of risk due to the uncertain economic climate with growth remaining weak.
- With the adoption of the new revised articles for the St Mary Magdalene & Holy Jesus Trustee Limited several long serving Directors are in the process of retiring. There is a transition plan in place but recruiting Directors, 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 former residential care home and the continued refurbishment of the Mary Magdalene Bungalows.
- The charity remains committed to providing a community environment which encourages social wellbeing through the provision of a range of facilities, activities, and events. Events are being planned in consultation with residents.

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- The 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.

E. STRUCTURE, GOVERNANCE AND MANAGEMENT

❖ Governing Document

The St Mary Magdalene & Holy Jesus Trust is an unincorporated charity with a corporate trustee, the Corporate Trustee being The St Mary Magdalene & Holy Jesus Trustee Limited. The organisations' governing documents have changed over the years with the current governing documents being the 2008 Scheme (As amended by supplemental schemes dated 25 February 2022 and 2 May 2023) and Articles of Association (Amended July 2021).

❖ Charity Governance Code

The Trust adopted the Charity Governance code at a meeting of the Board of the Trustee in February 2022. An assessment has been made using the Charity Governance Code template – larger charities 2020 edition to identify areas where improvement is needed. The organisation is actively working through these areas.

❖ Nomination of Directors

The following bodies are entitled to nominate Directors to the Corporate Trustee:

The Stewards Committee of the Freemen of the City of Newcastle upon Tyne (3 directors), Newcastle City Council (3 directors) and the Bishop of Newcastle (1 director). In addition, up to 3 directors (Co-opted Directors) and a Chair can be appointed in accordance with the Articles of Association (Amended July 2021).

All Directors initially hold office for a period of 3 years.

❖ Director Induction & Training

Directors who are nominated or co-opted to the Board come from a range of backgrounds. As part of their induction and training, new Directors receive the following documents in relation to the charity, its work and their responsibilities as a director - 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 Directors, 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 Directors 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 Directors 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 Directors and 1 meeting

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per year may be devoted to Director training and development. All new Directors are required to complete a skills audit and the experience, knowledge, expertise and skills of Directors are periodically reviewed. Information from the skills audit can identify any potential gaps and, where possible, Directors 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 Directors 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 Directors are responsible for establishing structures for the proper governance and management of the Trust and the Corporate Trustee and the development of the vision and strategy of the charity in accordance with its objects. The Board meets approximately bi-monthly to discuss operational, financial and development policy, making decisions on key issues.

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

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 Directors.

❖ 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 and Mr Alan Bainbridge are Members of the Stewards Committee of The Freemen of the City of Newcastle upon Tyne.

❖ Pay Policy and performance of Senior Staff

Pay is normally increased annually to reflect a cost-of-living adjustment.

Following the adoption of the Charity Governance Code the Board of the Trustee will oversee an annual appraisal of the Chief Executive. All other staff have an annual appraisal conducted by the Chief Executive.

❖ Risk Management

A Risk Management Register is in place. The Directors 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 along with evaluating and assessing the impact of controls and actions on existing risks. These are reported to the Directors who continue to review the risk management procedures and the Risk Management Register annually and as required.

❖ Board Effectiveness

The Directors have completed a Board Effectiveness Questionnaire and a Director Skills Audit, and these will be completed every 3 years. A 2-year programme of Director appraisals has been agreed

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and these appraisals have commenced.

❖ Directors' terms of office

Under the Articles of Association (Amended July 2021), Directors are appointed for a term of 3 calendar years and can serve no more than 9 years. This is a significant change to the previous Articles of Association (December 2008). At the start of the year there were 4 Directors who had served for more than 9 years. This included 1 Co-opted Director and 3 nominated Directors. A recruitment exercise was held for a Co-opted Director and this position was filled during the year. The 3 remaining Directors who have served for more than 9 years are nominated Directors. These 3 remaining Directors have been appointed to serve for a further term of 1 year and discussions are being held with the nominating bodies to ensure that the skill requirements of the organisation can be met along with the organisation's requirements for Directors' terms of office.

