

HULME TRUST ESTATES (EDUCATIONAL)
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st DECEMBER 2020

HULME TRUST ESTATES (EDUCATIONAL)

Contents of the Financial Statements
for the year ended 31st December 2020

	Page
Trust Information	1
Trustees' Report and Statement of Responsibility	2 – 5
Independent Auditor's Report	6 – 9
Statement of Financial Activities	10
Balance Sheet	11
Notes to the Financial Statements	12 – 17
 Information for the Trustees	
Distribution of Surplus Income	18
Investment Properties	19

HULME TRUST ESTATES (EDUCATIONAL)

Registered Charity No. 532297

Trust Information
for the year ended 31st December 2020

Trustees:	<u>Appointing body</u>	<u>Term Commencement</u>	<u>Length of Term</u>
T A Hoyle Esq. – Chairman	Hulme Trustees	20 March 2019	4 years
I Rankin Esq. - Treasurer	Manchester Grammar School	20 September 2018	4 years
I Thompson Esq.	Manchester University	23 March 2017	4 years
P Parker Esq.	Brasenose College	3 November 2018	4 years
N Wightman Esq	Brasenose College	22 March 2018	4 years
D Barnes Esq.	William Hulme Grammar School	28 September 2017	4 years
S Newman	Hulme Trustees	20 March 2020	4 years

Secretary & Legal Advisor

J Aldersley

Correspondence Address

Butcher & Barlow
3 Royal Mews
Gadbrook Park
Northwich
CW9 7UD

Bankers

Unity Trust Bank Plc

Agricultural Property Managers

The Brown Rural Partnership
29 Church Street
Macclesfield
Cheshire SK11 6LB

Investment Managers

Castlefield Investments LLP
9th Floor, 111 Piccadilly
Manchester, M1 2HY

Auditors

Beever and Struthers
St George's House
215-219 Chester Road
Manchester M15 4JE

Reporting Accountants

Harts Ltd
Chartered Accountants
Westminster House
10 Westminster Road
Macclesfield
Cheshire SK10 1BX

HULME TRUST ESTATES (EDUCATIONAL)

Report of the Trustees **for the year ended 31st December 2020**

The Trustees present their annual report and 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 Act 2011 and the 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); Charities SORP 2019.

Objectives and activities

Charitable objects and Public Benefit Statement

The objects of the Trust are the promotion of education.

The Trust does not actively fundraise, and is required to make distributions, after deducting expenses of the Charity's property, administration and management, to the beneficiaries named and in the proportion laid out in the Charity Commission Scheme governing the Charity. These are shown on page 17. The trustees have had regard to the Charity Commission's guidance on public benefit.

All beneficiaries are educational establishments, all of which are registered charities.

Investment Policy and performance

Following approval by the Charity Commission, the Trust's investment strategy is a total return approach to the investments of the Permanent Endowment.

In accordance with the Order, the Trustees confirm that:

- In identifying the value of the portion of the Permanent Endowment that represented unapplied total return, the Trustees first identified the value of the fund at 24 December 1980 (the earliest practical date) and
- When determining the amount of unapplied total return to transfer to income, the Trustees have considered the amount of income required to maintain the current level of charitable distributions, the likely benefits to future beneficiaries and the needs of future beneficiaries, and
- When reaching their decision as to the unapplied total return to transfer to income, the Trustees have taken professional advice from their investment advisers regarding the market outlook, investment trends and yield and the prospects for future capital growth.

The investments advisors (Castlefield) are instructed to invest to maximise the total return on the non agricultural permanent endowment investments, within the constraints of a medium to low risk investment portfolio. The committee sets target asset allocations and seeks a return of inflation + 2.5%.

HULME TRUST ESTATES (EDUCATIONAL)

Report of the Trustees **for the year ended 31st December 2020**

Financial review

The Trust is reliant on its Permanent Endowment Fund which hold a diversified range of assets, mainly quoted equities but also agricultural properties and other assets. The Permanent Endowment Funds are invested on a total return basis to maximise long term returns. The return on the Fund in 2020, when adjusted for distributions to beneficiaries, was 2.3% (2019 - 16.1%) which the Trustees consider to be a satisfactory return in the context of volatile globally equity markets. Since the end of the year markets have seen recovery from the impact of the Covid pandemic.

