

THE HEADLEY COURT CHARITY

**The Trustees' Annual Report and Accounts
For the Year Ended 31 December 2020**

THE HEADLEY COURT CHARITY

TRUSTEES' ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDING 31 DECEMBER 2020

CHAIRMAN'S INTRODUCTION

Having formally resolved to close the Charity and following advice from the Charity Commission, Trustees have agreed to support, through the award of financial grants, a number of armed forces charities whose purposes are comparable with the objects of the Charity, principally rehabilitation, research and wellbeing. These awards are detailed in the main report. Trustees have further entered into detailed discussion with the Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust with the aim of funding the construction of the Headley Court Veterans Orthopaedic Centre at the Hospital.

Trustees will continue to disperse the assets of the Charity and to conclude arrangements for the closure of the Charity in 2022.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Headley Court Charity was established under a Charity Commission Scheme dated 1 April 1968 and subsequently amended by a Charity Commission Schemes dated 17 October 2000, 11 July 2017 and 29 July 2020 and resolutions passed by the Trustees on 18 October 2006, 31 July 2019 and 21 July 2020. The Charity is governed and managed by a Board of Trustees, who are supported by their Clerk.

OBJECTS

The objects of the Charity are:

- (1) The rehabilitation of serving, reserve and auxiliary members and veterans of the Armed Forces of the United Kingdom (the beneficiaries).
- (2) Research into the medical rehabilitation of serving, reserve, and auxiliary members and veterans of the Armed Forces of the United Kingdom.
- (3) The relief of hardship of the beneficiaries and their families.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The Trustees gave careful consideration to the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities. In particular, the Trustees considered how any grants they make would contribute to the Charity's aims and objectives.

The Trustees' objective for 2020 was to continue the process of closing the charity by making grants to charities with comparable purposes. They achieved this

- (i) by making the following grants:

For Rehabilitation

Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust	£6,000,000
Help for Heroes	£5,118,930
Highground	£450,000
Stoll	£362,810
The Not Forgotten	£300,000
Turn to Starboard	£25,000

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For Research

The ADVANCE Study	£10,000,000
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For Relief of Hardship

Royal Air Force Benevolent Fund	£1,000,000
ABF The Soldiers Charity	£1,000,000
Royal Navy & Royal Marines Charity	£1,000,000

(ii) By agreeing to make a grant of £6m to fund the construction of the Headley Court Veterans Orthopaedic Centre at the Robert Jones and Agnes Hunt Orthopaedic Hospital.

(iii) By inviting charities with similar objects to apply for funding.

PLANS FOR FUTURE PERIODS

The Trustees' objective for 2021 is to continue the process of closing the charity by making donations to charities with comparable purposes.

FINANCIAL REVIEW

The Statement of Financial Activities is set out on page 8 and shows a net deficit of £19,153,448 (2019: net surplus of £28,459,896). Income for the year amounted to £111,438 (2019: £142,152). Expenditure on charitable activities amounted to £19,265,556 (2019: £10,794,266). At 31 December 2020, investments held by the Charity were valued at £1,795,920 (2019: £1,795,250).

RISK

The Trustees have continued to monitor the risks facing the Charity and are content that adequate systems are in place to monitor and mitigate them. The only major risk identified was a lack of return on the investment portfolio. The risk of this materialising was mitigated by delegating day to day management of the portfolio to an FSA authorised firm of investment managers and by the Trustees reviewing the performance of the portfolio twice a year. The investment portfolio was encashed in February 2021. All other risks identified were calculated as low.

RESERVES

The Trustees' reserves policy is to hold in reserve sufficient funds cover the costs of winding up the Charity.

STAFFING

The Trustees wish to thank the Clerk for her work in 2020.

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REFERENCE AND ADMINISTRATIVE INFORMATION

Name: The Headley Court Charity – also known as the Headley Court Trust.