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
Mrs H Birkett	The Stewards Committee of the Freemen of Newcastle upon Tyne (Resigned 6 th July 2022)
Mrs Pauline Summerhill	The Stewards Committee of the Freemen of Newcastle upon Tyne (Appointed 30 th May 2023)
Sir L R Fenwick CBE	Co-opted (Resigned 30 th May 2023)

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Mrs Ranjana Bell

Co-opted
(Appointed 30th May 2023)

Mr J P Lee OBE (Chair)

Co-opted

Mr L McGray

Co-opted

Mr D W Midgley OBE

Co-opted

Councillor Mrs H Stephenson

Newcastle City Council (Resigned 16th June 2022)

Councillor Mrs L Wright

Newcastle City Council

Councillor W B Taylor

Newcastle City Council

Canon P R Strange

Bishop of Newcastle

Councillor P Frew

Newcastle City Council (Appointed 4th August 2022)

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

Mr Neal Croudace (Finance Director) Appointed to this role 1st April 2021

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

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

Investment Managers: Abrdn Capital Limited
1 George Street, Edinburgh, EH2 2LL

Evelyn Partners Investment Management LLP
45 Gresham Street, London EC2V 7BG

EdenTree Investment Management Limited
Beaufort House, Brunswick Road, Gloucester, GH1 1JZ

CCLA
Senator House, London, EC4V 4ET

Auditors: Haines Watts North East Audit LLP
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

Virgin Money
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 a going concern basis unless it is inappropriate to presume that the Trust will continue to operate.

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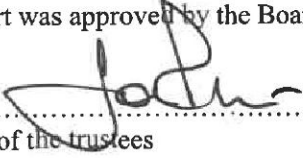


The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Report) Regulations 2008 and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

H. AUDITORS

Haines Watts North East Audit LLP 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. Following a tender exercise, a proposal for the appointment of Azets Audit Services will be proposed at the annual AGM.

This Report was approved by the Board of Trustees on. 2nd August 2023

Signed.....
On behalf of the trustees

J P Lee - Chair

Independent Auditor's Report to the Trustees of St Mary Magdalene and Holy Jesus Trust

Opinion

We have audited the financial statements of St Mary Magdalene and Holy Jesus Trust (the 'charity') for the year ended 31 March 2023 which comprise Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and notes to the financial statements, including 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 31 March 2023, and of its incoming resources and application of resources, including its income and expenditure, 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 requirements of 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 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 trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; 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, 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 responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that 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 charity itself and the industry in which it operates. We identified areas of laws and regulations which could reasonably be expected to have a material effect on the financial statements through our sector experience and through discussion with management. The most significant were identified as the Charities Act 2011 and UK GAAP (FRS 102). We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement captions. 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 the risks related to fraud or non-compliance with laws and regulations;
- assessing the risk of management override of controls including identifying and testing a sample of journal entries;
- obtaining confirmation from banks and investment managers to verify the balances as at 31 March 2023;
- reviewing minutes of meetings of those charged with governance; and

- challenging the assumptions and judgements made by management in their significant accounting estimates, principally the valuation of investment properties.

A further description of our responsibilities is available on the FRC's website at:

<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. 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.

C. Henderson

Craig Henderson (Senior Statutory Auditor)

For and on behalf of Haines Watts North East Audit LLP

Statutory Auditors

17 Queens Lane

Newcastle upon Tyne

NE1 1RN

Date: 29 August 2023

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Statement of Financial Activities for the Year Ending 31st March 2023

		Unrestricted	Designated & Restricted	Endowment	Total	Total
	Note	Funds	Funds	Funds	2023	2022
		£000's	£000's	£000's	£000's	£000's
Income and endowments from:						
Donations and legacies	1	0.4	0.0	0.0	0.4	0.0
Charitable activities	2	587.7	0.0	0.0	587.7	557.5
Investments	3	1,228.7	0.0	0.0	1,228.7	1,235.1
Total income and endowments		1,816.8	0.0	0.0	1,816.8	1,792.6
Expenditure on:						
Raising funds	4	0.0	0.0	289.9	289.9	278.5
Charitable activities	5	1,018.7	158.4	0.0	1,177.1	1,701.3
Other		0.0	0.0	0.0	0.0	0.0
Total expenditure		1,018.7	158.4	289.9	1,467.0	1,979.8
Net income / (expenditure) before investment gains		798.1	(158.4)	(289.9)	349.8	(187.2)
Net losses on investments	13	0.0	0.0	(1,532.7)	(1,532.7)	(848.0)
Net income / (expenditure)		798.1	(158.4)	(1,822.6)	(1,182.9)	(1,035.2)
Transfers						
Gross transfers between funds	18	(798.1)	605.4	192.7	(0.0)	-
		0.0	447.0	(1,629.9)	(1,182.9)	(1,035.2)
Other recognised gains						
Other gains / (losses)		0.0	0.0	0.0	0.0	0.0
Net movement in funds		0.0	447.0	(1,629.9)	(1,182.9)	(1,035.2)
Reconciliation of Funds						
Total funds brought forward		500.0	11,087.1	33,645.1	45,232.2	46,267.4
Total funds carried forward	18	500.0	11,534.1	32,015.2	44,049.3	45,232.2