Trustees have made an interim distribution of £165,000 (2019 - £160,000), and propose a second distribution of £175,000 (2019 - £160,000) to maintain their principle of distributing approximately 2.5% of the average value of the endowment fund over the last 5 years. At 31st December 2020 this average was £13,952,865 (2019 - £13,454,935)

Reserves Policy

Trustees have established a policy for withdrawal of funds from the unapplied total return fund which aims to maintain the real value of the permanent endowment in the medium term (5 years) as measured against movements in the retail price index, and to maintain the level of distributions at approximately 2.5% each year of the trailing average value of the fund over the past 5 years. This may be increased up to 3% by the Trustees.

The second part of the policy reflects how the Trustees seek to preserve the endowment's value. The "Core Endowment" represents that part of the assets which the Trustees seek to maintain at least in real terms. It is based on the value of the endowments at 24 December 1980, the earliest practical date at which they can be measured together with an allowance for subsequent inflation.

At 31st December 2020 the total value of Endowment funds was £14,627,918. Expendable endowments were £5,770,942 and the permanent endowments were £8,856,976. Further explanation of these funds can be found in the notes to the financial statements.

Future Plans

Global equity markets were very volatile in 2020 as a result of the economic and financial impact of the Covid-19 pandemic, but the total Endowment Fund achieved a return of 2.3% over the year. The Trustees have had a detailed review of investment strategy with the Investment Manager, whose view is that the successful roll-out of vaccinations in 2021 will allow the global economy to recover strongly and return to a degree of normality. Since the Trustees adopt a long-term approach to investment strategy and base distributions to beneficiaries on a five-year average of the value of the total Endowment Fund, the Trustees do not intend to make any significant change to the investment strategy pursued by the Trust

Structure, Governance and Management

The Trust is a registered charity, number 532297 and is governed by a scheme approved by the Charity Commissioners dated 26 October 1979. On 6 May 2010 the Charity Commission approved the Trustees' plan to adopt a policy of Total Return with effect from 1 January 2011.

HULME TRUST ESTATES (EDUCATIONAL)

Report of the Trustees **for the year ended 31st December 2020**

Trustees

There are seven Trustees, appointed as to four by the Trustees of the Estate of William Hulme, two by the Principal and Fellows of Brasenose College, Oxford, one by the Council of the University of Manchester and one by the beneficiary Charities, in rotation.

Trustees are appointed for their expertise in specific areas related to the Charity's activities, including investment and property management. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are given in note 2 to the accounts. Trustees are required to disclose all relevant interests and to register them with the Clerk to the Trustees, and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises.

The Trustees meet twice a year to review the performance of and agree a strategy for the investments, approve distributions and consider risk management.

Risk Management

The Trustees have considered the major risks to which the charity is exposed and conduct an annual review of risks, established systems and procedures to manage those risks.

A risk register has been created and is reviewed annually.

The Trustees consider variability of investment returns on the permanent endowment to constitute the charity's major financial risk and recent volatility in world stock markets has demonstrated this risk. The Trustees manage the permanent endowment on a total return basis, having obtained an Order from the Charity Commission, allowing them to use a total return approach to these investments. The Trustees consider that the use of a total return approach will stabilise the resources available for distribution, thereby enabling a steady growth in income as well as maintaining the asset base.

HULME TRUST ESTATES (EDUCATIONAL)

Report of the Trustees
for the year ended 31st December 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

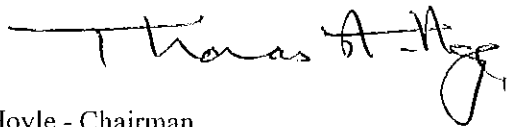
Charity Law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources of the Charity for the year. In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping accounting records that are sufficient to show and explain the Charity's transactions and 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 and regulation's made there under. 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.

