

Charity registration number: 1027652

Mountsorrel United Charities

Annual Report and Financial Statements
for the Year Ended 31 December 2020

Mountsorrel United Charities

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Mountsorrel United Charities

Trustees' Report

Reference and Administrative Details

Principal office:

7 Oakthorpe Avenue, Leicester, LE3 0UR

Clerk to the trustees:

Jane Hammond
janelouisehammond@gmail.com

Bankers:

National Westminster Bank plc, Market Place, Loughborough LE11 3NZ

Auditor:

RWB, Chartered Accountants, Northgate House, North Gate, New Basford, Nottingham NG7 7BQ

Investment adviser:

Brewin Dolphin Ltd, 35 Station Street, Nottingham NG2 3DQ

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Mountsorrel United Charities comprises the following:

- Mountsorrel United Charities (1027652)
- Consolidated Charity (linked charity 1027652-1)
- Nidd and Danvers Charity (linked charity 1027652-2)

Additionally, Charity Commission schemes for Mountsorrel Relief in Need Charity (known as Mountsorrel Community Support Fund from March 2021), and the linked Charity of Hugh Phipps require their trustees to be the same as those of Mountsorrel United Charities:

- Mountsorrel Relief in Need Charity (217615)
- Charity of Hugh Phipps (linked charity 217615-1)

Charity Commission schemes relating to the above entities are:

- Mountsorrel United Charities (scheme dated 1 September 1993)
- Mountsorrel Relief in Need Charity (schemes dated 3 March 1977 and 27 January 1993)
- Charity of Hugh Phipps (scheme dated 3 March 1977 and linking direction dated 14 April 2020)

For efficiency, the business of Mountsorrel United Charities, Mountsorrel Relief in Need Charity and the Charity of Hugh Phipps is combined (and demarcated) at each trustees meeting.

Mountsorrel United Charities

Trustees' Report

TRUSTEES

The Charity Commission scheme dated 1st September 1993 for Mountsorrel United Charities stipulates that there should be sixteen trustees:

- Ten co-opted trustees (who live, work or otherwise have knowledge of Mountsorrel parish)
- Five trustees nominated by Mountsorrel Parish Council
- 1 ex-officio trustee (the Priest in Charge of Christ Church and St Peter's Church in Mountsorrel)

Co-opted trustees who served in 2020 were:

- Christopher William Berry
- Roger Verdun Carroll
- Daisy Eng Kim Chan
- Benjamin Evan Davies
- Jayne Elizabeth Ilett (Vice Chair)
- George Overton (Chair)
- Trevor Rigley
- Andrew Charles Robinson (resigned 6th September 2020)
- Linda Ann Tyman
- Geoff Wainwright

Nominated trustees who served in 2020 were:

- Elizabeth Mary Blackshaw (appointed 9th December 2020)
- Leigh Karen Emmins (resigned 9th September 2020)
- Paul Albert Harris
- Stephen Roy Haywood
- Penelope Jane Maguire
- Frederick Lewis Newitt

The ex-officio trustee who served in 2020 was:

- Reverend Colin Ernst Resch

RECRUITMENT AND INDUCTION OF TRUSTEES

When co-opted trustee vacancies arise, these are openly advertised locally, online and offline. Vacancies for Mountsorrel Parish Council nominated trustees are agreed at meetings of the Parish Council.

When recruited, new trustees receive an induction pack (online and on paper) including governing documents, annual report, recent minutes, and guidance from the Charity Commission and other bodies; including about the responsibilities of charity trustees. Further induction and training take place in person with the Chair and others as appropriate.

New trustees also certify that they are not excluded from acting as trustees, and complete a declaration of interest form.

Mountsorrel United Charities

Trustees' Report

OBJECTIVES AND ACTIVITIES

The Mountsorrel United Charities have been caring for the people of Mountsorrel since 1874, when several smaller charities were combined.

The oldest of these was the Charity of Ralph Smalley and dates back to 1665. Further amalgamations have taken place since 1874, incorporating charities associated with local philanthropists such as Richard Nidd (a London clerk born in Mountsorrel in the sixteenth century), Thomas Statham (an innkeeper who died in 1680), Sir Joseph Danvers (Lord of the Manor 1793), and others.

