



**THE KING HENRY VIII ENDOWED TRUST,  
WARWICK**

**Trustees' Report and Consolidated Financial  
Statements**

**Year ended 31st December 2018**

**Final**

# THE KING HENRY VIII ENDOWED TRUST, WARWICK

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# THE KING HENRY VIII ENDOWED TRUST, WARWICK

## TRUSTEES AND ADVISERS

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### TRUSTEES

#### Nominated Trustees:

Rev David Brown  
Mr Stephen Copley  
Mr Gerry Guest  
Cllr Stephen Cross  
Mrs Marie-Bernadette Ashe

#### Nominated by:

Bishop of Coventry  
Archdeacon of Warwick  
Warwick Town Council (resigned 17<sup>th</sup> June 2019)  
Warwick Town Council (appointed 24<sup>th</sup> June 2019)  
Warwick Independent Schools Foundation

#### Co-opted Trustees:

Mr John Edwards  
Mr Ian Furlong  
Mr Rupert Griffiths (Chairman)  
Mrs Susan Grinnell  
Mr Stephen Jobburn  
Miss Kathryn Parr  
Mr Michael Peachey  
Mr Neil Thurley

### CLERK AND RECEIVER

Mr Jonathan Wassall – 12 High Street, Warwick, CV34 4AP

### AUDITOR

Mazars LLP – 45 Church Street, Birmingham, B3 2RT

### STOCKBROKERS

CCLA – 80 Cheapside, London, EC2V 6DZ  
Quilter Cheviot – Provincial House, 37 New Walk, Leicester, LE1 6TU  
Savills (UK) Ltd – 33 Margaret Street, London, W1G 0JD

### SOLICITORS

Lodders LLP – 10 Elm Court, Arden Street, Stratford upon Avon, CV37 6PA  
Shakespeare Martineau LLP – 1 Colmore Square, Birmingham, B4 6AA  
Gowling WLG (UK) LLP – Two Snowhill, Birmingham, B4 4WR  
Eversheds LLP – 115 Colmore Row, Birmingham, B3 3AL

### BANKERS

HSBC Bank Plc – 11 High Street, Warwick, CV34 4AS

### PROPERTY MANAGING AGENTS

Cushman & Wakefield – 1 Colmore Square, Birmingham, B4 6AJ

### AGRICULTURAL AGENTS

Margetts – 12 High Street, Warwick, CV34 4AP

### LAND DEVELOPMENT & PLANNING

Catesby Estates plc – Catesby House, 5b Tournament Court, Edgehill Drive, Warwick, CV34 6LG  
Savills (UK) Ltd – 33 Margaret Street, London, W1G 0JD

**PRINCIPAL OFFICE** - 12 High Street, Warwick, CV34 4AP

**CHARITY REGISTRATION NUMBER** 232862

**THE KING HENRY VIII ENDOWED TRUST, WARWICK  
(Founded by Letters Patent dated 15 May 1545)**

**TRUSTEES' REPORT**

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**Report of the Trustees for year ending 31st December 2018**

The Trustees present their Annual Report and Financial Statements of the charity for the year ended 31st December 2018 and confirm that the Financial Statements comply with current statutory requirements, Charities Act 2011, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland published on 16 July 2014 and the Trust's governing instruments.

The Annual Report and Financial Statements are prepared on a consolidated basis: including the charity and its wholly owned subsidiary KH8 Limited, which has changed its accounting reference period to 31<sup>st</sup> May for the period ended 31<sup>st</sup> May 2018. The financial information within this report relates to the consolidated group numbers.

**Reference and administrative details**

The King Henry VIII Endowed Trust, Warwick's principal office, its list of Trustees and all its key advisors are set out on page 1 to these Financial Statements.

The Trust's £1 investment in the share capital of its subsidiary KH8 Limited is jointly held in trust by Mr R Griffiths, Mr S Copley and Mr J Edwards as nominees for the Trustees.

**Structure, Governance and Management**

The Trust was established by Letters Patent on the 15<sup>th</sup> May 1545. The Trust's current governing documents are based on a Scheme approved by the Charity Commissioners on the 23<sup>rd</sup> November 1978. This has been amended by further Charity Commission Schemes and Orders.

In accordance with the governing documents, the Trust is managed by up to twelve Trustees: eight Co-optative and four Nominative. The Nominative Trustees are appointed respectively by the Bishop of Coventry, the Archdeacon of Warwick, Warwick Independent Schools Foundation and Warwick Town Council.

The Co-optative Trustees are recruited through a combination of advertising and directly approaching potential candidates. In appointing Co-optative Trustees, the Trustees take into account the skills and experience of the potential new Trustee in relation to the function and purpose of the Trust.

The Chairman of the Trustees is responsible for the induction of any new Trustee. This involves awareness of a Trustee's responsibilities, the history and purpose of the Trust, the governing documents, administrative procedures and organisational processes. Trustees are encouraged to attend appropriate training events where these will facilitate the undertaking of their role.

In 2018, the Trustees held four full Trustees Meetings, four Grants Committee Meetings, four Finance & Investment Committee Meetings and one Special Meeting. Trustees also attended five meetings of the Europa Way Consortium, which is a joint venture with The Charity of Thomas Oken and Nicholas Eyffler and a private trust which is seeking to develop land owned by its members adjacent to Europa Way Warwick. The Trust's involvement is through its subsidiary KH8 Limited, which holds the land to be developed. The directors of KH8 Limited are all Trustees of the charity. KH8 Limited exists to maximise the return on the land held and to donate the net profits back to the charity.

At full Trustee Meetings the Trustees debate and agree the broad strategy and activities of the Trust including grant making, investments and risk management. The approval of individual grants up to £15,000 is undertaken by the Grants Committee that also monitors the extent of grant making during the year. The Finance & Investment Committee monitors the performance of the Trust's property, COIF and financial investment portfolio together with the financial performance of the Trust. The activities and performance of these sub committees are reviewed at full Trustee Meetings. The Trust's involvement in the Europa Way Consortium, chaired by a Trustee, has been a significant activity during the year and represents a major opportunity to realise value for the Trust and its beneficiaries. The progress of the Europa Way Consortium and the implications for the Trust is reported at each full Trustee Meeting.

The Trust has chosen to have no employees to avoid the risks of employment. Its Clerk & Receiver, Deputy Clerk and Accountant are all self-employed or operate through a service company. The Trustees receive no remuneration or benefits.

