

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

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ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2022**

Trustees	Mr S J Lightley, Chairman Mr N Paton, Vice Chairman Ms R Amey Mr A Birkmyre Mr G Curson Hunter Dr H Jones- Lee Mrs C S Penn
Charity registered number	512217
Principal office	5 - 7 Osborne Terrace Newcastle upon Tyne NE2 1SQ
Independent auditors	Kinnair Associates Limited Chartered Accountants Aston House Redburn Road Newcastle upon Tyne NE5 1NB
Bankers	National Westminster Bank plc 16 Northumberland Street Newcastle upon Tyne NE1 7EL
Solicitors	Mincoffs Solicitors 5 - 7 Osborne Terrace Newcastle upon Tyne NE2 1SQ
Clerk to the Trustees	Timothy Rohan Gray
Deputy Clerk to the Trustees	Christopher Hughes

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Trustees present their annual report together with the audited financial statements of the charity for the year 1 April 2021 to 31 March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the Charity's governing document, the Charities Act 2011 and the relevant version of the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Objectives and activities

● Policies and objectives

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

The object of the Charity is to administer and manage the property in its care.

i. The income of the Estate Management Charity is to be applied as follows:

- £400 to the Vicar for the time being of the Ecclesiastical Parish of Saint Matthew, Newcastle upon Tyne, for his own use and benefit; and
- £1,000 to the Newcastle upon Tyne Royal Grammar School for application in advancing the full-time further education of students who are under the age of 25 years and who have for not less than three years attended secondary school in the City of Newcastle upon Tyne.

ii. The Estate Management Trustees shall pay the residue of the yearly income of the Estate Management Charity:

- as to 53% thereof to the Newcastle upon Tyne Royal Grammar School for application in accordance with the trusts of the Charity; and
- as to 47% thereof to the Almshouse Trustees for application in accordance with the provisions of this Charity Commission Scheme.

Achievements and performance

● Review of activities

The impact of the COVID 19 pandemic continues to depress levels of dividend income, though the level of investment income has grown from last year. Net investment income was £64k (2021: £58k). More recently, issues with the global economy, disruption to manufacturing supply chains and the conflict in the Ukraine, accompanied by rising inflation and interest rates, are likely to affect the current performance of equity investments adversely.

Rental income has reduced a little this year reflecting a period of void at one property. Property outgoings have been higher as a result of rates charges on the Belmont properties and, as a result, net property income was £338k (2021: £354k).

General administrative costs are higher this year than last year because of additional professional fees of £8k arising primarily from fees for the re-letting of investment properties.

Share investment values have increased by £167k whilst property valuations have reduced by £413k.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Achievements and performance (continued)

● **Investment policy and performance**

The Trustees have adopted a policy of seeking medium risk investments in order to generate income and achieve some capital growth. The charity remains a long term investor and, on professional advice, holds a diversified portfolio of equities, bonds and property with some cash.

The portfolio delivered a total return of +10.3% for the year to 31 March 2022 (2021: +21.5%). This compares with total returns for the following indices:

	Year to 31.03.22	Year to 31.03.21
BD Risk Category 6 Benchmark	+ 9.6%	+ 23.5%
FTSE British Government All Stocks Index	- 5.1%	- 5.5%
Iboxx £ Corporate Bond Index	- 5.5%	+ 10.0%
FTSE All Share Index	+ 13.0%	+ 26.7%
FTSE All World Ex UK Index	+ 12.6%	+ 40.4%
IA Property Index	+ 23.6%	- 2.1%
IA Targeted Absolute Return Index	+ 2.5%	+ 10.1%

The Brewin Dolphin Risk Category 6 Benchmark comprises 2.5% UK Gilts, 3% UK Bonds, 11.5% Overseas Bonds, 24% UK Equities, 44.5% Overseas Equities, 3% Property, 9% Alternatives & 2.5% Cash

In the context of the previous year, the period began relatively calmly and most major equity markets produced mid-to-late single digit gains while the US S&P 500 index reached a new all-time high late in the first quarter. However, any experienced investor knows that a period of benign conditions will eventually come to an end and markets moved into a more challenging environment thereafter with a litany of worries facing investors.

The first quarter of 2022 proved particularly challenging for markets as worries around the Russian invasion of Ukraine, rising interest rates, and higher levels of inflation weighed on both equities and bonds. As markets grappled with rising inflation prints, and tried to establish the likely pace and trajectory of interest rate hikes, we saw some big swings and global bonds suffered their worst drawdown on record as central banks turned more hawkish. US shares had a particularly difficult start to the New Year, with growth and technology stocks coming under pressure amid fears of a slowing economy.

