

THE 1989 WILLAN CHARITABLE TRUST
FINANCIAL STATEMENTS
YEAR ENDED 30TH SEPTEMBER 2021

CHARITY NO. 802749

THE 1989 WILLAN CHARITABLE TRUST

TRUSTEES' REPORT - Year Ended 30th September 2021

LEGAL AND ADMINISTRATIVE DETAILS

The Trustees submit their report and financial statements of The 1989 Willan Charitable Trust (the "Charity") for the year ended 30th September 2021. The financial statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the trust deed, the Charities Act 2011 and the Statement of Recommended Practice, Accounting and Reporting by Charities 2015 (FRS 102).

Legal Status	The 1989 Willan Charitable Trust is a registered charity (registered number 802749).	
Governing Document	Trust Deed dated 8th August 1989	
Trustees	A Chapman A Ohlsson Willan Trustee Limited (Directors - M Bird, A Chapman, A Ohlsson, S Winfield and C Seccombe)	
Key Management Personnel	The charity does not employ any staff and therefore the board remain responsible for the day-to-day operation of the charity.	
Administrators and Principal Office	Carlton Management Services Limited PO Box 525, 4th Floor 45 Esplanade St Helier Jersey JE4 OWZ	
Grant Advisors	The Community Foundation Philanthropy House Woodbine Road Gosforth Newcastle upon Tyne NE3 1DD	
Investment Managers	Brewin Dolphin Ltd Time Central 32 Gallowgate Newcastle Upon Tyne NE1 4SR	Baillie Gifford Calton Square 1 Greenside Row Edinburgh EH1 3AN
	UBS Wealth Management 2 St. James' Gate Newcastle Upon Tyne NE4 7JH	
Bankers	Santander Private Banking PO Box 545 St. Helier Jersey JE4 8XG	
Solicitors	Muckle LLP Time Central 32 Gallowgate Newcastle Upon Tyne NE1 4BF	
	Wardhadaway Sandgate House 102 Quayside Newcastle Upon Tyne NE1 3DX	
Auditors	Azets Audit Services Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS	

THE 1989 WILLAN CHARITABLE TRUST

TRUSTEES' REPORT - Year Ended 30th September 2021

AIMS AND OBJECTIVES

The Charity was established by an initial gift from the Willan family out of funds originating from a shipping business based in the North East of England. Over the years the Willan family have settled further funds on the Charity.

The Charity's trust deed gives the trustees wide powers to distribute the income of the trust and such of its capital as they deem appropriate to or for such charitable institutions or charitable purposes as the trustees in their absolute discretion think fit. However, within this broad remit, the trustees recognise that the resources of the Trust are finite and that it is therefore necessary to target funds more selectively to areas where the funds can be used most effectively and can make the most difference.

In recognition of the origins of the Trust fund and the economic impact that the decline of the ship building industry has had on the region, the trustees tend to concentrate their support towards causes which are active in Tyne and Wear and its immediate surrounds. The trustees favour causes which aim to ease social deprivation and / or enrich the fabric of the local community and the quality of life of individuals within that community. They may also support education where that is aimed at improving the economy in areas of deprivation. As well as direct support for such causes in the form of grants, the trustees may also provide indirect support, using the Trust's capital to make resources (typically premises) available to other deserving charitable organisations.

The trustees aim to distribute £500,000 to £600,000 per annum based on a real return of 4% upon the trust assets.

PUBLIC BENEFIT STATEMENT

The trustees have referred to guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning future activities. The charitable objectives are also set in order to provide a clear and demonstrated public benefit.

The Charity's activities throughout the period were consistent with its aims and objectives as stated above. All such activities are undertaken to further our charitable purposes for the public benefit.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is an unincorporated trust constituted under a trust deed dated 8th August 1989 and is a registered charity (numbered 802749). The trust deed provides that there be a minimum of three trustees. The trustees are appointed by members of the Willan family and serve for an indefinite term. The trustees who served the Charity during the year were as follows:

A Chapman
A Ohlsson
Willan Trustee Limited

The Charity does not actively fundraise and seeks to continue its support to appropriate charitable causes through the careful stewardship of its existing resources. The management of the Charitable fund is divided into two principal areas, asset management and grant making.