**THE KING HENRY VIII ENDOWED TRUST, WARWICK**  
**(Founded by Letters Patent dated 15 May 1545)**

**TRUSTEES' REPORT**

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**Objectives**

The objective of the Trust is to provide income for Warwick's Anglican Churches, the Warwick Independent Schools Foundation (WISF) and grants for the benefit of the inhabitants of the Old Borough of Warwick, achieved through the distribution of funds arising from the investment of the Trust's Permanent Endowment. The Trust's governing documents require that funds be distributed on the basis of 50% to Warwick's Anglican Churches (Church Share), 30% to WISF (School Share) and 20% distributed as discretionary grants for the benefit of the inhabitants of Warwick (Town Share). Funds distributed to the five Anglican churches are used to pay the stipend and housing costs of the clergy with residual funds being used for the furtherance of religious and charitable activities in each of the parishes. Funds provided to the WISF are used exclusively to provide bursaries for pupils from the Old Borough of Warwick who would otherwise be unable to attend the school. Grants under the Town Share regularly include support to local schools, hospitals, Myton Hospice, non-Church of England churches, youth organisations, senior citizens, sporting organisations, museums and arts organisations, charitable support networks and support to individuals either directly or via other grant making charities.

**Achievements in the year**

During 2018 the Trust distributed a total of £1,016,680 to beneficiaries with £529,178 being distributed to the five Anglican churches in the town, £306,029 to the Warwick Independent Schools Foundation and £181,473 in discretionary grants to beneficiaries in the town of Warwick.

During the year the Church distributions funded the stipends and housing costs of the clergy for each to the five parishes and part payment of the costs of clergy support at the Myton Hospice located in Warwick. Funds provided to the Parochial Church Councils have been used for a range of activities including the maintenance and repair of church buildings and community buildings adjacent to churches, community activities within parishes including support for young people, the elderly and the disabled. Under the 'Project Pool' parishes bid for funds, with projects being assessed on the extent of their community benefit. The total allocated to the 'Project Pool' in the year was £77,264 (2017: £76,656).

The distributions to the Warwick Independent Schools Foundation during 2018 have been used to provide bursaries for children who are resident in Warwick. The Foundation provides these bursaries on a means-tested basis.

Grants from the Town Share were made to 31 different organisations. Local state schools continue to be significant beneficiaries. Other major grants were to Warwick Apprenticing Charities, Myton Hospice, The Gap Community Centre, New Life Church and an Enhance Care at Home programme. Smaller grants have supported a range of activities including Warwick Hospital, Warwick Town Council, Chase Meadow Community Centre, Senior Citizens Clubs and various counselling charities. 57% of all grants awarded benefitted local schools or young people.

The Trust's involvement in the Europa Way Consortium, through its subsidiary, has been a significant activity during the year. The Consortium continued to work with Catesby Estate plc during the year, who started the major infrastructure work during the summer. The Trust's share of costs for the year was £5,262,711. The site infrastructure is being put in place to enable parcels of land to be sold to housebuilders. The sales of first two parcels of land were completed in September 2018. The Trust's share of income from these sales was £18,531,284 and the related cost of sales was £8,598,409.

**Financial Review of the year**

During the year total income from the Permanent Endowment amounted to £19,543,707 (2017: £1,181,721) with rents, licences and wayleaves from the Trust's property portfolio totalling £348,746 and dividends and interest income from financial investments totalling £663,677. The £18,531,284 land sales in KH8 Limited is in Other Trading Activities.

The cost of raising funds for Other Trading Activities was £8,598,409. The cost of achieving the Trust's other income relating to property management expenses and stockbroker fees totalled £178,560 (2017: £223,116). Other costs relate to support activities of £86,517 and governance costs of £21,531.

The Trust's investments, reflecting the general downturn in the markets at the end of 2018, reduced in value by £734,581 (2017: Gain £2,152,038).

Total Net Income (including investment losses) of £9,924,109 (2017: £3,005,496) is the total return on the Trust's Permanent Endowment, a return of 30.6% (2017 9.9%) in the year.

The funds made available for distribution to beneficiaries in 2018 is determined by the application of the long-term distribution rate within the Trust's Investment Policy, set at 3.35% since 2016. The proportion of the Permanent Endowment made available in 2018 was £1,025,934 (2017: £1,020,096).

In addition to income from the Permanent Endowment there was interest income of £1,002 (2017: 175) from the Town Share reserves in the Beneficiaries Income Fund.

**THE KING HENRY VIII ENDOWED TRUST, WARWICK  
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**TRUSTEES' REPORT**

The Trustees have considered the potential impacts of Brexit, which may occur on or after 31<sup>st</sup> October 2019, and have factored this, as best they can, into their judgements regarding the future revenues and costs associated with the land development.

**Reserves**

The Trustees do not, as a matter of policy, retain significant reserves. The Trust does however ensure that sufficient cash resources are available to meet the distribution to beneficiaries.

The distribution to the Churches and WISF are made in regular quarterly payments with a final payment following the approval of the Trust's accounts. This is normally by June of the following year.

The Town Share, which is available for grant making, typically has a reserve of about one year's distribution. This allows scope for flexibility within grant making. At the year end the balance was £184,854 (2017: £160,138).

**Investments and Investment Policy**

The Trust's Investment Policy aims to produce stable, sustainable income to beneficiaries that preserve their long term purchasing power whilst also preserving the real value of the endowment over the long term. This is achieved in part by the adoption of Total Returns accounting from 1<sup>st</sup> January 2012. This was permitted by a Charity Commission Order dated 22<sup>nd</sup> September 2011. Further details on Total Returns and the calculation of the income to be applied each year are set out in Note 1 to the Financial Statements.

The Investment Policy also includes the basis for the amounts to be made available for distribution for beneficiaries. The distribution is based on the Yale Spending Rule. The methodology developed by Yale University and adopted by a number of Endowment Funds incorporates a number of key elements: the carrying forward of a proportion of the prior year's distribution, the use of CPI as an appropriate inflation factor and the Long Term Sustainable Distribution Rate (LTSDR) applied to the value of investments. The Investment Policy requires that these elements are kept under regular review. During 2017 the LTSDR remained at 3.35% to reflect the more challenging investment market. In order to meet the 3.35% LTSDR and to cover net operating expenses (c. 0.4% of assets) the Trustees have set an investment target of 4.5% total return, after adjusting for inflation.

As part of the review of the Investment Policy and the parameters used in the Yale Spending Rule methodology to calculate the Appropriation each year the Trustees had previously agreed to amend the weighting between prior year Appropriation/asset value from 80:20 to 50:50 from 1<sup>st</sup> January 2017. (See Note 1 – 'Total Return' and 'Income Application' – for further details.)

The Trust's asset allocation seeks to diversify risk whilst achieving optimum returns over the long term. The listed investments are managed either by the CCLA COIF Investment fund or are managed on a discretionary basis by Quilter Cheviot. Both funds allocate investments over a range of financial instruments, including equities, bonds and commodities. Each has agreed asset allocation benchmarks to maintain diversity and assess performance. During the year some proceeds from the sale of directly held properties were invested in charity property funds: CCLA COIF Property fund and Savills' Charities Property Fund.