Markets have also been affected by concerns over China, and the knock-on effects to other regions, and an underperformance in the UK small and mid cap area but the annual return edged into double digits and was slightly ahead of the benchmark.

The style rotation we have seen, as a result of the rise of inflation and interest rate expectations, saw investors switch into the value and income producing sectors that dominate the UK market and, with the investments required to generate a relatively high yield, this was to the benefit of portfolio performance. Bond markets offered no safe haven, as interest rate hikes were priced in, but the overseas equity allocation, despite falling almost 2%, outperformed significantly and, again, benefited from the need to focus on income strategies.

Overall, the investments have risen 10.3% in the year and the portfolio has delivered annualised returns of 5.7% over the last five years.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Financial review

● Going concern

The Trustees have considered the likely effect of the Covid pandemic and the other current macro-economic global uncertainties on the prospects for future investment income and on the ability of tenants to continue to meet their rental income obligations. These forces will likely impact adversely on the Charity's future levels of income. However, as the greater part of the Charity's expenditure represents distributions to the beneficiaries that are linked to the level of income earned and will reduce if income levels remain low the Trustees are satisfied that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis.

● Reserves policy

The Trustees have a policy, after allowing for other expenditure and interim payments to beneficiaries, of paying out the residual balance of the Charity's net incoming resources to the beneficiaries at the conclusion of the meeting approving the Trustees' report and financial statements. Consequently the reserves are represented by investment properties, other investments and funds awaiting investment and changes in those reserves result from changes in the value of investment properties and other investments as dictated by the Investment Policy.

Structure, governance and management

● Constitution

St Mary the Virgin Estate Management Charity is a registered charity, number 512217, and is constituted under a Trust deed.

It is regulated by the Saint Mary's Hospital (Newcastle upon Tyne) Acts 1888 and 1927 as affected by Schemes of the Charity Commissioners of the 18 September 1903, the 18 March 1930, the 12 December 1966, the 2 April 1979, 20 September 2000 and 20 February 2014 as well as a Scheme made by the Board of Education on the 4 July 1914.

It is organised into two separate Charities named the Hospital of St. Mary the Virgin (Rye Hill and Benwell), referred to as the Almshouses Charity and the St. Mary the Virgin Estate Management Charity, referred to as the Estate Management Charity.

There have been no changes in the objectives since the last annual report.

● Organisational structure and decision-making policies

The Charity is run by a body of eight Trustees (increased in number from seven by the Scheme of the 20 September 2000). The Trustees are assisted by their Clerk. The body of Trustees shall consist of:

- Five Nominative Trustees

One appointed by the Bishop of Newcastle;

Two appointed by the Almshouse Trustees;

Two appointed by the Governors of The Newcastle upon Tyne Royal Grammar School;

- Three Co-optive Trustees

Appointed by a special resolution of the Estate Management Trustees.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Structure, governance and management (continued)

● Policies adopted for the induction and training of Trustees

Upon appointment, Trustees are given copies of the Charity Commission Scheme, the accounts and the minutes of the last meetings of the Trustees. They are also supplied with the Charity Commission booklet in relation to the responsibility of charity trustees.

Trustees are appointed for their particular skills in dealing with a charity of this nature.

● Financial risk management

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Plans for future periods

The Trustees intend to maintain their investments in commercial property and stock markets at current levels but the Trustees will keep this under review..

The Trustees anticipate that dividend receipts will remain at a reduced level for the foreseeable future and so amounts available for distribution to the Charity's beneficiaries will continue to be lower than in previous years. The Trustees are mindful of the adverse effect that this has on the interests of the Charity's beneficiaries.

Statement of Trustees' responsibilities

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

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate 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, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust deed. 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.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, Kinnair Associates Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on 23 September 2022 and signed on their behalf by:

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Mr S J Lightley

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST MARY THE VIRGIN ESTATE
MANAGEMENT CHARITY**

Opinion

We have audited the financial statements of St Mary the Virgin Estate Management Charity (the 'charity') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 and of its incoming resources and application of resources 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 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.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST MARY THE VIRGIN ESTATE
MANAGEMENT CHARITY (CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 where the Charities (Accounts and Reports) Regulations 2008 requires 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
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees are responsible for the preparation of the financial statements which 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.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST MARY THE VIRGIN ESTATE
MANAGEMENT CHARITY (CONTINUED)**

Auditors' 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 Auditors' 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:

- 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 identified the laws and regulations applicable to the Charity through discussions with Trustees and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we consider may have a direct material effect on the financial statements or the operations of the Charity, including the Charities Act 2011 et seq., the Charities (Protection and Social Investment) Act 2016, the Trustees Acts 1925 and 2000 and Charity Commission regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we ensured that the 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 Charity'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 and their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the notes to the financial statements are indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which include, but are not limited to: -

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the Charity's legal advisors.