Responsibility for the asset management function is delegated to external investment managers. Brewin Dolphin Securities Ltd, UBS Wealth Management and Baillie Gifford manage investment portfolios for the Charity under discretionary investment management agreements. The trustees monitor the performance of the portfolios on a quarterly basis against relevant benchmarks.

The trustees are grateful to the Community Foundation serving Tyne & Wear and Northumberland (the "**Community Foundation**"). Applications are processed, collated and shortlisted by the Community Foundation on a quarterly basis. A subcommittee of the board of Willan Trustee Limited meet each quarter to vet the shortlist. The shortlist is then circulated to each of the trustees for consideration and approval.

Carlton Management Services Limited, a licenced trust company regulated by the Jersey Financial Services Commission, provides administrative and accounting services to the Charity.

The trustees aim to meet at least once a year to review the Charity's financial statements for the preceding year, the performance of its assets and its grant making activities and to consider whether changes are required in the Charity's policies and overall strategy.

RECRUITMENT OF TRUSTEES

Any trustee vacancies which arise are filled by search with due regard to maintaining a proper balance of skills and experience within the Board. Representation relevant to the service user group is a key factor given the Charity's mission.

All appointments are subject to the approval by members at a general meeting. With the notice of such meeting members are provided with a profile of prospective new trustees - and equivalent information for any trustee offering themselves for re-election. Additionally a full attendance record is provided to members to inform their decisions.

THE 1989 WILLAN CHARITABLE TRUST

TRUSTEES' REPORT - Year Ended 30th September 2021 (Continued)

TRUSTEE INDUCTION AND TRAINING

New trustees are provided with a proper induction process and a checklist ensures they receive all relevant papers and guidance to properly fulfil their responsibilities. Briefing papers and familiarisation training is affected for all trustees as deemed necessary.

RISK MANAGEMENT

The trustees have considered the major risks to which the Charity is exposed and have established systems and procedures to manage those risks.

RESERVES POLICY

The results for the year leave The 1989 Willan Charitable Trust with an Unrestricted Revenue Reserve of £24,443,246. It can be seen that of this sum £154,606 is held in Net Current Assets, that is, represented by cash, net debtors and therefore readily expendable by the trustees.

The trustees aim to distribute £500,000 to £600,000 per annum based on a real return of 4% upon the trust assets. It is the policy of the Charity to maintain a free cash balance of approximately six months' unrestricted expenditure. This provides sufficient funds to cover management, administration and support costs and to respond to applications for grants which arise from time to time.

The trustees have reviewed activities and prepared a risk assessment to enable them to consider the financial position of the organisation in light of the ongoing situation in relation to the Covid-19 virus. On conclusion of this work the trustees, having considered both the significant level of cash and investments held by the charity consider that there are no material uncertainties regarding the charity's ability to continue as a going concern for the next 12 months.

FINANCIAL REVIEW

As at 30 September 2021 the allocation stood as follows: 29.6% UBS discretionary portfolio, 29.9% Brewin Dolphin discretionary portfolio, and 40.5% Baillie Gifford Managed B Acc. In Q4, UK equities delivered a total return of +2.0% whilst 7-10 year gilts delivered a total return of -1.5% and the 50:50 composite index rose +0.2%. The composite return of the Willan portfolio was +1.3%.

The covid recovery remained the dominant driver of financial market performance. The recovery in corporate profits has been extremely robust and yoy earnings growth is forecast at +40%. As a result, risky, cyclical assets outperformed whilst defensive assets disappointed. For the full year global equities delivered a total return of +29.0%, led by energy companies +61.4% and financial companies +49.0%. Inflationary pressures mounted as Brent rose +92.4%, Natural gas rose +132.3% and Industrial metals rose +40.2%. In contrast, global government bonds fell -1.4% (7-10yr) and gold fell -6.8%. UK equities rose +25.4% and gilts fell -5.0%. Underperformance of UK assets vs global benchmarks partly reflected sterling strength as the pound gained +4.3% vs the US Dollar, +5.6% vs the Euro and +10.0% vs the Yen. The compounding influence of Brexit and a more severe covid impact also weighed on UK Businesses.