The Trust's investments are constantly reviewed and changes made when appropriate and on professional advice.

The Trust seeks to manage investments having regard for social, environmental and ethical standards. The Trust invests in CCLA's COIF pooled investment vehicles, with Savills' Charities Property Fund COIF and with Quilters as discretionary manager for other financial investments. It recognises that these assets are subject to these managers' own policies in relation to social, environmental, ethical and governance standards and behaviour. The Trust also invests in land and property, where it ensures that it meets all legislation and that the value of the assets is not undermined by ignoring these issues.

**Land for development**

The land at Europa Way is held by KH8 Limited, the Trust's wholly owned subsidiary. As the intention of KH8 Limited is to further develop and then sell the land, the value of land held is treated as stock in the KH8 Limited accounts and the consolidated accounts. The agreement continued with Catesby Estates plc for them to put in place significant infrastructure to enable the site's value to be maximised, and worked commenced in earnest during the year. It is expected to be completed before the end of 2019. The first two parcels of land were sold in 2018 and the remaining parcels will be marketed in 2019 and 2020.

The Trust has one other holding allocated in the Local Plan. This is a 15 acre field at Hampton Magna with an allocation for up to 130 dwellings. The land has been sold subject to achieving planning permission.

The Trustees have engaged professional advisors to help promote its land holdings.

**THE KING HENRY VIII ENDOWED TRUST, WARWICK  
(Founded by Letters Patent dated 15 May 1545)**

**TRUSTEES' REPORT**

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**Risk Management**

The Trustees maintain a register of the major strategic, business and operational risks that the Trust faces, which is reviewed on a regular basis. Risks are minimised through the clear delegation of responsibility for the mitigation of each area of risk and regular reporting of action taken at full Trustee Meetings and Sub Committee Meetings.

Trustees consider that the major long term financial risk is the potential for reduced returns on investments negatively impacting the value of the permanent endowment to the detriment of current and future beneficiaries. In particular the impact of inflation reducing real returns and lower investment property values in the medium term are concerns for the Trust. Recognising these issues the Trust has adopted the use of a total returns approach in order to stabilise distributions to beneficiaries and maintains close contacts with its stockbrokers and property managing agents with respect to the future outlook for investments.

The major short term risk is failing to achieve the potential value from the sale of land for development. Developments that could significantly increase the value of the permanent endowment. To mitigate this risk the Trustees either through KH8 Limited and the Europa Way Consortium for its land at Europa Way or directly itself for other land holdings engage professional advisors to provide support and advice on planning and all land development matters.

The major operational risk relates to the limited resources utilised by the Trust and the dependence upon key individuals to undertake the Trust's activities. The Trust relies upon the Clerk and Deputy Clerk to undertake day to day activities and encourages Trustees to take interest in particular aspects of the Trust's activities in order to provide the necessary cover should this be necessary.

**Plans for Future Periods**

As a permanently endowed charity where the majority of distribution to beneficiaries is clearly defined within the governing documents the primary focus on future plans is the management of the Trust's investments. Most significant amongst these are the management of the land at Europa Way, through KH8 Limited, along with the Europa Way Consortium, and the sale of other land. The Europa Way land infrastructure should be completed in 2019 and remaining parcels of land sold in 2019 and 2020. The sale of the land at Hampton Magna should be completed towards the middle of 2019. The proceeds from these sales, once received in full, will result in a significant increase in the Trust's endowment and will require careful investment. To facilitate this the Trustees are undertaking a professional review of their investment policy and asset allocation with a view to setting the Trust up to maximise its future investment performance.

**Public Benefit**

The Trustees give regard to the Charity Commission guidance on public benefit and consider that in so far as the objectives of the Trust are to provide for religious, educational and other charitable activities within the town of Warwick. The Trustees consider that these objectives are met through the distribution of funds in accordance with the Trust's governing documents, which fulfil the public benefit requirement.

**Statement as to disclosure of information to auditor**

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by the Trustees on \_\_\_\_\_ and signed on their behalf by:

Chairman

Deputy Chairman

Clerk and Receiver

12 High Street  
Warwick  
CV34 4AP

## **THE KING HENRY VIII ENDOWED TRUST, WARWICK**

### **TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS**

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The Trustees are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Charity law 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 United Kingdom Generally Accepted Accounting Practice including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". and applicable law. The Financial Statements are required by law to 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 those Financial Statements, the Trustees are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. observe the methods and principles in the Charities SORP;
- c. make judgements and estimates that are reasonable and prudent;
- d. state whether applicable accounting standards have been followed and give details of any departures; and
- e. 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 which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the Financial Statements comply with the requirements of the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE KING HENRY VIII ENDOWED TRUST, WARWICK

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## Opinion

We have audited the consolidated financial statements of King Henry VIII Endowed Trust, Warwick (the parent charity) and its subsidiary KH8 Limited (the group) for the year ended 31st December 2018 which comprise the Trustees' Report, the group and charity Statements of Financial Activities, the group and charity Balance Sheets 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 applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 31<sup>st</sup> December 2018 and of 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.

## The impact of uncertainties due to Britain exiting the European Union on our audit

The Trustees' view on the impact of Brexit is disclosed on page 4.

The terms on which the United Kingdom may withdraw from the European Union, currently due to occur on 31<sup>st</sup> October 2019, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the trust's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the trust as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the trust's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the trust and this is particularly the case in relation to Brexit.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

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

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

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE KING HENRY VIII ENDOWED TRUST, WARWICK**

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### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the trustees' responsibilities statement set out on page 6, 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 group's and 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of the audit report**

This report is made solely to the trustees as a body in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees as a body for our audit work, for this report, or for the opinions we have formed.

Signed:

Mazars LLP Chartered Accountants and Statutory Auditor

45 Church Street

Birmingham

B3 2RT

Date:

Mazars LLP 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.