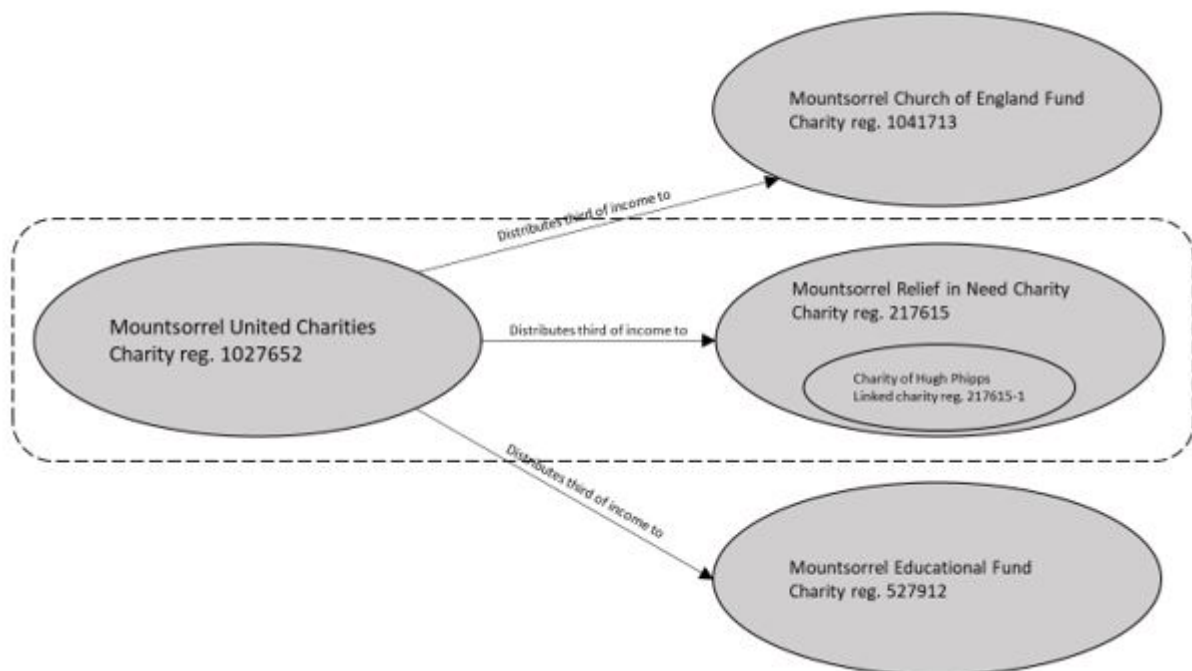
Mountsorrel United Charities acts as an umbrella organisation, investing funds and distributing income derived from an investment portfolio comprising:

1. A main general investment portfolio held with and managed by Brewin Dolphin since 2008
2. Land and buildings at Launde Farm, Glaston, Uppingham in Rutland, purchased in 2008 as an investment property to generate income in the very long term and managed by Andrew Granger & Co, Loughborough
3. COIF Charities Investment Fund income units managed by CCLA

Income is divided equally between three separate independent charities, each registered with the Charity Commission:

- Mountsorrel Relief in Need Charity (217615)
- Mountsorrel Church of England Fund (1041743)
- Mountsorrel Educational Fund (527912)

See organogram for more information.



Mountsorrel United Charities

Trustees' Report

ACHIEVEMENTS AND PERFORMANCE

Over the year the usual work of Mountsorrel United Charities continued - in investing funds and distributing income for the benefit of its constituent charities, as outlined above.

In March 2020 a conflicts of interest policy was adopted and a new register of interests was set up.

Investment update reports were received from investment managers Brewin Dolphin and property managers Andrew Granger for consideration by the finance committee, and the full board of trustees, at each of their meetings during the year.

The finance committee (established in 2019) met three times in 2020, with the overall purpose of:

- Overseeing the financial framework of the charity and the effective use of assets so as to ensure continued financial viability
- Maximising investment income based on an established investment policy, reporting to MUC trustees as appropriate

Alongside MUC/ Relief in Need Charity trustees, the chairperson of both the Mountsorrel Church of England Fund and the Mountsorrel Educational Fund attended all finance committee meetings during the year and participated in all decisions relating to investment management and investment policy.