All 3 portfolios comfortably outperformed the 50:50 Benchmark benefiting from their overweight exposure to UK and International equities. UBS was the strongest portfolio +20.7%, closely followed by Brewin Dolphin +20.2%. Baillie Gifford was marginally weaker +16.7%. The UBS portfolio is predominantly invested in UK assets and has more exposure to value sectors which outperformed. The other portfolios are more internationally diversified and suffered to a greater extent from the strength of the pound. Brewin and Baillie Gifford benefitted from their overweight allocation to inflation linked and corporate bonds, which comfortably outperformed government bonds. Baillie Gifford delivered a staggering performance last year, significantly outperforming the other portfolios, but notably lagged this year. It holds a significant proportion of assets in US growth stocks and virtually no exposure to banks or energy companies. It also has higher exposure to Chinese stocks including Tencent and Alibaba which significantly underperformed global equities (Hang Seng -7.1%).

Total interest and dividend income was £437,294 equal to a yield of approximately 1.8%. This is consistent with both historic levels, and the trustees' expectations. The overall value of investments rose 15.8% (net of fees and distributions) to £24,040,256.

REVIEW OF GRANT MAKING ACTIVITIES

With effect from September 2020, the Charity has entered into a new Philanthropy Agreement with The Community Foundation, who will be responsible for payments of grants (under the new agreement) and will administer these from the funds held. Any monies paid to The Community Foundation under the new agreement will become an irrevocable gift. The Charity donated £493,823 to The Community Foundation in the financial year, to be distributed in accordance with the Philanthropy Agreement. Prior to September 2020, the Charity awarded 75 grants totalling £504,320 in the financial year to 30 September 2020 and a further £125,000 to The Community Foundation under the new agreement.

In addition to the grant making activity outlined above, the Charity gifted an additional £80,000 in total to the universities of Sunderland, Teesside, Newcastle and Northumbria, in order to provide support to graduates seeking to fund viable, sustainable new business ventures. (2020: £73,500).

As detailed in the accounting policy: gifts in kind, the charity also made effective donations totalling £32,400 (2020 - £37,185) in respect of lease arrangements made with other charitable organisations to provide access to accommodation at a below market value rental.

The trustees believe the services of the Community Foundation are delivering real value in helping the trustees to identify causes consistent with the stated aims and objectives of the Charity. In addition, the trustees recognise that the administration fees paid by the Charity to the Community Foundation indirectly support the charitable purposes of the Community Foundation itself which are wholly consistent with those of the Charity.

FUNDRAISING DISCLOSURES

The Charity is required to report how it deals with fundraising from the public. The Charity does not actively fundraise and seeks to continue its support to appropriate charitable causes through the careful stewardship of its existing funds, received from the Willan family.

PLANS FOR FUTURE YEARS

The trustees do not anticipate significant changes to the structure, resources and operations of the Charity in the foreseeable future. However, to the extent that suitable charitable projects may be identified, the trustees may consider allocating a portion of the Charity's grant making capacity to providing significant support to a limited number of specific charitable projects.

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with Financial Reporting Standard applicable in the United Kingdom (FRS 102). The trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and the income and expenditure 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 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 operation.

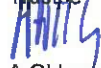
The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations,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

AUDITOR

Azets Audit Services Limited, trading as Azets Audit Services, were appointed as auditors to the charity following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022. Azets Audit Services have indicated their willingness to stand for reappointment at the forthcoming Annual General Meeting.

Approved by the Trustees on 17 June 2022 and signed on their behalf by:

Trustee



A Ohlsson
Director

THE 1989 WILLAN CHARITABLE TRUST

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES Year Ended 30th September 2021

Opinion

We have audited the financial statements of Willan Charitable Trust (the 'entity') for the year ended 30 September 2021, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the entity's affairs as at 30 September 2021 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 SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to UK and Republic of Ireland (FRS 102).

