

E. F. SPARKES CHARITABLE TRUST

(Registered Charity - Registration Number:- 233085)

TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER 2020

Reference and Administrative Information

Trustees

Mr J.M. Davies
Miss J.C. P. Davies

Charity Correspondent and Principal Address

Miss J.C.P.Davies
20 Essex Street
LONDON WC2R 3AL

Investment Advisors

Charles Stanley & Co Ltd
Broadwalk House
Southernhay West
EXETER EX1 1TS

Bankers

Barclays Bank plc

Independent Examiner

T. E. Reynolds FCA
23 Gillham Wood Road
BEXHILL-ON-SEA
East Sussex TN39 3BN

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E. F. SPARKES CHARITABLE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31st DECEMBER 2020

The Trustees present their annual report along with the financial statements of the charity for the year ended 31st December 2020. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's trust deed, the Charities Acts 2011 and 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 published on 2nd October 2019

Objectives and activities for the public benefit

The purposes of the Trust are to provide support to other charities to enable them to achieve their objectives by making donations to appropriate institutions. The trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Trust's aims and objectives, in planning future activities, and in setting the donation policy for the year.

The Trust furthers its charitable purposes for the public benefit through its donations to other charities.

Donation policy

The Trust has established its donation policy to achieve its objects for the public benefit. Donations are made primarily to charities that the Trust has supported annually for years and are focussed on the young favouring local rather than national charities. The Trustees consider national guidelines on equality and diversity when making donations

A review of our activities: How our donations have delivered public benefit

The charitable organisations to which donations were made are detailed in Note 4 to the accounts.

Financial review

The Trust's work is entirely reliant on income and investment returns from its endowments. The permanent endowment (the E. F. Sparkes bequest) is invested on a total return basis.

During 2020 stock markets fell significantly in the early part of the year due to the impact of Covid 19. In the later part of the year the markets recovered and this recovery has continued into 2021. In addition to the fall in investment values there was also a fall in the investment income received by the Trust. This fall was, to a limited extent, offset by lower investment management fees.

Grants made during the year totalled £29,850 (2019 - £30,450). In spite of the lower level of investment income available to the Trust the Trustees have broadly maintained the previous level of grants even though this has resulted in a small deficit of income compared to expenditure. The Trustees are of the view that this small deficit is acceptable in view of what is considered to be a temporary situation and the importance to the grant recipients in the grants made by the Trust.

The Covid-19 pandemic has not resulted in a significant long term decrease in the value of the Trust's investments. At 21st October 2021 the value of the Trust's investments totalled £1,270,494 compared to £1,186,969 at 31st December 2020.

Investment policy and performance

The Trust operates a total return approach to the investment of the permanent endowment.

When determining the level of funds available for donations the trustees have considered the amount of income required to maintain the current level of charitable activity and the likely needs of future beneficiaries. Additionally, when reaching on the level of available funds the trustees have taken professional advice from their investment advisers regarding the market outlook, investment trends and yield and the prospect for future capital growth.

Our investment advisors (Charles Stanley) are instructed to invest to maximise the total return on the investment portfolio.

E. F. SPARKES CHARITABLE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31st DECEMBER 2020 (continued)

Investment policy and performance (continued)

The high levels of stock market volatility and the continuing uncertainty regarding world economic prospects and the stability of certain banks continues to make the management of investments difficult. The charity is a long-term investor and the trustees, on professional advice, continue to hold a mixed portfolio of equities, bonds, cash and other investments designed to provide a level of stable income and the possibility of investment gains.

Details of the investment performance of the fund compared to previous years and other indices is set out below and is rebased to 100 at 1st January in the relevant year and calculated on a total return basis:

	2020	2019
E.F.Sparkes Trust (including cash)	92.7	114.8
COIF Charities Investment Fund	109.8	121.6
AIC Sector Equity Income NAV	91.2	120.4
FTSE 100	85.7	112.1
RPI	101.5	102.2

Due to overall market conditions the fund has performed worse than last year in line with the FTSE 100 and the majority of similar funds. It has, however, not kept pace with the RPI which is a key metric for grant recipients.