So far as each of the Trustees is aware at the time the report is approved

- there is no relevant audit information of which the Charity's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information



T Hoyle - Chairman

Date – 14-9-21

HULME TRUST ESTATES (EDUCATIONAL)

Independent Auditor's Report to the trustees of Hulme Trust Estates (Educational) for the year ended 31st December 2020

Opinion

We have audited the financial statements of Hulme Trust Estates (Educational) "the charity" for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 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's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent 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.

HULME TRUST ESTATES (EDUCATIONAL)

Independent Auditor's Report to the trustees of Hulme Trust Estates (Educational) for the year ended 31st December 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 trustees' report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, 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.

HULME TRUST ESTATES (EDUCATIONAL)

Independent Auditor's Report to the trustees of Hulme Trust Estates (Educational) for the year ended 31st December 2020

Auditor's 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 the Act and relevant regulations made or having effect thereunder.

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

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including legislation such as the Charities Act 2011, taxation legislation, data protection and employment.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

HULME TRUST ESTATES (EDUCATIONAL)

Independent Auditor's Report to the trustees of Hulme Trust Estates (Educational) for the year ended 31st December 2020

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures on specific balances for which robust, substantive analytical procedures have been undertaken to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 5 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.

Beever and Struthers, Statutory Auditor

Beever and Struthers is eligible to act as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Beever and Struthers

St George's House
215/219 Chester Road
Manchester M15 4JE

Date: *29 September 2021*


HULME TRUST ESTATES (EDUCATIONAL)
Statement of Financial Activities
for the year ended 31st December 2020

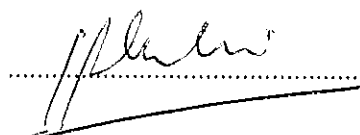
	<u>Page</u>	<u>Unrestricted Fund £</u>	<u>Endowment Funds £</u>	<u>31.12.20 Total £</u>	<u>31.12.19 Total £</u>
<u>INCOME & EXPENDITURE</u>					
Incoming Resources					
Rents Received and Receivable	19		48,117	48,117	48,600
Investment Income	15		170,330	170,330	248,630
Interest received			291	291	913
Total Incoming Resources		-	218,738	218,738	298,143
Resources Expended					
Cost of Generating Funds					
Fund Management			13,743	13,743	16,639
Property Insurance			3,070	3,070	1,055
Property Management fees			5,845	5,845	11,579
		-	22,658	22,658	29,273
Charitable Purposes (2019 – Only Unrestricted Fund)					
Interim Distribution	18	165,000	-	165,000	160,000
Proposed Final Distribution	18	175,000	-	175,000	160,000
		340,000	-	340,000	320,000
Governance Costs					
Management Fees			21,600	21,600	24,720
Accounting fees			4,680	4,680	4,200
Audit Fee			4,272	4,272	4,320
Trustee and Meeting Expenses			212	212	312
Bank Charges and Interest			580	580	142
			31,344	31,344	33,694
Other Expenses					
Sinking Fund	16		170	170	170
Total Expenses		340,000	54,172	394,172	383,137
Net Expenditure		(340,000)	164,566	(175,434)	(84,994)
Capital Transactions					
Realised gain – Land and Buildings			-	-	50,000
Realised gains – Investments			967,984	967,984	114,354
Realised losses - Investments			-	-	(85,826)
Unrealised Gains (losses) - Investments			(953,631)	(953,631)	1,439,981
Net Capital transactions			14,353	14,353	1,518,509
Transfer between Funds		340,000	(340,000)	-	-
Net Movement in Funds			(161,081)	(161,081)	1,433,515
Balances at 31 December 2019			14,788,999	14,788,999	13,355,484
Balances at 31 December 2020			14,627,918	14,627,918	14,788,999