St Mary Magdalene & Holy Jesus Trust

Statement of Financial Activities for the Year Ending 31st March 2022

		Unrestricted	Designated & Restricted	Endowment	Total	Total
	Note	Funds	Funds	Funds	2022	2021
		£000's	£000's	£000's	£000's	£000's
Income and endowments from:						
Donations and legacies	1	0.0	0.0	0.0	0.0	1.3
Charitable activities	2	557.5	0.0	0.0	557.5	518.3
Investments	3	1,235.1	0.0	0.0	1,235.1	1,067.7
Total income and endowments		1,792.6	0.0	0.0	1,792.6	1,587.3
Expenditure on:						
Raising funds	4	0.0	0.0	278.5	278.5	227.4
Charitable activities	5	984.6	716.7	0.0	1,701.3	1,219.3
Exceptional Item - Accelerated Depreciation		0.0	0.0	0.0	0.0	100.5
Other		0.0	0.0	0.0	0.0	0.0
Total expenditure		984.6	716.7	278.5	1,979.8	1,547.2
Net income / (expenditure) before investment gains		808.0	(716.7)	(278.5)	(187.2)	40.1
Net gains / (losses) on investments	13	0.0	0.0	(848.0)	(848.0)	2,184.4
Net income / (expenditure)		808.0	(716.7)	(1,126.5)	(1,035.2)	2,224.5
Transfers						
Gross transfers between funds	18	(808.0)	(2,841.1)	3,649.1	0.0	0.0
		0.0	(3,557.8)	2,522.6	(1,035.2)	2,224.5
Other recognised gains						
Other gains / (losses)		0.0	0.0	0.0	0.0	0.0
Net movement in funds		0.0	(3,557.8)	2,522.6	(1,035.2)	2,224.5
Reconciliation of Funds						
Total funds brought forward		500.0	14,644.9	31,122.5	46,267.4	44,042.9
Total funds carried forward	18	500.0	11,087.1	33,645.1	45,232.2	46,267.4

St Mary Magdalene & Holy Jesus Trust
Balance Sheet as at 31st March 2023

	Note	Unrestricted Funds £000's	Designated & Restricted Funds £000's	Endowment Funds £000's	Total 2023 £000's	Total 2022 £000's
Fixed Assets:						
Operational Estate	12	0.0	10,411.7	0.0	10,411.7	7,633.9
Investments	13	0.0	0.0	31,662.8	31,662.8	33,295.2
Total Fixed Assets		0.0	10,411.7	31,662.8	42,074.5	40,929.1
Current Assets						
Debtors	14	22.6	0.0	13.5	36.1	69.3
Cash at bank and in hand		561.8	1,628.5	551.2	2,741.5	4,552.3
Total current assets		584.4	1,628.5	564.7	2,777.6	4,621.6
Liabilities						
Creditors						
Amounts falling due within one year	15	(84.4)	(506.1)	(212.3)	(802.8)	(318.5)
Net current assets		500.0	1,122.4	352.4	1,974.8	4,303.1
Total assets less current liabilities		500.0	11,534.1	32,015.2	44,049.3	45,232.2
Long Term Liabilities	16	0.0	0.0	0.0	0.0	0.0
Net Assets		500.0	11,534.1	32,015.2	44,049.3	45,232.2
The funds of the charity						
Permanent Endowment Fund		0.0	0.0	32,015.2	32,015.2	33,645.1
General Reserve		500.0	0.0	0.0	500.0	500.0
Capital Projects Fund		0.0	3,759.2	0.0	3,759.2	3,633.3
Operational Estate Reserve		0.0	7,774.9	0.0	7,774.9	7,453.8
Total Charity Funds	18	500.0	11,534.1	32,015.2	44,049.3	45,232.2

The financial statements were approved by the trustees on 29 August 2023

Signature.....