Risk management

The Trustees have considered the major strategic, business and operational risks that the charity faces. As a result of this examination the Trustees have identified poor investment performance as the major risk that could adversely impinge on the Fund. The Trustees confirm that processes have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen this and other risks. As part of their consideration of operation risks the Trustees have identified that risks arising from data protection failures represent a low level of risk as the charity only holds data on other charities rather than personal data of possible donees.

Reserves policy

The Trustees aim to maintain sufficient reserves to generate sufficient investment income, on a total return basis, to maintain the Trust's level of donations in real terms on an ongoing basis. In view of the potentially volatile nature of stock markets a prudent approach is taken with regard to unrealised gains on investments when assessing the amount of available investment income to be distributed as donations each year.

Plans for the future

The E.F. Sparkes Trust is a lasting testimony to the generosity and charitable concerns of the donors, the Sparkes Family. The core of the trustees' approach is to support other charities operating in the areas set out in the Trust's donation policy.

Structure, governance and management

The Trust is a registered charity, number 233085, and is constituted under a trust deed dated 19th November 1963. The Trust was established by an initial gift from Eric Frank and Doris May Sparkes to provide funds to enable grants to be made to charitable institutions and for charitable purposes at the absolute discretion of the Trustees.

The Trust does not actively fund raise and seeks to continue the charitable work desired by the donors through the careful stewardship of its existing resources.

Trustees are appointed by the existing Trustees and serve for an unspecified period. The induction process for any newly-appointed Trustee comprises a meeting with the existing Trustees at a pre-meeting separate in advance of the new Trustee's first attendance at a meeting of the Trustees.

At this meeting the existing Trustees brief the new Trustee on investments, the grant making process, powers and responsibilities of the Trustees and provide a welcome pack. This welcome

E. F. SPARKES CHARITABLE TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31st DECEMBER 2020 (continued)

Structure, governance and management (continued)

pack includes a brief history of the Trust, copy of the recent minutes of the meetings of the Trustees, a copy of the last three years' annual reports and accounts, a copy of the governing trust deeds and a copy of the Charity Commission's guidance 'The Essential Trustee: What You Need to Know'.

Conflicts of interest

Trustees are required to disclose all relevant interests and register them with the other trustees and, in accordance with the Trust's policy, withdraw from decisions where a conflict of interest arises. Neither the Trust nor any of the trustees have interests with the organisations to which the Trust has given grants and, if there were such interests, these would be disclosed.

Trustees remuneration.

All of the trustees give their time freely and no trustee information was paid in the year. Details of transactions in the year between the Managing Trustees and the Charity are set out in Note 7 to these accounts

Reference and administrative information

The names of the Trustees throughout the year and at the date of this report along with other key information are set out on Page 1.

Trustees' responsibilities in relation to the financial statements

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

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

J. M. DAVIES
Trustee

J. C. P. DAVIES
Trustee

30th October 2021

E. F. SPARKES CHARITABLE TRUST FUND
INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE
E. F. SPARKES CHARITABLE TRUST FOR THE YEAR ENDED 31ST DECEMBER 2020

I report to the Trustees on my examination of the accounts of the E. F. Sparkes Charitable Trust (the Trust) for the year ended 31 December 2020, which are set out on pages 6 to 12.

Responsibilities and basis of report

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

I report in respect of my examination of the Trustee's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act