HULME TRUST ESTATES (EDUCATIONAL)**Balance Sheet
at 31st December 2020**

	<u>Page</u>	<u>Endowment</u> <u>Fund</u> £	<u>31.12.20</u> <u>Total</u> £	<u>Endowment</u> <u>Fund</u> £	<u>31.12.19</u> <u>Total</u> £
Fixed Assets					
Investment Properties	19	2,930,101	2,930,101	2,930,101	2,930,101
Quoted Investments	15	11,712,484	11,712,484	11,730,856	11,730,856
Unquoted Investment		-	-	-	-
		<u>14,642,585</u>	<u>14,642,585</u>	<u>14,660,957</u>	<u>14,660,957</u>
Current Assets					
Debtors	16	3,283	3,283	3,445	3,445
Balance at Broker		154,879	154,879	290,808	290,808
Cash at Bank		<u>31,422</u>	<u>31,422</u>	<u>27,840</u>	<u>27,840</u>
		<u>189,584</u>	<u>189,584</u>	<u>322,093</u>	<u>322,093</u>
Current Liabilities					
Creditors	16	29,251	29,251	34,051	34,051
Proposed Final Distribution		<u>175,000</u>	<u>175,000</u>	<u>160,000</u>	<u>160,000</u>
		<u>204,251</u>	<u>204,251</u>	<u>194,051</u>	<u>194,051</u>
Net Current Assets		<u>(14,667)</u>	<u>(14,667)</u>	<u>128,042</u>	<u>128,042</u>
Total Assets Less Current Liabilities		<u>14,627,918</u>	<u>14,627,918</u>	<u>14,788,999</u>	<u>14,788,999</u>
Fund Balances		<u>14,627,918</u>	<u>14,627,918</u>	<u>14,788,999</u>	<u>14,788,999</u>

Approved by the Board of Trustees.

.....Chairman.

.....Treasurer.

Date : 14-9-21

HULME TRUST ESTATES (EDUCATIONAL)

Notes to the Financial Statements **for the year ended 31st December 2020**

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) 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)

– (Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011. The accounts are presented in £ Sterling.

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

Going Concern

Global equity markets were very volatile in 2020 as a result of the economic and financial impact of the Covid-19 pandemic. Since the Trustees adopt a long-term approach to investment strategy and base distributions to beneficiaries on a five-year average of the value of the Permanent Endowment Fund, the Trustees do not intend to make any significant change to the investment strategy pursued by the Trust. The Trustees therefore consider it appropriate to prepare the financial statements on the going concern basis.

Cash Flow Statement

Exemption has been taken from preparing a cash flow statement on the grounds that the Charity qualifies as a small Charity.

Key Judgements

The key judgements are those policies relating to Investment Property and Fixed Asset Investments.

Incoming Resources

Incoming resources comprise mainly investment income, interest and rents and are accounted for on a receivable basis.

Resources expended

1. Cost of generating funds

This records direct expenditure on the management of investments, properties and the collection of rental and other income.

2. Cost of Charitable Activities

Resources expended are included on the basis of the amounts authorised and expended.

3. Governance Costs

Costs of Governance are set out in the Statement of Financial activities.

Taxation

The Trustees consider that requirements for the exemptions from taxation set out in the Income and Corporation Taxes Act 1988 and the Taxation of Chargeable Gains Act 1992 are met, and therefore no provision is made for taxation.

Value Added Tax is not recoverable by the Charity, and as such is included in the relevant costs in the statement of financial activities.

Fund Structure

The charity has a single permanent endowment. The Charity Commission Scheme provides for the Trustees to invest the capital in perpetuity and is managed on a total return basis. The Trustees may at their discretion allocate any part of the unapplied total return to the purposes of the Charity.

HULME TRUST ESTATES (EDUCATIONAL)

Notes to the Financial Statements **for the year ended 31st December 2020**

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. A provision for bad and doubtful debts relating to rental arrears is made on an estimation of those specific debts at the statement of financial position date which are considered to be potentially irrecoverable

Current Asset Investments

Current asset investments include cash and cash equivalents invested on a short term basis with a maturity of twelve months or less from the date of acquisition. They are recognised initially at cost and subsequently at market value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of financial activities.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term deposits with a maturity of three months or less from the date of acquisition or opening of deposit or similar account.

Financial Instruments

The Charity only has financial assets and financial 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.