Although responsibility for monitoring investments is delegated to the finance committee, all proposals and recommendations from the finance committee are ratified by the MUC main board.

The following work was undertaken by the finance committee in 2020 and ratified by the full board of trustees:

a) In June 2020, guidance was sought from the Charity Commission with regard to the status of capital investments held by MUC. Non-land investments are not mentioned specifically in MUC's governing documents, but the Charity Commission ruled that they consider those investments as "permanently endowed". As such, it was established that withdrawals of capital cannot be made without Charity Commission permission (beyond withdrawals made by total return).

b) In July 2020 trustees agreed to increase the level of risk to which the investments held with Brewin Dolphin are exposed. This brought about a move from Brewin Dolphin Risk Category 4 (lower risk) to Risk Category 6 (medium to high risk).

c) In August 2020, prompted by a reduction in cash reserves and an anticipated increase in grant applications to the Relief in Need Charity due to the impact of the Covid-19 global pandemic, trustees agreed to draw down £300,000 from the Brewin Dolphin portfolio on a one-off basis, to be split equally between the Relief in Need Charity, the Educational Fund and the Church of England Fund. This was subject to permission from the Charity Commission, which was granted on 14th August 2020.

d) In September 2020, to ensure regular cashflow, trustees agreed to seek a total return of 5.5% on investments, with investment managers considering not only the capital appreciation on the portfolio, but also the income received on the portfolio.

Trustees also reviewed working arrangements for the Clerk and decided to continue with the role as self-employed.

e) An investment policy was drafted during the autumn, considered by the finance committee in November and adopted in January 2021.

Mountsorrel United Charities

Trustees' Report

Income targets are currently estimated at £160,000 per charity per year, meaning the total return sought annually is at least £480,000. It was agreed to establish a meeting with Brewin Dolphin in January each year (commencing in January 2021) to discuss the income target for the forthcoming year.

The annual report and financial statements for MUC and Relief in Need Charity have previously been presented as a single, combined document. Trustees sought advice from the accountant and decided to begin filing separate documents for each charity for years ended 31 December 2020 onwards, to ensure greater transparency and ease of understanding.

Similarly, for over 40 years the combined business of Mountsorrel United Charities, Mountsorrel Relief in Need Charity and the Charity of Hugh Phipps has been conducted via the Mountsorrel United Charities bank account. To ensure greater transparency, trustees decided that a separate bank account for the Relief in Need Charity and Charity of Hugh Phipps should be opened.

Public Benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Impact of Covid-19

- Trustees decided to conduct virtual meetings using the Zoom application.
- The global pandemic caused the fastest fall in global markets in history, with portfolio values dropping accordingly by more than 10% in March. However, markets, and the value of the portfolio subsequently recovered well.

FINANCIAL REVIEW

Results

Income for the year derived from investments was £355,150 (2019: £459,857). Expenditure totalled £748,478 (2019: £465,356), and there was an overall gain on investment assets of £330,130 (2019: £1,201,332) giving rise to a (deficit)/surplus of (£63,198) (2019: £1,197,833).

Investments

The trustees reviewed their investment performance against other investments, e.g. fixed interest, UK and international equities, alternatives, and cash.

The trustees, under the Trustee Act 2000, have a statutory duty of care. It applies to:

- Exercise of their power of investment
- Obligation to review the investments
- Obligation to review any arrangements with an agent nominee or custodian

Under the Act the trustees exercise such care and skill as is reasonable in the circumstances, having regard to:

- Any special knowledge or experience that the trustees have or claim to have. Where any trustee is acting as such in the course of a business or profession, regard must be had to any special knowledge or experience that it is reasonable to expect of a person acting in the course of that kind of business or profession
- The suitability of the investment being selected or reviewed for the organisation
- The need to diversify the charity's investments

Mountsorrel United Charities

Trustees' Report

The Trustees will take proper advice unless they reasonably conclude it is unnecessary or inappropriate to do so. They will also follow the standard investment criteria and consider:

- The suitability of the investment being selected or reviewed for the organisation
- The need to diversify the charity's investments

Delegating powers

The trustees continued to delegate powers to Brewin Dolphin to manage funds on a discretionary basis.