Independent examiner's statement

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

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

T E. REYNOLDS FCA

23 Gillham Wood Road
BEXHILL-ON-SEA
East Sussex TN39 3BN

30th October 2021

E. F. SPARKES CHARITABLE TRUST

Statement of Financial Activities for the year ending 31 December 2020

	Notes	2020 £	2019 £
Income and endowments			
Investment income	2	35,392	43,212
Donations		684	134
Total income		36,076	43,346
Expenditure			
Costs of raising funds			
- Management and administration	3	8,891	9,513
		8,891	9,513
Expenditure on charitable activities			
- Grants payable	4	29,850	30,450
Total expenditure		38,741	39,963
Net income/(expenditure) before gains and losses on investments		(2,666)	3,383
Net gains/(losses) on investments	5		
- Realised gains/(losses) on investments sold in year		(8,386)	6,428
- Unrealised gains/(losses) on year end revaluation		(39,307)	152,310
		(47,693)	158,738
Net movement in fund		(50,359)	162,121
Fund at 1st January brought forward		1,336,934	1,164,951
Janus Henderson investment held by Kitsons LLP not previously included in the Fund			9,862
Fund at 31st December carried forward		£1,286,575	£1,336,934

The notes on pages 9 to 12 form part of these accounts

E. F. SPARKES CHARITABLE TRUST

<u>Balance Sheet as at</u>	<u>31 December 2020</u>		
	Notes	2020 £	2019 £
Fixed assets			
Investments	5	<u>1,186,969</u>	<u>1,229,689</u>
Current assets			
Debtors: interest and taxation recoverable		38	0
Balances at banks		60,313	55,249
Balances with other financial institutions		43,777	57,482
Total current assets		<u>104,128</u>	<u>112,731</u>
Liabilities			
Creditors: amounts falling due within one year		(4,522)	(5,487)
Total current assets less current liabilities		<u>99,606</u>	<u>107,244</u>
Net assets		<u>£1,286,575</u>	<u>£1,336,933</u>
Total charity funds			
Unrestricted income and capital fund		<u>£1,286,575</u>	<u>£1,336,934</u>

JOHN M. DAVIES
Trustee

JOSEPHINE C. P. DAVIES
Trustee

Date:- 30th October 2021

The notes on pages 9 to 12 form part of these accounts

E. F. SPARKES CHARITABLE TRUST

Statement of Cash Flows for the year ending 31 December 2020

	Notes	2020 £	2019 £
Net movement in fund		(50,359)	162,121
Deduct investment income received	2	(35,392)	(43,212)
Deduct interest income received.		0	0
Deduct gains/add back losses on investments	5	47,693	(158,738)
Decrease/(increase) in debtors		(38)	0
Increase/(decrease) in creditors		(965)	854
Net cash used in operating activities		(39,061)	(38,975)
Cash flows from investing activities			
- Dividends and interest	2	35,392	43,212
- Purchases of investments	5	(333,546)	(327,587)
- Sales of investments	5	328,574	362,322
Net cash provided by investing activities		30,420	77,947
Janus Henderson investment held by Kitsons LLP not previously included in the Fund			9,862
Change in cash and cash equivalents for the year		(8,641)	48,834
Cash and cash equivalents brought forward		112,731	63,897
Cash and cash equivalents carried forward		£104,090	£112,731
Cash and cash equivalents comprises balances at:-			
Balances at banks			
- Barclays Bank plc		60,313	55,249
		60,313	55,249
Balances at other financial institutions			
- Charles Stanley		43,777	57,482
		43,777	57,482
		£104,090	£112,731

The notes on pages 9 to 12 form part of these accounts

E. F. SPARKES CHARITABLE TRUST

Notes to the accounts for the year ended 31 December 2020

1 Accounting policies

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) and the Charities Act 2011.

The trust constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

(b) Funds structure

The charity has a single unrestricted fund which the trustees are free to use for any purpose in furtherance of the charitable objectives.

(c) Income recognition

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

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised either once notification has been received of the dividend due or when the dividend is credited to the Trust's bank accounts.

(d) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Trust. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the Trust.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount payable.

(e) Irrecoverable VAT

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

E. F. SPARKES CHARITABLE TRUST

Notes to the accounts for the year ended 31 December 2020

(f) Costs of raising funds

The costs of raising funds consist of the costs of managing the investment portfolio plus various administrative costs incurred in the operation of the Trust.