J P Lee - Chair

St Mary Magdalene & Holy Jesus Trust

Cash Flow Statement for the Year Ending 31st March 2023

	Notes	£000's 2023	£000's 2022
Net cash inflow from operating activities	(a)	1,053.8	167.6
Cash flow from investing activities			
Capital Expenditure on Operational Estate		(2,964.3)	(810.5)
Net investment income received		(615.0)	82.5
Purchase of investments		(3,845.4)	-
Sale of investments		4,560.1	1,879.3
Net cash flow from investing activities		(2,864.6)	1,151.3
Net increase in cash and cash equivalents		(1,810.8)	1,318.9
Cash and cash equivalents at 1 April 2022		4,552.3	3,233.4
Cash and cash equivalents at 31 March 2023	(b)	2,741.5	4,552.3

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

Net (outgoing) resources before other recognised gains and losses	349.8	(187.2)
Depreciation	186.5	172.8
Decrease / (Increase) in Debtors	33.2	216.0
Increase / (Decrease) in Creditors	484.3	(34.0)
Net cash inflow / (outflow) from operating activities	1,053.8	167.6

(b) Cash and cash equivalents consist of:

Cash at bank and in hand	2,741.5	4,552.3
Cash and cash equivalents at 31 March 2023	2,741.5	4,552.3

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 2023

(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 2023

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.

(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.

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 2023

- (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 2022 on the basis of Fair Value as detailed by the Royal Institution of Chartered Surveyors in the RICS Red Book. 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 17th March 2022 by way of a percentage uplift based on the selling price achieved on the Great Law Farm sale over its previous book carrying value. 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.

The trustees do not consider that there have been any significant changes to these valuations in the period since.

(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.

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2023

(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.

(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 cash flows are considered 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 31st March 2023 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 2023

1 Income from donations and legacies	2023	2022
	£000's	£000's
Donations Received	0.4	-

All donations represent unrestricted funds.

2 Incoming resources from charitable activities	2023	2022
	£000's	£000's
Sheltered Housing	587.7	557.5

3 Income from investments	2023	2022
	£000's	£000's
Commercial Estate	490.2	706.8
Managed Financial Investments	711.1	525.6
Interest on Other Cash Balances	27.4	2.7
	1,228.7	1,235.1

All investment income represents unrestricted funds.

4 Raising Funds:

	Unrestricted	Restricted	Endowment	2023	2022
	£000's	£000's	£000's	£000's	£000's
Investment management costs					
Legal fees	0.0	0.0	5.5	5.5	9.3
Investment manager fees	0.0	0.0	142.3	142.3	152.8
Other	0.0	0.0	142.1	142.1	116.4
	0.0	0.0	289.9	289.9	278.5

£285,700 (2022 - £278,500) of the above costs were attributable to endowment funds. £0 (2022 - £0) of the above costs were attributable to restricted funds.

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2023

5 Analysis of expenditure on charitable activities

	Activities under Taken Directly £000's	Support Costs £000's	Total 2023 £000's	Total 2022 £000's
Sheltered Housing	765.9	401.3	1,167.2	1,690.6
Grants to Brethren	9.7	0.0	9.7	10.7
Other Donations	0.2	0.0	0.2	0.0
	<u>775.8</u>	<u>401.3</u>	<u>1,177.1</u>	<u>1,701.3</u>

6 Allocation of Support Costs

	Total 2023 £000's	Total 2022 £000's
All Support costs are attributable to Sheltered Housing		
Provision of Meals	43.3	47.4
Administration Salaries and Expenses	240.4	227.1
Administration Building Costs	63.8	50.4
Chaplaincy Costs	0.0	0.0
Governance	25.4	29.4
Other Support Costs	28.4	26.4
	<u>401.3</u>	<u>380.7</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 £40,345 (2021: £44,434) has been recovered during the year.

7 Governance Costs

	Total 2023 £000's	Total 2022 £000's
Legal & Professional Fees	10.0	16.7
Auditor's Remuneration	10.1	8.3
Insurance	1.7	1.7
Other	3.6	2.7
	<u>25.4</u>	<u>29.4</u>

8 Net income / (expenditure) for the year

	Total 2023 £000's	Total 2022 £000's
Net income/(expenditure) for the year is stated after (charging) / crediting:		
Depreciation of tangible fixed assets	(186.5)	(172.8)
Profit on sale of investment property	0.0	79.3
Loss on fair value movement of investment property	0.0	(989.9)
Profit / (loss) on fair value movement of investments	(1,532.7)	62.6

9 Auditor's remuneration

The auditor's remuneration amounts to an audit fee of £10,100 (2022 - £8,250)

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2023

10 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year (2022: £Nil).

The Total amount of employee benefits received by key management personnel was £121,149, (2022 : £120,055). The trust considers its key management personnel to comprise non trustees who directly contribute to the Trust's board meetings.

0 (2022 : 0) trustees are accruing pension arrangements.