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 entity 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 Trustee's 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 entity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the best practice requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustee's Responsibilities (set out on page 4), 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 entity'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 entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business'.

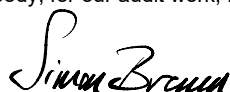
Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: the Charities Act 2011.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown BA, ACA, DChA (Senior Statutory Auditor)

For and on behalf of Azets Audit Services

Statutory Auditor

Bulman House

Regent Centre

Gosforth

Newcastle upon Tyne

NE3 3LS

Date.....21/6/2022.....

Azets Audit Services is a trading name of Azets Audit Services Limited.

THE 1989 WILLAN CHARITABLE TRUST

STATEMENT OF FINANCIAL ACTIVITIES - Year Ended 30th September 2021

		Year ended 30 Sep 2021	Year ended 30 Sep 2020
	Notes	£	£
INCOME			
Income from charitable activities	2	32,400	37,185
Other incoming resources:			
Dividends and Fixed Interest (Net)	3	437,197	466,926
Deposit Interest Received		99	907
TOTAL INCOME		<u>469,696</u>	<u>505,018</u>
EXPENDITURE			
Cost of raising funds:			
Investment Portfolio Management Fees		70,016	42,864
Expenditure on charitable activities:			
Gift in Kind	5	32,400	37,185
Cost of Grant Making	6	598,044	737,308
TOTAL EXPENDITURE		<u>700,460</u>	<u>817,357</u>
Revaluation of Investment Property	7	-	-
Movement on Investments including Gains & Losses	8	3,508,812	728,465
NET MOVEMENT IN TRUST FUND		<u>3,278,048</u>	<u>416,126</u>
Total funds brought forward		<u>21,165,198</u>	<u>20,749,072</u>
Total funds carried forward		<u><u>24,443,246</u></u>	<u><u>21,165,198</u></u>

THE 1989 WILLAN CHARITABLE TRUST

BALANCE SHEET - At 30th September 2021

	Notes	30 Sep 2021 £	30 Sep 2020 £
FIXED ASSETS			
Investment Property	7	248,384	248,384
Investments:			
Investments	8	24,040,256	20,764,263
Programme Related Investments	9	-	-
		<u>24,288,640</u>	<u>21,012,647</u>
CURRENT ASSETS			
Cash at Bank		160,306	158,071
		<u>160,306</u>	<u>158,071</u>
CURRENT LIABILITIES			
CREDITORS : Amounts Falling Due Within One Year	10	5,700	5,520
		<u>5,700</u>	<u>5,520</u>
NET CURRENT ASSETS		<u>154,606</u>	<u>152,551</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>24,443,246</u>	<u>21,165,198</u>
NET ASSETS		<u>24,443,246</u>	<u>21,165,198</u>

TRUST FUND	(Page 7)	<u>24,443,246</u>	<u>21,165,198</u>
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The financial statements were approved by the Trustees on *17 June 2022*
and signed on their behalf by:

Trustee
Willan Trustee Limited


A Ohlsson
Director


F A Chapman
Director

THE 1989 WILLAN CHARITABLE TRUST

STATEMENT OF CASH FLOWS - At 30th September 2021

	30 Sep 2021 £	30 Sep 2020 £
OPERATING ACTIVITIES:		
Net Movement in Trust Fund	3,278,048	416,126
Adjusted for		
Movement on investments including Gains and Losses	(3,508,812)	(728,465)
Decrease in Debtors	-	1,909
Increase in Creditors	180	120
Net Cash Outflow from Operating Activities	(230,584)	(310,310)
 INVESTING ACTIVITIES:		
Dividends and Fixed Interest	(437,197)	(467,422)
Investment Management Fees	70,016	42,864
Transfers from Portfolios	600,000	600,000
Proceeds from the sale of investment property	-	80,000
Net Cash Inflow from Investing Activities	232,819	255,442
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,235	(54,868)
CASH AND CASH EQUIVALENTS AT 1 OCTOBER	158,071	212,939
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	160,306	158,071

THE 1989 WILLAN CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS - Year Ended 30th September 2021

1. ACCOUNTING POLICIES

- Accounting Convention -

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 Financial Reporting Standard applicable in the United Kingdom (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the United Kingdom (FRS 102) and the Charities Act 2011.