Creditors and Provision

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Investments

1. Property

Property Investments are held for investment purposes, and therefore no provision has been made for depreciation. These properties are measured at fair value at the reporting date. An annual assessment of the value of investment assets must be carried out. The Trustees have determined that the value of the Investment Properties is not materially different to the independent valuation made in March 2019. This has been determined by the use of routine and reputable indices published by RICS/RAU and Savills.

2. Quoted Investments

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

Fund Transfers

The investment power of total return was granted by the Charity Commission on 6th May 2010. The power permits the Trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income in each year. Until the power is exercised to apply a portion of unapplied total return to income (as disclosed in the fund transfers, note7), the unapplied total return remains invested as part of the Permanent Endowment.

The power allows the Trustees to decide in each year how much of the unapplied total return is transferred to income funds, and so available for expenditure.

The Charity has made a positive return in the year, and having considered their obligations under the duty of maintaining a steady income distribution, the trustees have made a transfer of £320,000, from the unapplied total return, to the unrestricted funds, for distribution to the beneficiaries.

HULME TRUST ESTATES (EDUCATIONAL)

Notes to the Financial Statements for the year ended 31st December 2019

Fund Transfers (Continued)

	<u>£</u>	<u>Unapplied Funds</u> <u>£</u>	<u>Permanent Endowment</u> <u>£</u>	<u>Total Funds</u> <u>£</u>
Preserved value at 24 December 1980			2,094,612	
Allowance for inflation			<u>6,657,424</u>	
Balance at 31 December 2019		6,036,963	8,752,036	14,788,999
Investment Return	218,738			
Investment Losses	-			
Revaluation Gains	14,353			
Management Costs	(22,658)			
Governance Costs	<u>(31,514)</u>	178,919		178,919
Application to Expenditure Reserve		(340,000)		(340,000)
Transfer to allow for inflation		<u>(104,940)</u>	<u>104,940</u>	-
Preserved value at 31 December 2020		<u>5,770,942</u>	<u>8,856,976</u>	<u>14,627,918</u>

Financial Instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognized at transaction value and subsequently measured at their settlement value.

The Charity has the following financial instruments:

	31.12.20 <u>£</u>	31.12.19 <u>£</u>
Financial assets measured at fair value through the Statement of Financial Activities:		
Investments stated at market value	14,642,585	14,660,957
Financial assets that are debt instruments measured at amortised cost:		
Cash at bank and cash equivalents	31,422	27,840
Balance at Broker	154,879	290,808
Rental Debtors	-	375
Financial liabilities at amortised cost:		
Grants committed	14,582	12,583
Accruals	8,318	16,198
Rents in advance	5,500	5,270

HULME TRUST ESTATES (EDUCATIONAL)

Notes to the Financial Statements for the year ended 31st December 2020

2. RELATED PARTY, TRUSTEES EXPENSES AND OTHER TRANSACTIONS.

The following beneficiaries had appointed trustees to the Trust who served during the year and are therefore classed as related parties. Transactions and balances with related parties are detailed below.

Related Party	Distribution 2020 £	Distribution 2019 £	Creditor 2020 £	Creditor 2019 £
Brasenose College	143,616	135,168	73,920	67,584
Manchester University	71,808	67,584	36,960	33,792
William Hulme Grammar School	49,776	46,848	25,620	23,424
Manchester Grammar School	1,496	1,408	770	704

Trustees received no emoluments (2019: Nil). During the year no trustees were reimbursed expenses (2019: Nil).