The trustees did not have any expenses reimbursed during the year (2022: £Nil).

11 Staff costs and employee benefits

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

	2023 Average	2023 FTE	2022 Average	2022 FTE
Average Number of Employees				
Raising funds	0	0	0	0
Charitable activities	7	7	7	7
Governance	0	0	0	0
	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>

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

	2023 £000's	2022 £000's
Gross Wages	221.9	199.8
NI Contributions	23.2	20.2
Pension Contributions	33.8	30.8
	<u>278.9</u>	<u>250.8</u>
Agency Staff	29.3	46.7
	<u>308.2</u>	<u>297.5</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 2023

12 Operational Estate

	<u>Operational Buildings</u> £000's	<u>Assets Under Construction</u>	<u>Fixtures, Fittings & Equipment</u> £000's	<u>Total</u> £000's
Cost at 31st March 2022	15,155.4	180.1	299.6	15,635.1
Additions	0.0	2,964.3	0.0	2,964.3
Transfers	507.6	(507.6)	0.0	0.0
Disposals	(274.1)	0.0	(12.6)	(286.7)
Cost at 31st March 2023	15,388.9	2,636.8	287.0	18,312.7
Depreciation at 31st March 2022	7,705.3	0.0	295.9	8,001.2
Charge for year	183.1	0.0	3.4	186.5
Disposals	(274.1)	0.0	(12.6)	(286.7)
Depreciation at 31st March 2023	7,614.3	0.0	286.7	7,901.0
Net Book Value at 31st March 2023	7,774.6	2,636.8	0.3	10,411.7
Net Book Value at 31st March 2022	7,450.1	180.1	3.7	7,633.9

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2023

13 Investment Assets

	[Unrestricted] General Reserve £000's	[Permanent Endowment]		Total Investments 2023 £000's	2022 £000's
		Financial Investments ¹ £000's	Commercial Estate ² £000's		
Carrying value at beginning of year	0.0	25,711.7	7,583.5	36,105.0	36,105.0
Add: Additions to investments at cost	0.0	3,845.4	0.0	3,845.4	0.0
Less: Disposal proceeds	0.0	(3,846.0)	0.0	(3,846.0)	(1,879.3)
Gains / (Losses) on Disposals	0.0	0.0	0.0	0.0	79.3
Withdrawals		(714.1)	0.0	(714.1)	0.0
Revaluation	0.0	(1,532.7)	0.0	(1,532.7)	(927.3)
Investment Income Realised	0.0	711.1	0.0	711.1	43.8
Management Fees Paid	0.0	(96.1)	0.0	(96.1)	(126.3)
Carrying value at end of year	0.0	24,079.3	7,583.5	34,472.6	33,295.2
Investment Assets comprise:					
Investment properties	0.0	0.0	7,583.5	7,583.5	7,583.5
Listed Investments	0.0	23,786.8	0.0	23,786.8	25,125.9
Cash balances held in Investment Portfolio	0.0	23,786.8	7,583.5	31,370.3	32,709.4
	0.0	292.5	292.5	292.5	585.8
	0.0	24,079.3	7,583.5	31,662.8	33,295.2
Investment Income 2023	0.0	711.1	490.2	1,201.3	[Note 3]
Investment Income 2022	0.0	525.6	706.8	1,232.4	

¹Financial Investments

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

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 2022. The Trustees have reviewed the portfolio at 31st March 2023 and consider that there have been no material changes to the valuation since 31 March 2022.

St Mary Magdalene & Holy Jesus Trust
Financial Statements for the Year Ended 31st March 2023

	2023 £000's	2022 £000's
14 Debtors		
Rents Receivable	14.4	31.0
Prepayments and Accrued Income	21.7	38.3
	<u>36.1</u>	<u>69.3</u>

	2023 £000's	2022 £000's
15 Creditors		
Trade Creditors	47.6	46.9
Accruals and Deferred Income	755.3	271.6
	<u>802.9</u>	<u>318.5</u>

	2023 £000's	2022 £000's
16 Long Term Liabilities		
Tyne and Wear Pension Fund shortfall payments	-	-

	2023 £000's	2022 £000's
17 Deferred income		
At 31 March 2022	87.7	154.4
Additions during the year	450.7	524.4
Amounts released to income	(479.0)	(591.1)
At 31 March 2023	<u>59.4</u>	<u>87.7</u>

Deferred income relates to commercial property rents paid in advance.