The 1989 Willan Charitable Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recorded at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes. The financial statements are prepared in sterling, which is the functional currency of the entity.

- Investment Property -

Property is shown at its fair value, which is taken to equal its market value, as estimated by the trustees. Any gain or loss on revaluation is taken to the Statement of Financial Activities. Property is held for the benefit of UK Registered Charities and the trustees do not receive commercial rent but account for the value of the commercial rent as rental income and as charitable donation. As property is held for long term capital gain and does not contribute to the net income of The 1989 Willan Charitable Trust, the trustees believe that it is not therefore appropriate to charge depreciation.

- Investments -

Investments are stated at their fair value, which is taken to equal the closing mid-market value as at 30th September 2021, net of any accrued management fees payable. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

- Programme Related Investments -

PRI are separately held from the charity's other investments and are held at net recoverable cost. The PRI represent loans and equity Investments made by the charity into new start-up companies with the potential to increase economic activity and employment in the North East of England. At each year end, the trustees assess the likelihood of recovery and provide against these investments, reducing the value of the investments. Where PRI are impaired at the year end, the charity charges 'charitable activities' within resources expended. Where a gain is made upon disposal of a PRI, then the gain is reported under 'other incoming resources'.

- 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.

- Cash at bank and in hand-

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

- Creditors and provisions-

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.

- Taxation-

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

- Income-

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Interest receivable is recognised on a receivable basis, when the amount can be measured reliably - this is normally upon notification of the interest paid or payable by the bank.

- Investments Income-

Investment income is accounted for in the period in which the Charity is entitled to receipt.

1. ACCOUNTING POLICIES (continued)

- Gift in Kind-

Income from commercial trading activities is recognised as earned (as the related goods and services are provided) and as the rental and service charge falls due. Income regarded as "Rental Income from Properties" is included as a gift in kind based on the market rental value of each property. This is due to the charity entering into lease arrangements with charitable organisations to provide accommodation to those organisations at below market rental and often for £Nil consideration.

The trustees recognise that in doing so, these type of transactions continue to further their charity's objectives and are similar to the charity providing donations to these other charitable organisations. As a result the trustees have recorded the market value of the property rental as "Income from Charitable Activities - Rental Income from Properties" and an identical charge included as a "Gift in Kind" as part of Resources Expended in the SOFA. This has a £Nil impact on the reported result for the year, but recognises both the income that would be otherwise received and the effective donation made. This treatment does not impact upon the basis for holding these properties, for their capital gain potential rather than their social purpose.

- Expenditure-

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds are those costs of investments management fees, together with their associated support costs.
- Expenditure on charitable activities includes the costs associated with the provision of grant making and include both the direct costs and support costs relating to the activities of the charity.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

- Donations to the Community Foundation -

With effect from September 2020, the Charity has entered into a new Philanthropy Agreement with The Community Foundation, who will be responsible for payments of grants (under the new agreement) and will administer these from the funds held. Any monies paid to The Community Foundation under the new agreement will become an irrevocable gift. Donations to The Community Foundation are recognised within the cost of grant making in the SOFA.

- Fund Accounting -

The trustees have adopted an absolute return approach to investment, aiming to generate (and distribute) a real return on the Charity's assets averaging 3-4% per annum over the economic cycle. The Trust Deed makes no material distinction between the distribution of capital and the distribution of income and hence the balance of the Trust Fund is not segregated between them.

- Going Concern -

The trustees have reviewed activities and prepared a risk assessment to enable them to consider the financial position of the organisation in light of the ongoing situation in relation to the Covid-19 virus. On conclusion of this work the trustees, having considered both the significant level of cash and investments held by the charity, consider that there are no material uncertainties regarding the charity's ability to continue as a going concern for the next 12 months.