(g) Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

(h) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

2 Investment income received	2020	2019
	£	£
Equities -UK	12,394	19,875
Equities - International	11,359	12,116
Property Funds	888	1,739
Alternative investments	4,871	4,713
Fixed Interest	5,029	4,769
Mixed investments	851	-
	<u>£35,392</u>	<u>£43,212</u>
 3 Management and administration	 2020	 2019
	£	£
Portfolio management fees	8,031	8,321
Accountancy fees	500	500
Administrative expenses	360	289
	<u>£8,891</u>	<u>£9,110</u>

E. F. SPARKES CHARITABLE TRUST

Notes to the accounts for the year ended 31 December 2020

4 Grants payable in the year	2020 £	2019 £
All Saints Youth Project	750	750
Birmingham Fellowship of the Handicapped	300	250
Birmingham Peoples Centre	300	250
Birmingham Settlement	400	400
Buttle UK	-	500
Calthorpe Project	750	1,000
CASE	500	500
Children & Families in Grief	250	250
Children's Hospice South West	250	250
Children's Hospice Ty Hafan Cardiff	1,000	1,000
Children Today	150	100
Coram	1,750	1,750
Derby Toc H Children's Camp	2,000	2,000
Devon Air Ambulance Trust	400	400
Devon Safer Communities Trust	550	550
Dream Holidays	500	500
Elim Pentacostal Church	250	250
Exe Access	500	500
Family Action Birmingham	500	500
Felix Road Adventure Playground	500	500
Forsight Gardening Enterprises CIC	-	1,000
Free Representation Unit (FRU)	-	500
Grove Adventure Playground	750	-
Home Start Exeter & East Devon	1,000	1,000
Home Start Torridge & North Devon	1,000	1,000
Llamau	500	500
Malakai Kids	3,500	3,500
Midland Sports Centre for the Disabled Trust Ltd	200	200
Narthex Sparkhill	1,000	1,000
PSU	250	250
Refuge	3,000	3,000
Ronald McDonald Houses	250	250
Rowcroft Hospice	650	650
Royal National Lifeboats Institution	400	400
Seeing	1,000	1,000
Siblings Together	750	-
Stroke Association	200	200
Swansea Samaritans	300	300
Tarka Child Contact Centre	500	500
Time and Talents	500	500
Torquay Museum	2,000	2,000
YMCA South Devon	500	500
	£ 29,850	£ 30,450

E. F. SPARKES CHARITABLE TRUST

Notes to the accounts for the year ended 31 December 2020

5 Investments - at fair value

	At 01-Jan-20 £	Purchases (at cost) £	Sales proceeds £	Gain/(loss) on sales in year £	Gain/ (Loss) on revaluation £	At 31-Dec-20 £
Equities -UK	396,373	90,500	(48,307)	(2,673)	(48,111)	387,781
Equities - International	434,970	72,320	(120,451)	8,583	8,265	403,687
Property Funds	37,145	10,000	(13,086)	(9,248)	(3,714)	21,097
Alternative investments	156,609	28,089	(66,966)	(7,697)	(1,972)	108,064
Fixed Interest	204,592	97,837	(79,764)	2,649	5,821	231,135
Mixed investments	0	34,800	0	0	404	35,204
Total at fair value	£1,229,689	£333,546	£(328,574)	£(8,386)	£(39,307)	£1,186,969
Year to 31 Dec 2019	£1,105,686	£327,587	£(362,322)	£6,428	£152,310	£1,229,689

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value)

6 Analysis of assets between funds

	General Fund £	Total funds 2020 £	2019 £
Capital investments	1,186,969	1,186,969	1,229,689
Net current assets	99,606	99,606	107,244
	£1,286,575	£1,286,575	£1,336,933

7 Related party transactions and trustees' expenses and remuneration

The trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2019 - £NIL). Expenses paid to the trustees in the year totalled £NIL (2019 - £NIL).

Additionally trustees incurred costs of £684 on behalf of the Trust (2019 - £134) which they have waived as a donation to the fund. This amount has been added to Donations and to the relevant expense headings.