Investment objective

For several decades, the overall investment strategy has been broadly based on a relatively cautious attitude to risk, with guarantees attached where available. Capital growth of 3% per annum or more was sought, with an income generation of 3-4% per annum to meet expenditure requirements, arising from investments in a portfolio comprised of equities, fixed interest stocks, property, land and cash.

In 2020, following lengthy discussion, trustees decided to change the investment objective from income generation to total return. In practice this means that, in future, trustees are prepared to have a greater proportion of investments held in equities, with the aim of achieving a higher investment return over the long-term, and understand that a greater allocation to equities means the portfolio may experience a heightened level of volatility over the investment term. The portfolio will typically include two thirds of the assets invested in equities whilst the remainder will be split between cash, fixed income and alternatives.

Despite being prepared to accept fluctuations in the value of the portfolio to achieve investment goals, the aim is still to grow the fund ahead of inflation.

The trustees will consider the charity's needs and those of its beneficiaries in the short, medium and long term on the above basis.

The investment of £1.2 million made in land is viewed as a long-term investment.

Reserves policy

It is the policy of the charity to maintain funds that are free reserves, at a level that equates to approximately one year's unrestricted management, administration and support costs.

Risk management

The trustees have examined the major strategic business and operational risks that the charity faces. Systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

Mountsorrel United Charities

Trustees' Report

PLANS FOR FUTURE PERIODS

In 2021, trustees plan to:

- Open a new bank account for the Relief in Need Charity and Charity of Hugh Phipps, separate and distinct from Mountsorrel United Charities
- Review the reserves policy
- Review the risk management policy
- Write an ethical investment policy
- Review the ongoing viability of continuing to hold an investment in property and land

Fundraising disclosures

The charity does not carry out significant fundraising activities that require disclosure under the Charities Act 2011.

Financial instruments

Objectives and policies

The charity's activities expose it to a number of financial risks including credit risk.

Credit risk

The charity's principal financial assets are bank balances and investments.

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustees of the charity on 9 June 2021 and signed on its behalf by:

.....
G Overton
Chair and trustee

Mountsorrel United Charities

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' 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 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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, 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.

Approved by the trustees of the charity on 9 June 2021 and signed on its behalf by:

.....
G Overton
Chair and trustee

Mountsorrel United Charities

Independent Auditor's Report to the Members of Mountsorrel United Charities

Opinion

We have audited the financial statements of Mountsorrel United Charities (the 'charity') for the year ended 31 December 2020, which comprise the Statement of Financial Activities, Balance Sheet, 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 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 charity'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.

Mountsorrel United Charities

Independent Auditor's Report to the Members of Mountsorrel United Charities

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity 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 Charities Act 2011 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 Trustees' Responsibilities (set out on page 8), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor'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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Mountsorrel United Charities

Independent Auditor's Report to the Members of Mountsorrel United Charities

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charities internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charities ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

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 trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the trustees those matters we are required to state to trustees in an auditors' 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Neil Coupland FCA DChA (Senior Statutory Auditor)
For and on behalf of RWB CA Limited, Statutory Auditor

Northgate House
North Gate
New Basford
Nottingham
NG7 7BQ

21 July 2021

RWB CA Limited is eligible for appointment 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.