There are inherent limitations in our anticipated 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-

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST MARY THE VIRGIN ESTATE
MANAGEMENT CHARITY (CONTINUED)**

compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 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 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.

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Mai Max
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Kinnair Associates Limited
Chartered Accountants
Statutory Auditor
Aston House
Redburn Road
Newcastle upon Tyne
NE5 1NB

6 December 2022

Kinnair Associates Limited are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2022

	Note	Endowment funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income and endowments from:					
Investments	3	-	433,613	433,613	432,790
Other income	4	-	8,574	8,574	7,767
Total income and endowments		-	442,187	442,187	440,557
Expenditure on:					
Raising funds	5	-	36,829	36,829	20,094
Charitable activities	7	-	405,358	405,358	420,463
Total expenditure		-	442,187	442,187	440,557
Net income before net (losses)/gains on investments					
		-	-	-	-
Net (losses)/gains on investments		(245,157)	-	(245,157)	361,862
Net movement in funds		(245,157)	-	(245,157)	361,862
Reconciliation of funds:					
Total funds brought forward		7,416,482	-	7,416,482	7,054,620
Net movement in funds		(245,157)	-	(245,157)	361,862
Total funds carried forward		7,171,325	-	7,171,325	7,416,482

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 13 to 24 form part of these financial statements.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	13	2,545,313	2,393,072
Investment property	12	4,540,000	4,940,000
		<u>7,085,313</u>	<u>7,333,072</u>
Current assets			
Debtors	14	318,681	283,931
Cash at bank and in hand		32,263	27,073
		<u>350,944</u>	<u>311,004</u>
Creditors: amounts falling due within one year	15	(264,932)	(227,594)
Net current assets		<u>86,012</u>	<u>83,410</u>
Total assets less current liabilities		<u>7,171,325</u>	<u>7,416,482</u>
Total net assets		<u><u>7,171,325</u></u>	<u><u>7,416,482</u></u>
Charity funds			
Endowment funds	17	7,171,325	7,416,482
Total funds		<u><u>7,171,325</u></u>	<u><u>7,416,482</u></u>

The financial statements were approved and authorised for issue by the Trustees on 23 September 2022 and signed on their behalf by:

DocuSigned by:

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Mr S J Lightley

The notes on pages 13 to 24 form part of these financial statements.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

St Mary the Virgin Estate Management Charity is a registered charity, number 512217. The Charity is unincorporated and its registered office is 5 - 7 Osborne Terrace, Newcastle upon Tyne, NE2 1SQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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 in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), 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 Charities SORP (FRS 102) published 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.

St Mary the Virgin Estate Management Charity 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.

2.2 Going concern

The Trustees have considered the likely effect of the Covid pandemic and the other current macro-economic global uncertainties on the prospects for future investment income and on the ability of tenants to continue to meet their rental income obligations. These forces will likely impact adversely on the Charity's future levels of income. However, as the greater part of the Charity's expenditure represents distributions to the beneficiaries that are linked to the level of income earned and will reduce if income levels remain low the Trustees are satisfied that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Income

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

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

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

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

Expenditure on raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.4 Expenditure (continued)

Expenditure on charitable activities is incurred on directly undertaking the activities which further the charity's objectives, as well as any associated support costs.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of Financial Activities.

The Charity classifies land and buildings as investment properties when they are held to earn rentals or for capital appreciation, or both. Investment properties are initially measured at cost which comprises the purchase price and any directly attributable expenditure. Investment properties are subsequently remeasured to fair value (which for this purpose is market value) at each reporting date with any changes in the fair value recognised in the statement of financial activities.

2.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.8 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.