2. INCOME FROM CHARITABLE ACTIVITIES

	30 Sep 2021 £	30 Sep 2020 £
Rental income from properties	32,400	37,185

3. INVESTMENT INCOME

	30 Sep 2021 £	30 Sep 2020 £
UK Equities	270,077	275,133
UK Fixed Interest	6,931	15,792
UK Unit Trusts	49,215	53,140
Non UK Equities	55,477	45,811
Non UK Unit Trusts	51,309	67,373
Non UK Fixed Interest	272	3,660
Alternative Investments	3,916	6,017
	<u>437,197</u>	<u>466,926</u>

4. TRUSTEES' REMUNERATION

No salaries or wages have been paid to employees, including the members of the committee during the year (2020-None).

THE 1989 WILLAN CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS - Year Ended 30th September 2021

5. GIFTS IN KIND

	30 Sep 2021 £	30 Sep 2020 £
Rental donations	32,400	37,185

6. COST OF GRANT MAKING

	30 Sep 2021 £	30 Sep 2020 £
Grants Awarded	-	504,320
Donations to The Community Foundation	493,823	125,000
Donations to universities	80,000	73,500
Donation to purchase fund property	-	5,000
Prior Year Donations Returned	(6,200)	-
Administration fees	24,691	22,450
Audit and Accountancy fees	5,700	5,520
Property expenses	-	1,488
Bank charges	30	30
	598,044	737,308

Analysis of Donations to Universities:-

	£	£
Teesside University	30,000	30,000
Sunderland University	30,000	30,500
Northumbria University	20,000	13,000
	80,000	73,500

As detailed in Note 7 the Trust owns property which is let to registered charities at peppercorn rental. The commercial value of the rental for the period was approximately £32,400 (2020 - £37,185). These amounts have been shown as rental income and as donations. A full listing of grants awarded is available on request from the Community Foundation at the address listed on page 1.

7. INVESTMENT PROPERTY

	Held for sale £ 2021	Held for long term £ 2021	Held for sale £ 2020	Held for long term £ 2020
Summary				
Cost or valuation at beginning of period	-	248,384	80,000	248,384
Disposals	-	-	(80,000)	-
Transfer to held for sale	-	-	-	-
Revaluations in year	-	-	-	-
Cost or valuation at end of period	-	248,384	-	248,384

	Held for sale £ 2021	Held for long term £ 2021	Held for sale £ 2020	Held for long term £ 2020
By property -				
15 Taylor Street, Blyth, Northumberland NE24 5NA	-	34,666	-	34,666
77 Vine Street, South Shields, Tyne & Wear NE33 4RG	-	49,195	-	49,195
15 Chichester Road, South Shields, Tyne & Wear NE33 4AA	-	50,661	-	50,661
96 Northbourne Street, Gateshead, Tyne & Wear NE8 4AH	-	53,420	-	53,420
100 Hallside Road, Blyth, Northumberland, NE24 5PF	-	60,442	-	60,442
	-	248,384	-	248,384

All of the above properties are freehold apart from 96 Northbourne Street which is leasehold.

The trustees believe the market value of the properties held for the long term, are equal to their historic cost of £248,384 (2020 - 248,384 being £259,996 with impairment of £11,612).

15 Taylor Street was purchased on 17th June 2014 and was let from 20th August 2014 to a registered charity for a peppercorn rent. The commercial value of the rent for 15 Taylor Street is approximately £6,000 per annum. (2020: £5,760).

THE 1989 WILLAN CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS - Year Ended 30th September 2021

7. INVESTMENT PROPERTY (continued)

77 Vine Street, 15 Chichester Road, and 96 Northbourne Street were purchased on 11th September 2014, 26th September 2014 and 11th August 2014 respectively and are let to a registered charity for a peppercorn rent. The commercial value of the rent for these properties is approximately £19,680 per annum. (2020: £18,960).

100 Hallside Road, was purchased on 12th November 2014 and was let from 4th February 2015 to a registered charity for a peppercorn rent. The commercial value of the rent for 100 Hallside Road is approximately £6,720 per annum. (2020: £6,480).