Mountsorrel United Charities

Statement of Financial Activities for the Year Ended 31 December 2020

	Note	Unrestricted funds £	Endowment funds £	Total 2020 £
Income and Endowments from:				
Investment income	2	355,150	-	355,150
Total income		<u>355,150</u>	<u>-</u>	<u>355,150</u>
Expenditure on:				
Charitable activities		(301,103)	(447,375)	(748,478)
Total expenditure		(301,103)	(447,375)	(748,478)
Gains/losses on investment assets		-	330,130	330,130
Net income/(expenditure)		<u>54,047</u>	<u>(117,245)</u>	<u>(63,198)</u>
Net movement in funds		54,047	(117,245)	(63,198)
Reconciliation of funds				
Total funds brought forward		1,769,802	12,767,982	14,537,784
Total funds carried forward	16	<u>1,823,849</u>	<u>12,650,737</u>	<u>14,474,586</u>
	Note	Unrestricted funds £	Endowment funds £	Total 2019 £ (As restated)
Income and Endowments from:				
Investment income	2	459,857	-	459,857
Total income		<u>459,857</u>	<u>-</u>	<u>459,857</u>
Expenditure on:				
Charitable activities		(416,864)	(46,492)	(463,356)
Total expenditure		(416,864)	(46,492)	(463,356)
Gains/losses on investment assets		-	1,201,332	1,201,332
Net income		<u>42,993</u>	<u>1,154,840</u>	<u>1,197,833</u>
Net movement in funds		42,993	1,154,840	1,197,833
Reconciliation of funds				
Total funds brought forward		1,726,809	11,613,142	13,339,951
Total funds carried forward	16	<u>1,769,802</u>	<u>12,767,982</u>	<u>14,537,784</u>

All of the charity's activities derive from continuing operations during the above two periods.

Mountsorrel United Charities

Balance Sheet as at 31 December 2020

	Note	2020 £	(As restated) 2019 £
Fixed assets			
Tangible assets	11	293	587
Investments	12	<u>14,540,275</u>	<u>14,658,495</u>
		<u>14,540,568</u>	<u>14,659,082</u>
Current assets			
Debtors	13	16,596	32,027
Cash at bank and in hand	14	<u>384,198</u>	<u>226,948</u>
		400,794	258,975
Creditors: Amounts falling due within one year	15	<u>(466,776)</u>	<u>(380,273)</u>
Net current liabilities		<u>(65,982)</u>	<u>(121,298)</u>
Net assets		<u>14,474,586</u>	<u>14,537,784</u>
Funds of the charity:			
Endowment		12,650,737	12,767,982
Unrestricted income funds			
Unrestricted		<u>1,823,849</u>	<u>1,769,802</u>
Total funds	16	<u>14,474,586</u>	<u>14,537,784</u>

The financial statements on pages 12 to 23 were approved by the trustees, and authorised for issue on 9 June 2021 and signed on their behalf by:

.....
G Overton
Chair and trustee

Mountsorrel United Charities

Notes to the Financial Statements for the Year Ended 31 December 2020

1 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Basis of preparation

Mountsorrel United Charities meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Exemption from preparing a cash flow statement

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

Going concern

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

Reclassification of comparative amounts

The charity is purely an administrative body intended to hold the investments and distribute the income to the three separate independent charities. Previously the charity recognised one third of the gross income and one third of the expenses, being the activities of the Mountsorrel Relief in Need Charity, but having reviewed the wording of the charity commission scheme, the gross income is now recognised and the distributions to the independent charities are shown as grants payable to institutions. The comparative results for the year ended 31 December 2019 have been amended accordingly.

As a result of the reclassification the following amendments have been made:

- Incoming resources has increased by £306,095
- Resources expended have increased by £217,448
- Debtors have decreased by £673
- Creditors have increased by £104,277
- Opening funds have decreased by £193,597
- Closing funds have decreased by £104,950

Mountsorrel United Charities

Notes to the Financial Statements for the Year Ended 31 December 2020

Income and endowments

Investment income

Dividends are recognised once the dividend has been received.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, its probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure headings that aggregate similar costs to that category.

Raising funds

These are costs incurred in the management of investments.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grant provisions

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

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £100.00 or more are initially recorded at cost.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Equipment	Straight line basis over 3 years

Mountsorrel United Charities

Notes to the Financial Statements for the Year Ended 31 December 2020

Investment properties

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined periodically by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Permanent endowment funds are restricted funds held for income generation.