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18 Movement on Funds

	Designated		Restricted		Total		Permanent		Total
	General Reserve £000's	Capital Projects Fund £000's	Operational Estate Reserve £000's	Restricted & Designated Funds £000's	Endowment General Fund £000's				Funds £000's
Balance at 31st March 2022	500.0	3,633.3	7,453.8	11,087.1	33,645.1				45,232.2
Net Incoming/(Outgoing) Resources	798.1	(158.4)	0.0	(158.4)	(289.9)				349.8
Transfers:									
Amortisation of Operational Estate Res.	0.0	186.5	(186.5)	0.0	0.0				0.0
Other Transfers	(798.1)	97.8	507.6	605.4	192.7				0.0
Gains/(Losses) on Investments	0.0	0.0	0.0	0.0	(1,532.7)				(1,532.7)
Balance at 31st March 2023	500.0	3,759.2	7,774.9	11,534.1	32,015.2				44,049.3

Transfers between funds

Per current policy:

1. A transfer equal to the annual depreciation charge of £186,500 was transferred from the Operational Estate Reserve to the Capital Projects Fund.
- 2 Other transfers relate to the reduction of the general reserve to £500,000 as per the current policy, and the allocation of amounts relating to the permanent endowment.

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18 Movement on Funds

	Northumberland					Endowment		
	General Reserve £000's	Capital Projects Fund £000's	Street Sinking Fund £000's	Operational Estate Reserve £000's	Total Restricted & Designated Funds £000's	Permanent Endowment		Total Endowment Funds £000's
						General Fund £000's	Endowment Funds £000's	
Balance at 31st March 2021	500.0	2,185.2	5,528.4	6,931.3	14,644.9	31,122.5	31,122.5	46,267.4
Net Incoming/(Outgoing) Resources	808.0	(716.7)	0.0	0.0	(716.7)	(278.5)	(278.5)	(187.2)
Transfers:	(808.0)	1,992.0	0.0	695.3	2,687.3	(1,879.3)	(1,879.3)	0.0
Amortisation of Operational Estate Res.	0.0	172.8	0.0	(172.8)	0.0	0.0	0.0	0.0
Reduction of General Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gains/(Losses) on Investments	0.0	0.0	0.0	0.0	0.0	(848.0)	(848.0)	(848.0)
Balance at 31st March 2022	500.0	3,633.3	0.0	7,453.8	11,087.1	33,645.1	33,645.1	45,232.2

Transfers between funds

Per current policy:

1. A transfer equal to the annual depreciation charge of £172,800 was transferred from the Operational Estate Reserve to the Capital Projects Fund.
2. The net proceeds of Permanent Endowment property sales was transferred to the Capital Projects fund with Charity Commission approval.
- 3 The Trust successfully sought permission for the Northumberland Street Sinking fund order to be considered discharged and the value of the fund was transferred to the Permanent Endowment.

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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 was been reduced to £500,000 during the year ended 31st March 2021. 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.

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

As at 31 March 2023

	Unrestricted £000	Designated £000	Restricted £000	Endowment £000	Total £000
Fixed assets	0.0	10,411.7	0.0	31,662.8	42,074.5
Cash and current asset investments	561.8	1,628.5	0.0	551.2	2,741.5
Other current assets/liabilities	(61.8)	(506.1)	0.0	(198.8)	(766.7)
Creditors due in more than one year	0.0	0.0	0.0	0.0	0.0
	<u>500.0</u>	<u>11,534.1</u>	<u>0.0</u>	<u>32,015.2</u>	<u>44,049.3</u>

As at 31 March 2022

	Unrestricted £000	Designated £000	Restricted £000	Endowment £000	Total £000
Fixed assets	0.0	7,633.9	0.0	33,295.2	40,929.1
Cash and current asset investments	572.7	3,476.9	0.0	502.7	4,552.3
Other current assets/liabilities	(72.7)	(23.7)	0.0	(152.8)	(249.2)
Creditors due in more than one year	0.0	0.0	0.0	0.0	0.0
	<u>500.0</u>	<u>11,087.1</u>	<u>0.0</u>	<u>33,645.1</u>	<u>45,232.2</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 Section 28 of FRS102, the Financial Reporting Standard applicable in the UK and Ireland.

Pension contributions payable for the year ended 31st March 2023 amounted to £33,777 (2022: £30,768) and there were 2 employees (2022: 2) participating in the scheme during the year.

Under the 2019 scheme valuation, no additional deficit contributions are payable (2022: £Nil)

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 refurbishment has largely been completed during the year, with only small amounts remaining outstanding on the contract value.

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.