The title deeds of the properties are currently held in the name of Willan Properties No1 Limited, Willan Properties No2 Limited and Willan Trustee Limited as the charity is unincorporated and is not able to hold property directly. All three companies are controlled by the trustees of the charity (Willan Trustee Limited being a trustee directly) and therefore have taken the view that the properties are beneficially owned by the charity.

8. INVESTMENTS

	30 Sep 2021	30 Sep 2020
	£	£
Market value at beginning of year	20,764,263	20,211,240
Income	437,196	467,422
Expenses	(70,016)	(42,864)
Withdrawals	(600,000)	(600,000)
Movement on investments including Gains and Losses	3,508,813	728,465
Market value at year end	24,040,256	20,764,263

Held as follows:-

	£	£
UK Equities	15,186,433	13,311,916
UK Fixed Interest	1,552,786	1,811,538
Non UK Equities	3,677,456	2,748,018
Non UK Unit Trusts	1,409,467	1,254,509
Non UK Fixed Interest	202,720	-
Alternative investments	1,380,829	1,194,215
Investment Dealing Accounts	656,166	457,378
Accrued Management Fees	(25,601)	(13,311)
	24,040,256	20,764,263

Held by:-

	Portfolio Turnover (%)	£	£
Brewin Dolphin Newcastle - Discretionary portfolio	11.04%	7,126,864	6,203,849
UBS AG Newcastle - Discretionary portfolio	32.82%	7,087,238	6,143,008
Baillie Gifford - investment portfolio	N/A	9,826,154	8,417,406
		24,040,256	20,764,263

Discretionary investment portfolios are managed by Brewin Dolphin Newcastle, UBS AG Newcastle and Baillie Gifford. At 30th September 2021, the portfolios did not include any individual investments whose market value was greater than 5% of the market value of the total (2020-None).

	£	£
Historic Cost	16,862,731	16,688,731

9. PROGRAMME RELATED INVESTMENTS

	30 Sep 2021	30 Sep 2020
	£	£
<u>Cost</u>		
As at 1 October	25,000	25,000
Additions - Komotion Limited	-	-
As at 30 September	-	-
<u>Impairment</u>		
As at 1 October	(25,000)	(25,000)
Impairment - Komotion Limited	-	-
As at 30 September	-	-
<u>Carrying Value</u>		
PRI Balances as at 30 September 2021	-	-
PRI Balances as at 30 September 2020	-	-

THE 1989 WILLAN CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS - Year Ended 30th September 2021

9. PROGRAMME RELATED INVESTMENTS (*continued*)

In 2018, the charity made an equity investment in Komotion Limited, a new start-up company with the potential to increase economic activity and employment in the North East of England. As at 30 September 2018, the Trustees were of the opinion that the investment should be fully impaired given its early stage development. Having reviewed the PRI position at 30 September 2021, the Trustees have agreed the investment should remain fully impaired.

10. CREDITORS: Amounts Falling Due Within One Year

	30 Sep 2021 £	30 Sep 2020 £
Audit fee	<u>5,700</u>	<u>5,520</u>

11. TRUST FUND

The trustees have adopted an absolute return approach to investment, aiming to generate (and distribute) a real return on the Charity's assets averaging 3-4% per annum over the economic cycle. The Trust Deed makes no material distinction between the distribution of capital and the distribution of income and hence the balance of the Trust Fund is not segregated between them.

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Total £
Unrestricted Funds	<u>248,384</u>	<u>24,040,256</u>	<u>154,606</u>	<u>24,443,246</u>

13. RELATED PARTY TRANSACTIONS

Mr A Ohlsson, trustee, is a director of Carlton Management Services Limited, the company providing the accounting and administrative services to the Charity. There was no charge made in respect of such services and no outstanding balances at the year end.

Mr A Ohlsson and Mr A Chapman, trustees, are directors of Somerston Ventures Limited, a company who also hold a 5% equity share in Komotion Limited.

14. CAPITAL COMMITMENTS

The Charity has no capital commitments at the year end (2020 - None).

15. CONTINGENT LIABILITIES

The Charity has no contingent liabilities at the year end (2020 - None).

16. ULTIMATE CONTROLLING PARTY

In the opinion of the trustees there is no ultimate controlling party other than the trustees.