Financial instruments

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

2 Investment income

	Unrestricted funds General £	Total 2020 £
Other income from fixed asset investments	337,953	337,953
Income from rents	17,197	17,197
	<u>355,150</u>	<u>355,150</u>

Mountsorrel United Charities

Notes to the Financial Statements for the Year Ended 31 December 2020

	Unrestricted funds General £	Total 2019 £
Other income from fixed asset investments	442,660	442,660
Income from rents	17,197	17,197
	459,857	459,857

3 Expenditure on charitable activities

	Unrestricted funds General £	Endowment funds Permanent £	Total 2020 £
Income allocation	285,988	402,496	688,484
Clerk fees	8,844	-	8,844
Sundry expenses	93	-	93
Depreciation of equipment	294	-	294
Insurance	802	-	802
Investment management costs	2,782	44,879	47,661
	298,803	447,375	746,178

	Unrestricted funds General £	Endowment funds Permanent £	Total 2019 £
Income allocation	393,207	-	393,207
Clerk fees	8,602	-	8,602
Sundry expenses	56	-	56
Depreciation of equipment	294	-	294
Insurance	807	-	807
Xero - training	863	-	863
Investment management costs	10,749	46,492	57,241
	414,578	46,492	461,070

Mountsorrel United Charities

Notes to the Financial Statements for the Year Ended 31 December 2020

4 Analysis of governance and support costs

Governance costs

	Unrestricted funds General £	Total 2020 £
Audit fees		
Audit of the financial statements	900	900
Other fees paid to auditors	1,400	1,400
	2,300	2,300
	2,300	2,300
	Unrestricted funds General £	Total 2019 £
Independent examiner fees		
Examination of the financial statements	804	804
Other fees paid to examiners	1,482	1,482
	2,286	2,286
	2,286	2,286

5 Income allocation

Analysis of income allocation

	Grants to groups/ organisations	
	2020 £	2019 £
Analysis		
Distribution to Mountsorrel Church of England Fund	129,366	130,885
Distribution to Mountsorrel Educational Fund	129,367	130,885
Distribution to Mountsorrel Relief in Need Charity	129,751	131,437
Brewin Dolphin drawdown - Mountsorrel Church of England Fund	100,000	-
Brewin Dolphin drawdown - Mountsorrel Educational Fund	100,000	-
Brewin Dolphin drawdown - Mountsorrel Relief in Need Charity	100,000	-
	688,484	393,207
	688,484	393,207

Mountsorrel United Charities

Notes to the Financial Statements for the Year Ended 31 December 2020

6 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2020 £	2019 £
Audit fees	900	-
Loss/(profit) on disposal of investments	89,861	(88,168)
Depreciation of fixed assets	<u>294</u>	<u>294</u>

7 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

8 Independent examiner's remuneration

	2019 £ (As restated)
Examination of the financial statements	<u>804</u>
Other fees to examiners	
All other services	<u>1,482</u>

9 Auditors' remuneration

	2020 £
Audit of the financial statements	<u>900</u>
Other fees to auditors	
All other non-audit services	<u>1,400</u>

10 Taxation

The charity is a registered charity and is therefore exempt from taxation.

Mountsorrel United Charities

Notes to the Financial Statements for the Year Ended 31 December 2020

11 Tangible fixed assets

	Furniture and equipment £	Total £
Cost		
At 1 January 2020	1,823	1,823
Disposals	(942)	(942)
At 31 December 2020	881	881
Depreciation		
At 1 January 2020	1,236	1,236
Charge for the year	294	294
Eliminated on disposals	(942)	(942)
At 31 December 2020	588	588
Net book value		
At 31 December 2020	293	293
At 31 December 2019	587	587

12 Fixed asset investments

	2020 £	2019 £ (As restated)
Investment properties	1,150,000	1,150,000
Other investments	13,390,275	13,508,495
	14,540,275	14,658,495

Investment properties

	Investment properties £
Cost or Valuation	
At 1 January 2020	1,150,000
Provision	
At 31 December 2020	-
Net book value	
At 31 December 2020	1,150,000
At 31 December 2019	1,150,000

The investment property is stated at market value as at 22 January 2020 as valued by Andrew Granger.

Mountsorrel United Charities

Notes to the Financial Statements for the Year Ended 31 December 2020

Other investments

	Listed investments £	Cash deposits £	Total £
Cost or Valuation			
At 1 January 2020	13,388,440	120,055	13,508,495
Revaluation	419,991	-	419,991
Additions	6,341,285	206,525	6,547,810
Disposals	<u>(7,086,021)</u>	<u>-</u>	<u>(7,086,021)</u>
At 31 December 2020	<u>13,063,695</u>	<u>326,580</u>	<u>13,390,275</u>
Net book value			
At 31 December 2020	<u>13,063,695</u>	<u>326,580</u>	<u>13,390,275</u>
At 31 December 2019	<u>13,388,440</u>	<u>120,055</u>	<u>13,508,495</u>

The historical cost of the investments as at 31 December 2020 was £11,145,707 (2019: £10,895,519).