2.9 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.10 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.11 Fund accounting

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

3. Investment income

	Restricted funds 2022 £	Total funds 2022 £
Rent receivable	355,283	355,283
Dividends and interest on investment	78,324	78,324
Bank deposit interest	6	6
	<u>433,613</u>	<u>433,613</u>

	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Rent receivable	362,429	362,429
Dividends and interest on investment	70,336	70,336
Bank deposit interest	25	25
	<u>432,790</u>	<u>432,790</u>

4. Other incoming resources

	Restricted funds 2022 £	Total funds 2022 £
Reimbursement of insurance premiums	8,574	8,574
	<u>8,574</u>	<u>8,574</u>

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

4. Other incoming resources (continued)

	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Reimbursement of insurance premiums	7,767	7,767

5. Investment management costs

	Restricted funds 2022 £	Total funds 2022 £
Investment management fees	13,536	13,536
Outgoings on investment properties	23,293	23,293
	<u>36,829</u>	<u>36,829</u>

	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Investment management fees	12,326	12,326
Outgoings on investment properties	7,768	7,768
	<u>20,094</u>	<u>20,094</u>

	2022 £	2021 £
Outgoings on properties		
Insurance	8,962	7,768
Property repairs	145	-
Rates	7,986	-
Professional charges	6,200	-
	<u>23,293</u>	<u>7,768</u>

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

6. Analysis of grants

	Grants to Institutions 2022 £	Total funds 2022 £
Payment of grants to institutions	381,328	381,328

	<i>Grants to Institutions 2021 £</i>	<i>Total funds 2021 £</i>
Payment of grants to institutions	397,978	397,978

The charity has made the following material grants to institutions during the year:

	2022 £	2021 £
Name of institution		
Vicar of the Parish of Saint Matthew, Newcastle upon Tyne under Regulation 25 (1) (a) of the 1979 Scheme	400	400
The Governors of Newcastle upon Tyne Royal Grammar School payment under Regulation 25 (1) (b) of the 1979 Scheme	1,000	1,000
The Governors of the Newcastle upon Tyne Grammar School	201,362	210,186
The Trustees of the Almshouses Charity	178,566	186,392
	381,328	397,978

7. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2022 £	Total 2022 £
Direct costs - Grant making activities	405,358	405,358

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

NOTES TO THE FINANCIAL STATEMENTS
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7. Analysis of expenditure on charitable activities (continued)

Summary by fund type (continued)

	<i>Restricted funds 2021 £</i>	<i>Total 2021 £</i>
Direct costs - Grant making activities	420,463	420,463

8. Analysis of expenditure by activities

	Grant funding of activities 2022 £	Support costs 2022 £	Total funds 2022 £
Direct costs - Grant making activities	381,328	24,030	405,358

	<i>Grant funding of activities 2021 £</i>	<i>Support costs 2021 £</i>	<i>Total funds 2021 £</i>
Direct costs - Grant making activities	397,978	22,485	420,463

Analysis of support costs

	Activities 2022 £	Total funds 2022 £
Bank charges	304	304
Clerk's fees	11,250	11,250
Professional charges	3,654	3,654
Governance costs	8,450	8,450
Trustees' indemnity insurance	372	372
	24,030	24,030

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NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

	Activities 2021 £	Total funds 2021 £
Bank charges	306	306
Clerk's fees	10,937	10,937
Professional charges	2,499	2,499
Governance costs	8,371	8,371
Trustees' indemnity insurance	372	372
	<u>22,485</u>	<u>22,485</u>

Governance costs comprise:

	2022 £	2021 £
Governance auditors' remuneration	4,700	4,475
Clerk's fees	3,750	3,646
Governance Trustees' remuneration	-	250
	<u>8,450</u>	<u>8,371</u>

9. Auditors' remuneration

	2022 £	2021 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	4,700	4,475
Fees payable to the charity's auditor in respect of: VAT and other professional services	<u>2,154</u>	<u>1,899</u>

10. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 March 2022, no Trustee expenses have been incurred (2021 - £NIL).

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

11. Net gains/(losses) on investments

	2022 £	2021 £
Gains/(losses) on disposal of share investment assets	758	6,997
Gains/(losses) on revaluations of share investment assets	167,499	354,865
Losses on revaluations of investment properties	(413,414)	-
	<u>(245,157)</u>	<u>361,862</u>

12. Investment property

	Freehold investment property £
Valuation	
At 1 April 2021	4,940,000
Additions	13,414
Deficit on revaluation	(413,414)
At 31 March 2022	<u>4,540,000</u>

The 2022 desktop valuations were made by Naylor's Gavin Black, chartered surveyors, on an open market value for existing use basis.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Fixed asset investments

	Listed investments £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 April 2021	2,303,643	89,429	2,393,072
Additions	13,235	(28,493)	(15,258)
Revaluations	167,499	-	167,499
	<u>2,484,377</u>	<u>60,936</u>	<u>2,545,313</u>
At 31 March 2022			
Net book value			
At 31 March 2022	<u>2,484,377</u>	<u>60,936</u>	<u>2,545,313</u>
At 31 March 2021	<u>2,303,643</u>	<u>89,429</u>	<u>2,393,072</u>