Auditor's fee for the year was £3,560 excluding VAT (2019 - £3,560 excluding VAT)

3. INVESTMENTS.

Reconciliation of Quoted & Unquoted Investments

	<u>Market Value</u> £	<u>Cost</u> £
Opening Balance as at 01.01.20	11,730,856	9,141,739
Movement in year		
Additions	3,690,595	3,690,595
Disposals at Market Value/Cost	(3,723,320)	(2,755,337)
Net unrealised gains (loss) for year	<u>14,353</u>	<u>-</u>
Closing Balance as at 31.12.20	<u>11,712,484</u>	<u>10,076,997</u>

Summary of Investments

	<u>Cost</u> £	<u>Market Value</u> £	<u>Income</u> 31.12.20 £	31.12.19 £
Fixed Interest	651,335	623,167	30,158	30,158
UK Equities and Equity Funds	3,371,638	4,185,971	79,540	133,660
Equity Investment Instruments	503,126	617,871	13,442	10,601
Global Equities and Equity Funds	3,898,898	4,415,946	18,477	42,374
Property Funds and other Assets	420,040	502,689	20,592	24,129
Multi Asset Funds	<u>1,231,960</u>	<u>1,366,840</u>	<u>8,121</u>	<u>7,708</u>
	<u>10,076,997</u>	<u>11,712,484</u>	<u>170,330</u>	<u>248,630</u>

HULME TRUST ESTATES (EDUCATIONAL)

Notes to the Financial Statements for the year ended 31st December 2020

4. DEBTORS

	<u>31.12.20</u>	<u>31.12.19</u>
	<u>£</u>	<u>£</u>
Rent debtor	-	375
Prepayments	<u>3,283</u>	<u>3,070</u>
Total	<u>3,283</u>	<u>3,445</u>

5. CREDITORS

	<u>31.12.20</u>	<u>31.12.19</u>
	<u>£</u>	<u>£</u>
Rent in advance	5,500	5,270
Accrued Broker's Fee	4,118	4,118
Accrued Audit Fee	4,200	4,200
Accrued Accountant's Fee	-	1,800
Accrued Clerk's Fee	-	5,400
Sinking Fund	850	680
Grant to Chetham's School	1,400	1,400
Distribution Arrears	<u>13,183</u>	<u>11,183</u>
Total	<u>29,251</u>	<u>34,051</u>

6. SINKING FUND

By an order dated 16 September 1982 the sum of £170 p.a. is to be paid into a sinking fund for a period of 75 years, to prevent a loss arising on the sale of the freehold reversion of BRASENOSE HOUSE and RIDGEFIELD HOUSE.

<u>Date of Order</u>	<u>Maturing date</u>	<u>Fund Investment</u>
16 September 1982	2057	253.84 COIF Charities Investment Fund Accumulation units. (Market value £38,938)

7. FUNDS

The Permanent Endowment Fund

This is a restricted fund under the terms of the Trust Deed and must be held in perpetuity. Its purpose is to ensure an income stream to finance the ongoing work of the Charity. It is represented by a portfolio of investments and land and buildings. The investments are managed by professional, independent investment managers who have been given discretionary power to acquire and dispose of quoted investments within the policy set out by the Trustees, and in accordance with the Trust Deeds. Managing agents appointed by the Trustees manage the portfolio of agricultural land and buildings on a day-to-day basis, without discretionary powers on acquisition and disposal.

The Expendable Endowment

The Expendable Fund arises from the changeover to Total Return Investing, and is a restricted fund enabling surpluses arising from the Permanent Endowment through investing activities to be used in accordance with the Charities objectives. It is assessed as the surplus arising on the Permanent Endowment after providing for a preserved level of this fund, based on its value at 24 December 1980 and adjusted by the Retail Price Index to recognise inflation to date.

HULME TRUST ESTATES (EDUCATIONAL)

Notes to the Financial Statements for the year ended 31st December 2020

Fund Reconciliation

	Balance at 1st January 2019 £	Incoming Resources £	Transfer	Resources Expended £	Investment Gains (Losses) £	Balance at 31 December 2019 £
Expendable Endowment	4,792,341	298,143	(188,893)	(383,137)	1,518,509	6,036,963
Permanent Endowment	8,563,143	-	188,893	-	-	8,752,036

	Balance at 1st January 2020 £	Incoming Resources £	Transfer	Resources Expended £	Investment Gains (Losses) £	Balance at 31 December 2020 £
Expendable Endowment	6,036,963	218,738	(104,940)	(394,172)	14,353	5,770,942
Permanent Endowment	8,752,036	-	104,940	-	-	8,856,976

8. VALUATION OF INVESTMENTS

Castlefield Investments LLP, the fund managers, undertook the valuation of investments at 31 December 2020 at market value.