THE KING HENRY VIII ENDOWED TRUST, WARWICK

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31st December 2018

INCOME & ENDOWMENTS FROM:	Note	Beneficiaries income fund	Permanent endowment fund	Total 2018	Beneficiaries income fund	Permanent endowment fund	Total 2017
		£	£	£	£	£	£
<b>Investment income</b>							
- Rents, licence fees and wayleaves		-	348,746	348,746	-	660,225	660,225
- dividends	2	-	632,872	632,872	-	519,822	519,822
- interest	3	1,002	30,805	31,807	175	1,674	1,849
<b>Other Trading Activities</b>	4	-	18,531,284	18,531,284	-		-
<b>Total income</b>		<u>1,002</u>	<u>19,543,707</u>	<u>19,544,709</u>	<u>175</u>	<u>1,181,721</u>	<u>1,181,896</u>
<b>EXPENDITURE ON:</b>							
<b>Raising funds – Investments</b>	5	-	(178,560)	(178,560)	-	(223,116)	(223,116)
<b>Raising funds – Other Trading</b>	6	-	(8,598,409)	(8,598,409)	-	-	-
<b>Charitable activities (payments to beneficiaries)</b>	18	(1,016,680)	-	(1,016,680)	(1,169,977)	-	(1,169,977)
<b>Support costs</b>	7	-	(86,517)	(86,517)	-	(89,903)	(89,903)
<b>Governance costs</b>	8	-	(21,531)	(21,531)	-	(15,244)	(15,244)
<b>Total expenditure</b>		<u>(1,016,680)</u>	<u>(8,885,017)</u>	<u>(9,901,697)</u>	<u>(1,169,977)</u>	<u>(328,263)</u>	<u>(1,498,240)</u>
<b>Net gains on investments</b>	11	<u>(1,015,678)</u>	<u>10,658,690</u>	<u>9,643,012</u>	<u>(1,169,802)</u>	<u>853,458</u>	<u>(316,344)</u>
		-	(734,581)	(734,581)	-	2,152,038	2,152,038
<b>NET INCOME/(EXPENDITURE)</b>		<u>(1,015,678)</u>	<u>9,924,109</u>	<u>8,908,431</u>	<u>(1,169,802)</u>	<u>3,005,496</u>	<u>1,835,694</u>
Transfers between funds	10	<u>1,025,934</u>	<u>(1,025,934)</u>	<u>-</u>	<u>1,020,096</u>	<u>(1,020,096)</u>	<u>-</u>
<b>NET MOVEMENT IN FUNDS</b>		<u>10,256</u>	<u>8,898,175</u>	<u>8,908,431</u>	<u>(149,706)</u>	<u>1,985,400</u>	<u>1,835,694</u>
<b>RECONCILIATION OF FUNDS</b>							
Fund balances brought forward at 1st January 2018		<u>594,887</u>	<u>32,473,335</u>	<u>33,068,222</u>	<u>744,593</u>	<u>30,487,935</u>	<u>31,232,528</u>
Fund balances carried forward at 31st December 2018		<u>605,143</u>	<u>41,371,510</u>	<u>41,976,653</u>	<u>594,887</u>	<u>32,473,335</u>	<u>33,068,222</u>

THE KING HENRY VIII ENDOWED TRUST, WARWICK

CHARITY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31st December 2018

	Note	Beneficiaries income fund	Permanent endowment fund	Total 2018	Beneficiaries income fund	Permanent endowment fund	Total 2017
<b>INCOME &amp; ENDOWMENTS FROM:</b>							
<b>Investment income</b>		£	£	£	£	£	£
- Rents, licence fees and wayleaves		-	348,746	348,746	-	660,225	660,225
- dividends	2	-	632,872	632,872	-	519,822	519,822
- interest	3	1,002	185,279	186,281	175	131,364	131,539
<b>Total income</b>		<b>1,002</b>	<b>1,166,897</b>	<b>1,167,899</b>	<b>175</b>	<b>1,311,411</b>	<b>1,311,586</b>
<b>EXPENDITURE ON:</b>							
<b>Raising funds</b>	5	-	(176,751)	(176,751)	-	(220,766)	(220,766)
<b>Charitable activities</b> (payments to beneficiaries)	18	(1,016,680)	-	(1,016,680)	(1,169,977)	-	(1,169,977)
<b>Support costs</b>	7	-	(82,679)	(82,679)	-	(89,203)	(89,203)
<b>Governance costs</b>	8	-	(11,036)	(11,036)	-	(11,124)	(11,124)
<b>Total expenditure</b>		<b>(1,016,680)</b>	<b>(270,466)</b>	<b>(1,287,146)</b>	<b>(1,169,977)</b>	<b>(321,093)</b>	<b>(1,491,070)</b>
Net gains on investments	11	(1,015,678)	896,431	(119,247)	(1,169,802)	990,318	(179,484)
		-	(734,581)	(734,581)	-	2,152,038	2,152,038
<b>NET INCOME/(EXPENDITURE)</b>		<b>(1,015,678)</b>	<b>161,850</b>	<b>(853,828)</b>	<b>(1,169,802)</b>	<b>3,142,356</b>	<b>1,972,554</b>
Transfers between funds	10	1,025,934	(1,025,934)	-	1,020,096	(1,020,096)	-
<b>NET MOVEMENT IN FUNDS</b>		<b>10,256</b>	<b>(864,084)</b>	<b>(853,828)</b>	<b>(149,706)</b>	<b>2,122,260</b>	<b>1,972,554</b>
<b>RECONCILIATION OF FUNDS</b>							
Fund balances brought forward at 1st January 2018		594,887	32,941,969	33,536,856	744,593	30,819,709	31,564,302
Fund balances carried forward at 31st December 2018		605,143	32,077,885	32,683,028	594,887	32,941,969	33,536,856

THE KING HENRY VIII ENDOWED TRUST, WARWICK

BALANCE SHEETS AT 31st December 2018

	Notes	GROUP		CHARITY	
		2018 £	2017 £	2018 £	2017 £
<b>FIXED ASSETS</b>					
Investments	11	<b>24,763,246</b>	28,516,119	<b>24,763,247</b>	28,516,120
<b>CURRENT ASSETS</b>					
Stock	12	<b>621,516</b>	3,957,215	-	-
Debtors: due after one year	13	-	287,383	<b>6,994,723</b>	4,127,387
Debtors: due within one year	14	<b>21,996,743</b>	137,034	<b>264,492</b>	134,661
Cash at bank and in hand		<b>2,188,577</b>	1,126,495	<b>858,019</b>	1,122,901
		<b>24,806,836</b>	5,508,127	<b>8,117,234</b>	5,384,949
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
	15	<b>(7,593,429)</b>	(956,024)	<b>(197,453)</b>	(364,213)
<b>NET CURRENT ASSETS</b>		<b>17,213,407</b>	4,552,103	<b>7,919,781</b>	5,020,736
<b>NET ASSETS</b>		<b>41,976,653</b>	33,068,222	<b>32,683,028</b>	33,536,856
<b>RESTRICTED FUNDS</b>					
Permanent Endowment Funds	17	<b>41,371,510</b>	32,473,335	<b>32,077,885</b>	32,941,969
Beneficiaries Income Fund	18	<b>605,143</b>	594,887	<b>605,143</b>	594,887
		<b>41,976,653</b>	33,068,222	<b>32,683,028</b>	33,536,856

The financial statements on pages 9 to 27 were approved and authorised for issue by the Trustees on \_\_\_\_\_ and were signed on their behalf by:

Chairman

Deputy Chairman

Clerk and Receiver

THE KING HENRY VIII ENDOWED TRUST, WARWICK

STATEMENT OF CASH FLOWS

For the year ended 31st December 2018

	GROUP		CHARITY	
	2018	2017	2018	2017
	£	£	£	£
<b>Statement of Cash Flows</b>				
Cash from operating activities:				
<b>Net cash (used in) operating activities</b>	<b>(2,969,635)</b>	(1,445,118)	<b>(4,451,073)</b>	(1,565,162)
Cash from investing activities:				
Dividends, interest and rents	1,013,425	1,181,896	1,167,899	1,311,586
Proceeds from sale of investments	3,777,602	5,068,118	3,777,602	5,068,118
Purchases of investments	(759,310)	(4,480,354)	(759,310)	(4,480,354)
<b>Net cash provided by investing activities</b>	<b>4,031,717</b>	1,769,660	<b>4,186,191</b>	1,899,350
Cash from financing activities:				
<b>Net cash from financing activities</b>	-	-	-	-
<b>Change in cash &amp; cash equivalents in year</b>	<b>1,062,082</b>	324,542	<b>(264,882)</b>	334,188
<b>Cash &amp; cash equiv. at the beginning of year</b>	<b>1,126,495</b>	801,953	<b>1,122,901</b>	788,713
<b>Cash and cash equivalents at the end of year</b>	<b>2,188,577</b>	1,126,495	<b>858,019</b>	1,122,901
<b>Reconciliation of Net Expenditure to Cash</b>				
<b>Flow from Operating Activities</b>				
Net income/(expenditure) for the year	8,908,431	1,835,694	(853,828)	1,972,554
Adjustments:				
(Gains)/Losses on Investments	734,581	(2,152,038)	734,581	(2,152,038)
Dividends, interest and rents	(1,013,425)	(1,181,896)	(1,167,899)	(1,311,586)
Decrease/(Increase) in stocks	3,335,699	(421,125)	-	-
Decrease/(Increase) in debtors	(21,572,326)	65,211	(2,997,167)	(68,876)
(Decrease)/Increase in creditors	6,637,405	409,036	(166,760)	(5,216)
<b>Net cash (used in) operations</b>	<b>(2,969,635)</b>	(1,445,118)	<b>(4,451,073)</b>	(1,565,162)
<b>Analysis of Cash and Cash Equivalents</b>				
Cash in hand	2,188,577	1,126,495	858,019	1,122,901
<b>Total cash &amp; cash equivalents</b>	<b>2,188,577</b>	1,126,495	<b>858,019</b>	1,122,901

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

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**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements are prepared under the historical cost convention as modified by the inclusion of investments at market value. In preparing the financial statements, the charity has followed Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. The most significant areas of uncertainty that affect the carrying value of assets held by the Trust are the year-end valuations of commercial property and land, especially land with development potential (see the Investments and Investment Policy, Land for Development and Risk Management sections of the Trustees' Annual Report for more information).

**Basis of Consolidation**

The financial statements of the charity and its subsidiary are consolidated on a line-by-line basis to produce the 'Group' numbers.

**Group related party transactions**

The company has taken advantage of the related parties exemption contained in FRS102 and has not disclosed transactions with its wholly owned subsidiary.

**Incoming resources**

Incoming resources are recognised once the charity has entitlement to the resources, it is probable that the resources will be received and their monetary value can be measured with sufficient reliability.

**Rents receivable**

Rents receivable are accounted for in the year to which they relate on an accruals basis.

**Investment income**

Investment income is accounted for in the year to which it relates on an accruals basis for COIF investments and on a receivable basis for listed investments. The income is gross of management fees/costs.

**Other trading income**

Other trading income is sale of land in the charity's subsidiary, KH8 Limited. Revenue from the sale of land is recognised when all the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Interest receivable**

Interest receivable is accounted for in the year to which it relates on an accruals basis. It is accounted for in the year to which it relates on an accruals basis.

**Resources expended**

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on accruals basis and has been classified under headings that aggregate all costs related to the category.

**Grants to Town Share beneficiaries**

Grants are made to third parties in furtherance of the charitable objectives of the Trust. The grants are accounted for where either the Trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant, or any condition attaching to the grant is outside the control of the Trust.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

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**Cost of generating funds – re Investments**

The costs of generating funds consist of property management expenses and investment management costs.

**Cost of generating funds – re Other Trading Income**

The cost of sales related to the sale of land in the charity's subsidiary, KH8 Limited.

**Charitable activities**

Charitable activities consists of grants made.

**Governance costs**

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and Trustee related costs. Support costs in connection with Governance matters are considered insignificant and have not been separately analysed.

**Property related professional fees**

All professional fees are charged to income and expenditure in the year in which they are incurred unless they specifically relate to the purchase and sale of properties and are treated as capital, or are in the subsidiary and relate to the development land, in which case they are added to the value of Stock.

**Fixed asset investments**

Properties are stated at professional valuation at the year end. COIF investments are stated at market value provided by the fund manager of the COIF Charity Funds. Listed investments are stated at market value provided by Quilter Cheviot, stockbrokers.

The Statement of Financial Activities includes the net gain/loss on revaluation.

**Investment in Subsidiary**

The investment in the Trust's subsidiary, KH8 Limited, is 100% owned. The Trust's £1 investment in the subsidiary's share capital is shown as a fixed asset investment. The share is jointly held in trust by Mr R Griffiths, Mr S Copley and Mr J Edwards as nominees for the Trustees.

**Stock**

Stock is the cost of land held for sale, including SDLT and professional fees incurred specifically related to protecting or enhancing the value of the land and to bring the land to market, after adjusting for cost of sale, which is the proportion of expected total costs to attribute to the expected total income recorded in Income.

**Financial instruments**

The Trust 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.

**Total Returns**

The accumulated total return (i.e. all net income and any capital gains/losses) less any part previously set aside for distribution to beneficiaries is treated as the "unapplied total return". Each year the total return in the year is added to the "unapplied total return" and the amount then applied (i.e. distributed) is deducted.

When implementing the total returns approach it was not possible to accurately identify the split of the Permanent Endowment Fund between the "original gift" that cannot be distributed to beneficiaries and the "unapplied total return" which can. It was therefore agreed to use the value of the Permanent Endowment Fund (previously the Capital Fund) at the date of the 1978 Scheme as the "original gift". This was £338,281.

At 1<sup>st</sup> January 2012 the Permanent Endowment Fund was split into the "original gift" of £338,281 and the "unapplied total return" of £23,182,056.

**Income Application**

Under Total Returns, it is the Trustees' responsibility to determine what amount should be transferred from the "unapplied total return" for distribution to beneficiaries, on a basis that is equitable for both current and future beneficiaries.