13 Debtors

	2020 £	2019 £
Other debtors	<u>16,596</u>	<u>32,027</u>

14 Cash and cash equivalents

	2020 £	2019 £ (As restated)
Cash at bank	<u>384,198</u>	<u>226,948</u>

15 Creditors: amounts falling due within one year

	2020 £	2019 £ (As restated)
Other creditors	450,174	363,271
Accruals	<u>16,602</u>	<u>17,002</u>
	<u>466,776</u>	<u>380,273</u>
	2020	2019
	£	£
Deferred income at 1 January 2020	(1,664)	(1,664)
Resources deferred in the period	(1,664)	(1,664)
Amounts released from previous periods	<u>1,664</u>	<u>1,664</u>
Deferred income at year end	<u>(1,664)</u>	<u>(1,664)</u>

Deferred income relates to rental income in advance

Mountsorrel United Charities

Notes to the Financial Statements for the Year Ended 31 December 2020

16 Funds

	Balance at 1 January 2020 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 December 2020 £
Unrestricted					
General	1,769,802	355,150	(301,103)	-	1,823,849
Endowment					
Permanent	<u>12,767,982</u>	-	<u>(447,375)</u>	<u>330,130</u>	<u>12,650,737</u>
Total funds	<u><u>14,537,784</u></u>	<u><u>355,150</u></u>	<u><u>(748,478)</u></u>	<u><u>330,130</u></u>	<u><u>14,474,586</u></u>

The specific purposes for which the funds are to be applied are as follows:

The permanently endowed funds are those funds historically donated to the charity to be held for income generation.

17 Analysis of net assets between funds

	Unrestricted funds General £	Endowment funds Permanent £	Total funds at 31 December 2020 £
Tangible fixed assets	293	-	293
Fixed asset investments	1,889,538	12,650,737	14,540,275
Current assets	400,794	-	400,794
Current liabilities	<u>(466,776)</u>	<u>-</u>	<u>(466,776)</u>
Total net assets	<u><u>1,823,849</u></u>	<u><u>12,650,737</u></u>	<u><u>14,474,586</u></u>

18 Related party transactions

During the year the charity made the following related party transactions:

Mountsorrel Church of England Fund

Four of Mountsorrel Church of England Fund's Trustees are appointed by Mountsorrel United Charities.

During the year, Mountsorrel United Charities allocated Mountsorrel Church of England Fund investment income of £129,366 (2019: £130,844) and other income of £100,000 (2019: £Nil). At the balance sheet date the amount due to Mountsorrel Church of England Fund was £124,534 (2019 - £126,377).

Mountsorrel United Charities

Notes to the Financial Statements for the Year Ended 31 December 2020

Mountsorrel Educational Fund

As well as being trustees of Mountsorrel United Charities, Frederick Lewis Newitt, Reverend Colin Ernst Resch and Linda Ann Tyman are Trustees of Mountsorrel Educational Fund.

During the year, Mountsorrel United Charities allocated Mountsorrel Educational Fund investment income of £129,367 (2019: £130,885) and other income of £100,000 (2019: £Nil). At the balance sheet date the amount due to Mountsorrel Educational Fund was £124,860 (2019 - £114,831).

Mountsorrel Relief in Need Charity and Charity of Hugh Phipps

The trustees of Mountsorrel Relief in Need Charity and the Charity of Hugh Phipps are the same as for Mountsorrel United Charities.

During the year, Mountsorrel United Charities allocated Mountsorrel Relief in Need Charity investment income of £129,366 (2019: £130,884) and other income of £100,000 (2019: £Nil).

During the year, Mountsorrel United Charities allocated the Charity of Hugh Phipps investment income of £385 (2019: £553). At the balance sheet date the amount due to Mountsorrel Relief in Need Charity and Charity of Hugh Phipps was £200,780 (2019 - £122,063).