Agricultural properties were revalued in March 2019 by Brown Rural Partnership on an open market basis, and in accordance with RICS Valuation Standards.

Based on discussions with the Brown Rural Partnership, the Trustees consider the valuation at the year end to represent a fair market value for the properties.

9. POST BALANCE SHEET EVENT

In the first quarter of 2021 global equity markets have been broadly stable and the Permanent Endowment Fund has risen by approximately 3% in value.

Castlefields continue to manage the portfolio and as the Trustees adopt a long term approach to investment strategy and base distributions to beneficiaries on a five-year average of the value of the permanent Endowment Fund, the Trustees do not intend to make any significant change to the investment strategy pursued by the Trust.

HULME TRUST ESTATES (EDUCATIONAL)

Distribution of Surplus Income for the year ended 31st December 2020

		<u>Brasenose</u> <u>College</u> £	<u>Manchester</u> <u>University</u> £	<u>William</u> <u>Hulmes GS</u> £	<u>Bury GS</u> £	<u>Hulme GS</u> <u>Oldham</u> £	<u>Manchester</u> <u>HS - Girls</u> £	<u>Manchester</u> <u>GS</u> £	<u>Schools</u> <u>Committee</u> £
12 % of Total to William Hulmes GS		40,800		40,800					
Residue Distributed as follows:									
Brasenose College	48%	143,616	143,616						
Manchester University	24%	71,808	71,808						
Governors of Listed Schools	12%								
William Hulmes GS	6/24	8,976		8,976					
Bury GS	6/24	8,976			8,976				
Hulme GS Oldham	6/24	8,976				8,976			
Manchester HS for Girls	5/24	7,480					7,480		
Manchester GS	1/24	1,496						1,496	
Schools Committee	16%	47,872							47,872
Total Distribution		340,000	143,616	71,808	49,776	8,976	7,480	1,496	47,872
Paid on Account		165,000	69,696	34,848	24,156	4,356	3,630	726	23,232
Further Distribution required		175,000	73,920	36,960	25,620	4,620	3,850	770	24,640

HULME TRUST ESTATES (EDUCATIONAL)

Investment Properties for the year ended 31st December 2020

	Cost at 26.10.79				
	Valuation at 31.3.85*	Valuation at March 2020	Valuation at March 2019	Income 31.12.20	Income 31.12.19
	£	£	£	£	£
<u>Rack Rents</u>					
Bottom Fen Farm, Aslackby, Lincolnshire }		1,150,000	1,150,000	18,000	18,000
Mill Farm, Gosberton, Lincolnshire }	388,468	500,000	500,000	7,955	8,240
Lincolnshire Estates	388,468	1,650,000	1,650,000	25,955	26,240
Brookfold Farmhouse and Buildings, Harwood, Lancashire	88,000 *	1,235,000	1,235,000	15,000	15,000
Land adjacent to 22 Brookfold Lane		30,000	30,000	1,645	1,750
Orange Mast at Brookfold Farm		15,000	15,000	5,500	5,500
Harwood Estate	88,000	1,280,000	1,280,000	22,145	22,250
	476,468	2,930,000	2,930,000	48,100	48,490
<u>Ground and Chief Rents</u>					
310/318 Manchester Road, Heaton Chapel	100 *	100	100	-	-
<u>Way leaves:</u>					
Sundry BT, United Utilities, E-On Oldham MBC, Anglian Water	1 *	1	1	17	110
	101	101	101	17	110
	476,569	2,930,101	2,930,101	48,117	48,600

Agricultural properties were revalued in March 2019 by Brown Rural Partnership on an open market basis, and in accordance with RICS Valuation Standards.

Based on discussions with the Brown Rural Partnership, the Trustees consider the valuation at the year end to represent a fair market value for the properties.

Note: Dunlop Heywood & Co undertook a partial revaluation of properties as at 31 March 1985. Those properties that were revalued are as indicated above by an asterisk (*).