The broad principle adopted by Trustees is to adopt a level of distribution that is consistently achievable over the economic cycle and which also allows for the permanent endowment to grow in line with inflation. This Long Term Sustainable Distribution rate is set in the Investment Policy and from 1<sup>st</sup> January 2016 is set at 3.35% (2015 and previously: 4%). The actual Appropriation in the year is calculated as:



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

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- 50% of the previous year's Appropriation increased in line with inflation (using CPI), plus
- 50% of the closing asset values for 2016 multiplied by the "Long Term Sustainable Distribution Rate".

Until 31<sup>st</sup> December 2016 the calculation was based on 80:20, rather than the current 50:50 allocation.

**Funds accounting**

Funds held by the charity are:

- a. Permanent Endowment Fund – this fund represents the original endowment adjusted by subsequent gains and losses on investments, and since 1<sup>st</sup> January 2012 the net income less the income applied. In note 17 this is subdivided into the "original gift" and "unapplied total return" as required by accounting for Total Returns.
- b. Beneficiaries Income Fund – this fund is the funds attributable to the beneficiaries. The opening balance is the funds applied to beneficiaries but not distributed by the year end. The additions during the year are the income applied from the Permanent Endowment and interest income earned on funds not distributed. The basis of the allocation of the distribution is in the note on Objectives on page 2.

**Tax**

KH8 Limited, the subsidiary, intends to distribute all profits under gift aid therefore no corporation tax is payable.

**Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results in the future could differ from these estimates. In this regard, the Directors believe that the critical accounting policies where judgements or estimations are necessarily applied are in relation to the recognition of the profit on the sale of land and the valuation of stock at the reporting date.

To determine the profit the Directors have had to estimate the total eventual sales revenue from and future development costs for the land that is yet to be sold. The overall profit has then been prorated based on existing sales as a proportion of total forecast sales. This then derives the cost of sale and the closing stock.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

**2 DIVIDENDS**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£</b>	£	<b>£</b>	£
COIF Investment Fund	<b>241,225</b>	173,890	<b>241,225</b>	173,890
COIF Property Fund	<b>61,869</b>	42,764	<b>61,869</b>	42,764
Savills Charities Property Fund	<b>49,517</b>	25,905	<b>49,517</b>	25,905
Listed investments	<b>280,261</b>	277,263	<b>280,261</b>	277,263
	<b>632,872</b>	519,822	<b>632,872</b>	519,822

**3 INTEREST**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£</b>	£	<b>£</b>	£
Banks	<b>11,850</b>	1,429	<b>11,850</b>	1,429
Managing agents	<b>277</b>	313	<b>277</b>	313
Stockbrokers	-	107	-	107
Europa Way Consortium members	<b>19,680</b>	-	-	-
Interest on Loan to Subsidiary	-	-	<b>174,154</b>	129,690
	<b>31,8077</b>	1,849	<b>186,281</b>	131,539

**4 OTHER TRADING ACTIVITIES**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£</b>	£	<b>£</b>	£
Land sales	<b>18,531,284</b>	-	-	-
	<b>18,531,284</b>	-	-	-

**5 COST OF RAISING FUNDS – Re INVESTMENTS**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£</b>	£	<b>£</b>	£
Property management expenses	<b>65,380</b>	126,730	<b>63,571</b>	124,380
Stockbroker's fees	<b>113,180</b>	96,386	<b>113,180</b>	96,386
	<b>178,560</b>	223,116	<b>176,751</b>	220,766

The stockbroker has a discretionary management role and only charges a fee. There are no capital transaction charges netted off against purchases or sales.

Stockbrokers' fees include fees and costs charged within the CCLA COIFs and the Savills Charities Property Investment Fund.

THE KING HENRY VIII ENDOWED TRUST, WARWICK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

**6 COST OF RAISING FUNDS – Re OTHER TRADING**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cost from Sale re land sales	<b>8,598,409</b>	-	-	-
	<u><b>8,598,409</b></u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>8,598,409</b></u>	<u>-</u>	<u>-</u>	<u>-</u>

**7 SUPPORT COSTS**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Administration fees	<b>76,468</b>	80,926	<b>72,805</b>	80,362
Sundry expenses	<b>10,049</b>	8,977	<b>9,874</b>	8,841
	<u><b>86,517</b></u>	<u>89,903</u>	<u><b>82,679</b></u>	<u>89,203</u>
	<u><b>86,517</b></u>	<u>89,903</u>	<u><b>82,679</b></u>	<u>89,203</u>

**8 GOVERNANCE COSTS**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Auditors' remuneration	<b>18,245</b>	11,620	<b>7,750</b>	7,500
Trustees' indemnity insurance	<b>1,749</b>	1,720	<b>1,749</b>	1,720
Trustees' meeting costs	<b>1,537</b>	1,904	<b>1,537</b>	1,904
	<u><b>21,531</b></u>	<u>15,244</u>	<u><b>11,036</b></u>	<u>11,124</u>
	<u><b>21,531</b></u>	<u>15,244</u>	<u><b>11,036</b></u>	<u>11,124</u>

**9 TRUSTEES**

None of the Trustees received any remuneration during either the current or previous year. No expenses were reimbursed to Trustees during the year (2017: Nil).

**10 TRANSFERS BETWEEN FUNDS**

The Beneficiaries Income Fund transfer of £1,025,934 (2017: £1,020,096) is the Appropriation from the "unapplied total return" element of the Permanent Endowment Fund for the year as calculated by the Yale Spending Rule.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

11 INVESTMENTS – GROUP

	Properties £	COIF investments £	Savills investments £	Listed investments £	Investment in Subsidiary £	Cash £	Total 2018 £	Total 2017 £
Market value at 1st January 2018	6,813,220	6,859,885	1,027,672	10,746,314	-	3,069,028	28,516,119	26,951,845
Acquisitions at cost				759,310			759,310	4,480,354
Sales proceeds from disposals				(1,133,843)			(1,133,843)	(6,075,103)
(Decrease)/Increase in cash						(2,643,759)	(2,643,759)	1,006,985
Realised gains in the year				71,822			71,822	781,644
Unrealised gains/(losses) in the year	258,600	(134,919)	28,630	(958,714)	-		(806,403)	1,370,394
<b>Market value at 31st December 2018</b>	<b>7,071,820</b>	<b>6,724,966</b>	<b>1,056,302</b>	<b>9,484,889</b>	<b>-</b>	<b>425,269</b>	<b>24,763,246</b>	<b>28,516,119</b>
<b>Historical Cost</b>				<b>7,329,239</b>				

The historical cost of properties and COIF investments are not known.

Properties were valued by J Leedham (MRICS) at Cushman & Wakefield and A Goldie MRICS of Margetts at 31st December 2018 in accordance with the RICS Appraisal and Valuation Manual (The Red Book). The previous revaluation was carried out at 31st December 2017. There are two properties that exceed 5% of the total investment value and in total these account for 11.7% of total investments.

COIF and Savills investments are stated at market value at 31st December 2018 as provided by the fund managers.