Registered Charity Number: 256382

Principal Address: C/o 16 Westpoint, 49 Putney Hill, London SW15 6RU

Trustees

Air Vice-Marshal A. J. Stables CBE FRAeS (Chairman)

Mr M. S. Debens

Commodore T. D. Elliott OBE RN (Resigned 21 July 2020)

Air Commodore P. J. Hughesdon MA FloD

Air Vice-Marshal C. S. Walton

Clerk: Ms K. Kirkland BA (Hons) FRSA

Solicitors: Charles Russell Speechlys LLP
5 Fleet Place
London, EC4M 7RD

Bankers: CAF (Charities Aid Foundation)
25 Kings Hill Avenue
Kings Hill
West Malling
Kent ME19 4TA

CCLA
Senator House
85 Queen Victoria Street
London EC4V 4ET

Investment Managers: St James's Place Wealth Management
St James's Place House,
1 Tetbury Road
Cirencester
Gloucestershire GL7 1FP

Independent examiners: Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

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STATEMENT OF TRUSTEES' RESPONSIBILITIES

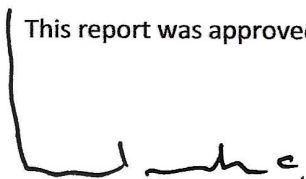
The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the 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 incoming resources and application of resources of the Charity for that period. In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on 20 July 2021



Air Vice-Marshal Anthony Stables CBE FRAeS (Chairman)

THE HEADLEY COURT CHARITY

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF HEADLEY COURT CHARITY

I report to the trustees on my examination of the accounts of The Headley Court Charity (the Charity) for the year ended 31 December 2020.

Responsibilities and basis of report

As the charity trustees of the Charity 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 Charity'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 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.

Other than the other matter explained below 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.

Other matter – going concern

As further explained in the trustees report and note 1a in the financial statements, the Trustees have decided to wind up the charity and are expecting to apply for it to be removed from the Charity Commission register before the end of 2022. The financial statements have been prepared on a basis other than that of a going concern.

Date: 13 August 2021

Devonshire House
60 Goswell Road
London, EC1M 7AD

Moore Kingston Smith LLP

Neil Finlayson

Independent Examiner

For and on behalf of Moore Kingston Smith LLP

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Statement of Financial Activities for year ended 31 December 2020

	Notes	2020 £	2019 £
Income and endowments from:			
Donations		217	150
Ground rent	1c	-	-
Legacies		60,000	-
Bank interest		51,221	142,002
Other income		-	38,820,650
Total income		<u>111,438</u>	<u>38,962,802</u>
Expenditure on charitable activities	2	19,265,555	10,794,266
Net gains/(loss) on investments	3	670	291,360
Gain on sale of Estate	5	-	-
Movement in funds		<u>(19,153,448)</u>	<u>28,459,896</u>
Total funds brought forward at 1 January 2020		29,971,555	1,511,659
Total funds carried forward at 31 December 2020 6		<u>10,818,107</u>	<u>29,971,555</u>

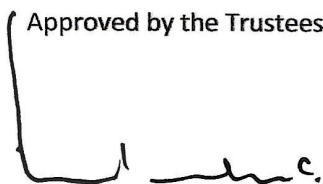
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Balance Sheet as at 31 December 2020

	Notes	2020	2019
		£	£
FIXED ASSETS			
Investments	4	-	-
CURRENT ASSETS			
Investments	4	1,795,920	1,795,250
Cash at Bank		9,026,258	28,680,203
CURRENT LIABILITIES			
Accruals	5	(4,071)	(503,898)
NET CURRENT ASSETS/(LIABILITIES)		10,818,107	29,971,555
TOTAL NET ASSETS		10,818,107	29,971,555
Represented by:			
GENERAL FUND:	6	10,818,107	29,971,555
ENDOWMENT FUND:	7	-	-
		10,818,107	29,971,555

Approved by the Trustees on 20 July 2021 and signed on their behalf by:



Air Vice-Marshal A J Stables CBE FRAeS (Chairman)

The notes on pages 10 - 12 form an integral part of these accounts.