14. Debtors

	2022 £	2021 £
Due within one year		
Rent and insurance debtors	152,874	172,554
Other debtors	70,000	50,966
Due from Endowment fund to Restricted fund	83,414	49,812
Prepayments and accrued income	12,393	10,599
	<u>318,681</u>	<u>283,931</u>

15. Creditors: Amounts falling due within one year

	2022 £	2021 £
Due from Endowment fund to Restricted fund	83,414	49,812
Other taxation and social security	29,549	779
The Newcastle upon Tyne Royal Grammar School	29,452	42,058
The Hospital of St Mary the Virgin Almshouses Charity	22,570	34,636
Accruals and deferred income	99,947	100,309
	<u>264,932</u>	<u>227,594</u>

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

16. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value through income and expenditure	<u>2,484,377</u>	<u>2,303,643</u>

Financial assets measured at fair value through income and expenditure comprise quoted investments stated at market value.

17. Statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2022 £
Endowment funds					
Endowment Funds	<u>7,416,482</u>	-	-	(245,157)	<u>7,171,325</u>
Restricted funds					
Restricted Funds	-	<u>442,187</u>	<u>(442,187)</u>	-	-
Total of funds	<u>7,416,482</u>	<u>442,187</u>	<u>(442,187)</u>	<u>(245,157)</u>	<u>7,171,325</u>

Statement of funds - prior year

	Balance at 1 April 2020 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2021 £
Endowment funds					
Endowment Funds	<u>7,054,620</u>	-	-	361,862	<u>7,416,482</u>
Restricted funds					
Restricted Funds	-	<u>440,557</u>	<u>(440,557)</u>	-	-
Total of funds	<u>7,054,620</u>	<u>440,557</u>	<u>(440,557)</u>	<u>361,862</u>	<u>7,416,482</u>

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

18. Summary of funds

Summary of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2022 £
Endowment funds	7,416,482	-	-	(245,157)	7,171,325
Restricted funds	-	442,187	(442,187)	-	-
	<u>7,416,482</u>	<u>442,187</u>	<u>(442,187)</u>	<u>(245,157)</u>	<u>7,171,325</u>

Summary of funds - prior year

	Balance at 1 April 2020 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2021 £
Endowment funds	7,054,620	-	-	361,862	7,416,482
Restricted funds	-	440,557	(440,557)	-	-
	<u>7,054,620</u>	<u>440,557</u>	<u>(440,557)</u>	<u>361,862</u>	<u>7,416,482</u>

The income of the Estate Management Charity arising from the Permanent Endowment Funds is to be applied to the Restricted Funds as follows:

- £400 to the Vicar of the Parish of St Matthew, Newcastle upon Tyne, for his own use and benefit; and
- £1,000 to the Newcastle upon Tyne Royal Grammar School for application in advancing the full-time further education of students who are under the age of 25 years and who have for not less than three years attended secondary school in the City of Newcastle upon Tyne.

The Estate Management Trustees shall pay the residue of the yearly income of the Estate Management Charity:

- as to 53% thereof to the Newcastle upon Tyne Royal Grammar School for application in accordance with the trusts of the Charity; and
- as to 47% thereof to the Almshouse Trustees for application in accordance with the provisions of this Charity Commission Scheme.

ST MARY THE VIRGIN ESTATE MANAGEMENT CHARITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Endowment funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Fixed asset investments	2,545,313	-	2,545,313
Investment property	4,540,000	-	4,540,000
Current assets	169,426	181,518	350,944
Creditors due within one year	(83,414)	(181,518)	(264,932)
Total	7,171,325	-	7,171,325

Analysis of net assets between funds - prior year

	<i>Endowment funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Fixed asset investments	2,393,072	-	2,393,072
Investment property	4,940,000	-	4,940,000
Current assets	133,222	177,782	311,004
Creditors due within one year	(49,812)	(177,782)	(227,594)
Total	7,416,482	-	7,416,482

20. Related party transactions

The Charity is constituted under a trust deed called the Hospital of Saint Mary the Virgin, in the City of Newcastle upon Tyne, in the County of Tyne and Wear.

It is organised into two separate charities named the Hospital of St. Mary the Virgin (Rye Hill and Benwell) Almshouses Charity referred to as the "Almshouses Charity" and the St. Mary the Virgin Estate Management Charity referred to as the "Estate Management Charity".

Grants payable by this Charity to the Almshouses Charity and the Newcastle upon Tyne Royal Grammar School are shown within the analysis of grants note to the financial statements. Amounts due to the Almshouses Charity and the Newcastle upon Tyne Royal Grammar School at the year end are shown within the creditors due within one year note to the financial statements.