Listed investments are stated at market value at 31st December 2018 as provided by Quilter Cheviot, stockbroker. £5,377,309 is invested in investments in the UK and £4,107,580 in investments overseas.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

11 INVESTMENTS - CHARITY

	Properties £	COIF investments £	Savills investments £	Listed investments £	Investment in Subsidiary £	Cash £	Total 2018 £	Total 2017 £
Market value at 1st January 2018	6,813,220	6,859,885	1,027,672	10,746,314	1	3,069,028	28,516,120	26,951,846
Acquisitions at cost				759,310			759,310	4,480,354
Sales proceeds from disposals				(1,133,843)			(1,133,843)	(6,075,103)
(Decrease/)Increase in cash						(2,643,759)	(2,643,759)	1,006,985
Realised gains in the year				71,822			71,822	781,644
Unrealised gains/(losses) in the year	258,600	(134,919)	28,630	(958,714)			(806,403)	1,370,394
<b>Market value at 31st December 2018</b>	<u>7,071,820</u>	<u>6,724,966</u>	<u>1,056,302</u>	<u>9,484,889</u>	<u>1</u>	<u>425,269</u>	<u>24,763,247</u>	<u>28,516,120</u>
<b>Historical Cost</b>				<u>7,329,239</u>				<b>3</b>

The investment in the subsidiary is in KH8 Limited. Further details, and its Profit & Loss Account and Balance Sheet are in note 23.

THE KING HENRY VIII ENDOWED TRUST, WARWICK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

12 STOCK

	GROUP		CHARITY	
	2018	2017	2018	2017
	£	£	£	£
Development land held for sale	621,516	3,957,215	-	-
	<u>621,516</u>	<u>3,957,215</u>	<u>-</u>	<u>-</u>
	<u><u>621,516</u></u>	<u><u>3,957,215</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Catesby Estates plc has a charge over the land included in Stock until the development costs it is incurring have been repaid.

13 DEBTORS : AMOUNTS FALLING DUE AFTER ONE YEAR

	GROUP		CHARITY	
	2018	2017	2018	2017
	£	£	£	£
Debtors	-	287,383	-	116,818
Loan to Subsidiary	-	-	6,994,723	4,010,569
	<u>-</u>	<u>287,383</u>	<u>6,994,723</u>	<u>4,127,387</u>
	<u><u>-</u></u>	<u><u>287,383</u></u>	<u><u>6,994,723</u></u>	<u><u>4,127,387</u></u>

The loan from the Charity to the Subsidiary is repayable once the land held by KH8 Limited is sold. Interest is charged at 3% above the Bank of England Base Rate.

14 DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		CHARITY	
	2018	2017	2018	2017
	£	£	£	£
Debtors	21,265,391	10,498	135,043	8,125
Accrued Income	143,970	122,233	124,291	122,233
Prepayments	6,790	4,303	5,158	4,303
Solicitor's client account	256,617	-	-	-
VAT	323,975	-	-	-
	<u>21,996,743</u>	<u>137,034</u>	<u>264,492</u>	<u>134,661</u>
	<u><u>21,996,743</u></u>	<u><u>137,034</u></u>	<u><u>264,492</u></u>	<u><u>134,661</u></u>

15 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		CHARITY	
	2018	2017	2018	2017
	£	£	£	£
Trade Creditors	2,041,489	100,471	522	99,128
VAT	15,857	33,542	15,857	34,320
Amounts owed to other charities	4,946,259	-	-	-
Grants to beneficiaries	77,641	129,099	77,641	129,099
Accruals	512,183	692,912	103,433	101,666
	<u>7,593,429</u>	<u>956,024</u>	<u>197,453</u>	<u>364,213</u>
	<u><u>7,593,429</u></u>	<u><u>956,024</u></u>	<u><u>197,453</u></u>	<u><u>364,213</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

16 FINANCIAL INSTRUMENTS

	GROUP		CHARITY	
	2018	2017	2018	2017
	£	£	£	£
<b>Financial assets measured at fair value through the Statement of Financial Activities</b>				
Investments	17,266,157	18,633,871	17,266,157	18,633,871
Loan	-	-	6,994,723	4,010,569
Debtors	21,522,009	297,882	135,043	124,944
Cash	2,613,846	4,195,523	1,282,288	4,191,929
	<u>41,402,012</u>	<u>23,127,276</u>	<u>25,679,211</u>	<u>26,961,313</u>
<b>Financial liabilities measured at fair value through the Statement of Financial Activities</b>				
Creditors	7,003,604	100,471	16,378	99,127
	<u>7,003,604</u>	<u>100,471</u>	<u>16,378</u>	<u>99,127</u>

THE KING HENRY VIII ENDOWED TRUST, WARWICK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

17 PERMANENT ENDOWMENT FUND

	Original gift £	Unapplied total return £	GROUP Total 2018 £	Total 2017 £	Original gift £	Unapplied total return £	CHARITY Total 2018 £	Total 2017 £
Balance at 1st January	338,281	32,135,054	32,473,335	30,487,935	338,281	32,603,688	32,941,969	30,819,709
Net incoming/(outgoing) resources before transfers		10,658,690	10,658,690	853,458		896,431	896,431	990,318
Gains/(loss) on investments		(734,581)	(734,581)	2,152,038		(734,581)	(734,581)	2,152,038
Applied income for the year		(1,025,934)	(1,025,934)	(1,020,096)		(1,025,934)	(1,025,934)	(1,020,096)
<b>Balance at 31st December</b>	<b>338,281</b>	<b>41,033,229</b>	<b>41,371,510</b>	<b>32,473,335</b>	<b>338,281</b>	<b>31,739,604</b>	<b>32,077,885</b>	<b>32,941,969</b>



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

18 BENEFICIARIES INCOME FUND – GROUP & CHARITY

	Balance at 1st January 2018 £	Appropriation for year £	Interest received £	Total £	Approved for payment in year £	Balance at 31st December 2018 £
<b>Warwick Anglican Churches</b>						
Housing allowances:						
- Parish of St Michael	3,250	6,630		9,880	6,565	3,315
- Parish of St Paul	3,250	6,630		9,880	6,565	3,315
- Parish of All Saints	3,250	6,630		9,880	6,565	3,315
- Parish of St Nicholas	3,250	6,630		9,880	6,565	3,315
Stipends:						
- Vicar of St Michael	19,337	37,309		56,646	36,897	19,749
- Vicar of St Paul	19,280	37,434		56,714	36,840	19,874
- Vicar of All Saints	19,424	37,553		56,977	36,983	19,994
- Vicar of St Mary	19,473	37,295		56,768	37,032	19,736
- Vicar of St Nicholas	19,653	37,690		57,343	37,213	20,130
The Coventry Diocesan Board of Finance Limited	110,167	213,801		323,968	211,225	112,743
PCC of St Michael	17,423	33,158		50,581	33,423	17,158
PCC of St Paul	17,423	33,158		50,581	33,423	17,158
PCC of All Saints	17,371	33,158		50,529	33,423	17,106
PCC of St Mary	45,984	89,270		135,254	89,984	45,270
PCC of St Nicholas	17,423	33,158		50,581	33,423	17,158
Project Pool	42,929	77,264		120,193	94,277	25,916
Warwick Anglican Churches - Total	268,720	512,967		781,687	529,178	252,509
Warwick Independent Schools Foundation	166,029	307,780		473,809	306,029	167,780
Warwick Town	160,138	205,187	1,002	366,327	181,473	184,854
	594,887	1,025,934	1,002	1,621,823	1,016,680	605,143

Stipends paid above include:

Pension contributions £47,301 (2017: £46,670) and National Insurance & Apprenticeship Levy £10,867 (2017: £10,184).