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1. ACCOUNTING POLICIES

- a) **Basis of Accounting:** The financial statements have been prepared under the historical cost convention as modified to include the revaluation of investments. The statement of accounts has been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). 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 Standards applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Charities Act 2011. The Charity constitutes a public benefit entity as defined by FRS102.
- Going Concern:** The Trustees have decided to wind up the Charity following the sale of the Headley Court estate in May 2019 and distribute all surplus funds to other charities with comparable purposes and therefore consider it inappropriate to prepare the financial statements on a going concern basis.
- b) **Income:** Income is recognised when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably. Donations are recognised in full in the Statement of Financial Activities in the year in which they are receivable. Bank interest is accounted for on an accruals basis.
- c) **Investments:** Income from investments is credited in the accounts on the date of receipt. Listed investments are stated at market value at the year end. Any gains or losses incurred on the revaluation of investments are recognised in the statement of financial activities.
- d) **Resources Expended:** Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. The following accounting policies are applied to the different categories of expenditure:
- **Costs of charitable activity:** These relate to charitable expenditure and the support costs of the Charity. Charitable expenditure is recognised when it is incurred. Support costs are made up of professional fees, administrative and governance costs. For reasons of transparency, professional fees relating to the disposal of the estate are shown separately. Governance costs are incurred to ensure good public accountability and compliance with regulation and good practice.
- e) **Financial instruments:** The charity has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- f) **Cash and cash equivalents:** Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.
- g) **Critical accounting estimates and areas of judgements:** In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

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2. EXPENDITURE ON CHARITABLE ACTIVITIES	2020	2019
	£	£
Charitable expenditure	19,256,740	10,501,500
Professional fees relating to disposal of estate	-	284,182
Administrative expenses	8,815	8,584
Total expenditure	19,265,555	10,794,266

3. GAINS/(LOSSES) ON INVESTMENT ASSETS	2019	2019
	£	£
General Fund	670	291,360

4. INVESTMENTS

	01-Jan-20	Additions	Disposals	Unrealised gains	31-Dec-20
	£	£	£	£	£
General Fund					
UK High Income UT	355,149	-	-	(37,107)	318,042
International Equity	332,890	-	-	17,925	350,815
North American UT	319,823	-	-	30,939	350,762
Global Equity Income	215,107	-	-	29,205	244,312
Global Class UT	183,288	-	-	(21,582)	161,706
Equity Income Class	198,094	-	-	5,472	203,566
Allshare Income Class	190,889	-	-	(24,182)	166,716
Total	1,795,250	-	-	670	1,795,920

Historical Costs	31-Dec-20
UK High Income Unit Trust	434,173
International Equity Unit Trust	199,927
North American Unit Trust	232,831
Global Equity Income Unit Trust	191,488
Global Class Unit Trust	178,979
Allshare Income Class Unit Trust	192,403
Equity Income Class Unit Trust	119,273
Total	1,549,074

All investments have been classified as current assets at the year-end reflecting the trustees' intention of winding up the charity.

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5. ACCRUALS	2020	2019
	£	£
Grant creditors	-	500,000
Professional fees	4,071	3,898
Total	<u>3,898</u>	<u>72,584</u>

6. MOVEMENT OF RESERVES	2020	2019
	£	£
General Fund		
Balance brought forward	29,971,555	1,511,659
Incoming Resources for the year	111,438	142,152
Outgoing Resources for the year	(19,265,556)	(10,794,266)
Net gain/(loss) on investments	670	291,360
Surplus on disposal of Estate	-	38,820,650
Balance carried forward	<u>10,818,107</u>	<u>29,971,555</u>

7. ENDOWMENT FUND

This Fund, previously called the Capital Reserve Fund, is a permanent endowment created from the compulsory purchase of land. The original capital of £317,000 was invested in M&G Charifund units, and during 2009 the investment was transferred to St James's Place. To comply with SORP regulations this investment is now shown at market value and unrealised gains and losses have been added to the Endowment Fund. Income from the investment is credited to the General Fund for the Charity's use.

Following approval from the Charity Commission in 2018, the Trustees agreed to transfer the investments in the Endowment Fund investment into the General Fund, in preparation for the winding up of the Charity.

8. TRUSTEES EXPENSES

Included in administrative expenses are payments reimbursed to 1 (2019: 4) Trustee during the year which amounted to £194 (2019 £2,126).