At 31st December 2018 grants totalling £77,641 (2017: £129,099) have been approved but remain unpaid. These have been provided for in creditors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

19 TOWN GRANTS AWARDED – GROUP & CHARITY

	<b>Total £</b>
<b>Institutions and Societies (&gt;£1,000)</b>	
All Saints C of E Junior School & Emscote Infant School	3,000
Aylesford Primary School	1,000
Aylesford Secondary School	12,131
Budbrooke Primary School	2,000
Chase Meadow Community Centre	5,000
Citizens Advice Bureau – South Warwickshire	8,300
Coten End Primary School	7,000
Cruse Bereavement Care	2,600
Dogs for Good	1,000
Friendship Project for Children	3,000
Myton Hospice	15,000
Myton School	11,866
Newburgh Primary School	8,000
New Hope Christian Counselling	4,500
New Life Church	9,333
Oken & Eyffler Charity (Warwick Enhanced Medical Care At Home)	10,000
Relate – Coventry & Warwickshire	2,244
Safeline	4,500
South Warwickshire NHS Foundation Trust	5,500
St Mary Immaculate Catholic Primary School	5,728
Warwick Apprenticing Charities	27,000
Warwick LEA School Pupils - Summer Activities	4,750
Warwick Percy Estate Community Projects Ltd	10,000
Warwick Quaker Meeting	3,000
Warwick Sport Club	3,000
Warwick Town Council	3,000
Warwickshire County Council - Heritage & Culture	2,249
Westgate Primary School	2,000
Woodloes Primary School	3,000
Woodloes Senior Citizens Association	1,197
<i>1 Other Grants of less than £1000 each</i>	375
	<hr/> 181,273
<b>Individuals Grants</b>	
1 Grants to individuals	200
	<hr/> <b>181,473</b> <hr/>

There were £129,099 grants awarded but not paid at 31st December 2017. Of these, in 2018 £96,576 were paid, grants were reduced by £6,025 and £26,498 remained outstanding at 31st December 2018.

Total Grants awarded and paid in 2018 were £136,355 and total grants awarded in 2018 but outstanding at 31st December 2018 were £51,143.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

		<b>Fixed asset investments</b>	<b>Net Current assets</b>	<b>GROUP Total 2018</b>	Total 2017	<b>Fixed asset investments</b>	<b>Net Current assets</b>	<b>CHARITY Total 2018</b>	Total 2017
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Permanent endowment fund	17	24,763,246	16,608,264	41,371,510	32,473,335	24,763,247	7,314,638	32,077,885	32,941,969
Beneficiaries income fund	18	-	605,143	605,143	594,887	-	605,143	605,143	594,887
		<u>24,763,246</u>	<u>17,213,407</u>	<u>41,976,653</u>	<u>33,068,222</u>	<u>24,763,247</u>	<u>7,919,781</u>	<u>32,683,028</u>	<u>33,536,856</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

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**21 TAXATION**

No liability to income or capital gains tax arises as the Trust's activities are charitable. The subsidiary's taxable profit is nil.

**22 RELATED PARTY TRANSACTIONS**

The Trust has taken advantage of the exemption contained in FRS102 and has not disclosed transactions with its wholly owned subsidiary.

Two trustees, Mr Griffiths and Mrs Ashe, are also Governors of Warwick Independent Schools Foundation. One as the Foundation's nomination as a Nominative Trustee and one as the Trust's Nominative Governor to the Foundation. The Foundation receives 30% of the Trust's income each year as required under the Trust Scheme as directed by the Charity Commission.

Rev. Brown is Vicar of St. Michael's, Budbrooke, which receives a proportion of the Church Share as required by the Trust Scheme. He receives no personal benefit and his appointment as a trustee has been approved by the Charity Commission.

Mr Thurley is a trustee of Warwick Apprenticing Charities (WAC), which received a grant of £27,000 during 2018. The Trust gives grants to WAC to allow them to provide grants to young people in Warwick. There is no personal benefit.

THE KING HENRY VIII ENDOWED TRUST, WARWICK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2018

**23 INVESTMENT IN SUBSIDIARY**

The Trust is the beneficial owner of KH8 Limited, which was set up to hold, develop and sell land at Europa Way. It is incorporated in England (company number 8485559).

	<b>2018</b>	2017
	<b>£</b>	£
Income	<b>18,531,284</b>	-
Cost of Sales	<b>(8,598,409)</b>	-
Administrative expenses	<b>(16,140)</b>	(7,170)
	<hr/>	<hr/>
<b>OPERATING PROFIT/(LOSS)</b>	<b>9,916,735</b>	(7,170)
<b>Interest Receivable</b>	<b>19,680</b>	-
<b>Interest Payable</b>	<b>(174,154)</b>	(129,690)
	<hr/>	<hr/>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>9,762,261</b>	(136,860)
Tax on loss on ordinary activities	-	-
	<hr/>	<hr/>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b>9,762,261</b>	(136,860)
	<hr/> <hr/>	<hr/> <hr/>
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>CURRENT ASSETS</b>		
Cash	1,330,559	3,595
Stock	621,516	3,957,214
Debtors	21,732,251	173,716
	<hr/>	<hr/>
	23,684,326	4,134,525
<b>CREDITORS: Amounts falling due within one year</b>	<b>(14,390,699)</b>	<b>(4,603,159)</b>
	<hr/>	<hr/>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>9,293,627</b>	<b>(468,634)</b>
	<hr/>	<hr/>
<b>NET ASSETS/(LIABILITIES)</b>	<b>9,293,627</b>	<b>(468,634)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	1	1
Profit and loss account	9,293,626	(468,635)
	<hr/>	<hr/>
<b>SHAREHOLDERS' SURPLUS/(DEFICIT)</b>	<b>9,293,627</b>	<b>(468,634)</b>
	<hr/> <hr/>	<hr/> <hr/>