



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

**Trustees' Report and Consolidated Financial
Statements**

Year ended 31st December 2019

THE KING HENRY VIII ENDOWED TRUST, WARWICK

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THE KING HENRY VIII ENDOWED TRUST, WARWICK

TRUSTEES AND ADVISERS

TRUSTEES

Nominated Trustees:

Rev David Brown	Bishop of Coventry
Mr Stephen Copley	Archdeacon of Warwick
Mr Gerry Guest	Warwick Town Council (resigned 17 th June 2019)
Cllr Stephen Cross	Warwick Town Council (appointed 24 th June 2019)
Mrs Marie-Bernadette Ashe	Warwick Independent Schools Foundation

Nominated by:

Co-opted Trustees:

Mr John Edwards
Mr Ian Furlong
Mr Rupert Griffiths (resigned 24th November 2019)
Mrs Susan Grinnell
Mr Stephen Jobburn
Miss Kathryn Parr
Mr Michael Peachey (Chairman)
Mr Neil Thurley

CLERK AND RECEIVER

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

AUDITOR

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

INVESTMENT MANAGERS/ADVISORS

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
Asset Risk Consultants Ltd – 7 New Street, St Peter Port, Guernsey, GY1 2PF

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

TRUSTEES' REPORT

Report of the Trustees for year ending 31st December 2019

The Trustees present their Annual Report and Financial Statements of the charity for the year ended 31st December 2019 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 in October 2019 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 an accounting reference of 31st May from 31st May 2018 onwards. The financial information within this report relates to the consolidated group numbers and includes KH8 Limited results for the 12 months ended 31st December.

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 15th May 1545. The Trust's current governing documents are based on a Scheme approved by the Charity Commissioners on the 23rd 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 2019, the Trustees held four full Trustees Meetings, four Grants Committee Meetings and four Finance & Investment Committee Meetings. Trustees also attended six 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

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 2019 the Trust distributed a total of £1,501,577 to beneficiaries with £786,596 being distributed to the five Anglican churches in the town, £482,023 to the Warwick Independent Schools Foundation and £232,958 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 £285,600 (2018: £77,264).

The distributions to the Warwick Independent Schools Foundation during 2019 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 37 different organisations. Local state schools continue to be significant beneficiaries. Other major grants were to Warwick Apprenticing Charities, Racing Club Warwick, Chase Meadow Community Centre, The Gap Community Centre, New Life Church and an Enhance Care at Home programme. Smaller grants have supported a range of activities including Warwick Town Council, Citizens Advice, 4th Whitnash Guides, Graham Fulford Trust, Senior Citizens Clubs and various counselling charities. 68% 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 £4,990,034. 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 third in September 2019 and the final parcel in February 2020. The Trust's share of income from these sales in 2019 was £8,384,753 and the related cost of sales was £3,315,974.

Financial Review of the year

During the year total income from the Permanent Endowment amounted to £9,540,465 (2018: £19,543,707) with rents, licences and wayleaves from the Trust's property portfolio totalling £363,827 and dividends and interest income from financial investments totalling £740,176 (2018: £663,677). The £8,384,753 land sales in KH8 Limited is in Other Trading Activities.

The cost of raising funds for Other Trading Activities was £3,315,974. The cost of achieving the Trust's other income relating to property management expenses and stockbroker fees totalled £128,727 (2018: £178,560). Other costs relate to support activities of £115,708 and governance costs of £26,802.

The Trust's investments increased in value by £13,249,897 (2019: Loss £734,581). In addition to reflecting the general upturn in the markets at the end of 2019 the trust sold land for development that generated a profit of £10.5 million.

Total Net Income (including investment gains) of £19,203,151 (2018: £9,924,109) is the total return on the Trust's Permanent Endowment, a return of 46.4% (2018 30.6%) in the year.

The funds made available for distribution to beneficiaries in 2019 is determined by the application of the long-term distribution rate within the Trust's Investment Policy, set at 3.35% since 2016. In addition, there has been a one-off additional element of £413,290, which covers the Europa Way costs expensed prior to the move to Total Returns accounting. Trustees had committed to reimburse this to beneficiaries once funds were available from the sale of land. Overall the proportion of the Permanent Endowment made available in 2019 was £1,460,768 (2018: £1,025,934).

THE KING HENRY VIII ENDOWED TRUST, WARWICK
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TRUSTEES' REPORT

In addition to income from the Permanent Endowment there was interest income of £1,442 (2018: £1,002) from the Town Share reserves in the Beneficiaries Income Fund.

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 distributions to the Churches and WISF have been 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. As the Trust receives additional cash from land sales these will be brought forward with the objective that all payments due for the year are made during the year. This will be completed in 2020.

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 £245,492 (2018: £184,854).

Investments and Investment Policy

The Trust's Investment Policy aims to produce stable, sustainable income to beneficiaries that preserves 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 1st January 2012. This was permitted by a Charity Commission Order dated 22nd 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. From 2016 the LTSDR has 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 1st January 2017. For 2019, it was agreed as a one-off, to calculate the Appropriation based on 2018 increased by inflation. (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.

The Trust's investments are constantly reviewed and changes made when appropriate and on professional advice. During the year the past performance and the Investment Policy were reviewed by Asset Risk Consulting, with a view to updating the policy and asset allocations once the funds from land sales were available to be invested.

The Trust seeks to manage investments having regard for social, environmental and ethical standards. The Trust invests in CCLA's COIF Charities Investment and Charities Property funds, 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. 3 out of 4 parcels of land had been sold by the year end (one during the year) and the final parcel was sold in February 2020.

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

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

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 investment managers, investment advisor and property managing agents with respect to the future outlook for investments.

The major short-term risk is failing to recover the outstanding debtors on land sold. Each holding was sold with 50% payable on completion and 50% 12 months later. The second payments are secured by a charge over 50% of each site.

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.

Covid 19, which resulted in the lockdown from 23rd March 2020, creates a very uncertain future. The undoubted impact on the economy will have a negative impact on the Trust's investment performance for the foreseeable future. Having reviewed the investments strategy in 2019 and having received considerable land sale proceeds during the end of 2019 and in early 2020 the advice from our investment advisor has been to stick to the investment policy and to invest cash as originally intended. The Trustees consider that Covid-19, as a Post Balance Sheet Event, will not impact on the charity as a going concern.

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.

Land sales from Europa Way and Hampton Magna have now been completed, although the expected receipt of these proceeds will be phased over the next 2 years. Once received they will be invested in line with the updated Investment Policy as noted above.

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

Chairman of Finance & Investment Committee

Clerk and Receiver

12 High Street
Warwick
CV34 4AP

THE KING HENRY VIII ENDOWED TRUST, WARWICK

TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Opinion

We have audited the consolidated financial statements of King Henry VIII Endowed Trust, Warwick (the "parent charity") and its subsidiaries (the "group") for the year ended 31st December 2019 which comprise the Consolidated Statements of Financial Activities, Charity Statements of Financial Activities, Consolidated Balance Sheet, Charity Balance Sheet, Statement of Cash Flows 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's and of the parent charity's affairs as at 31st December 2019 and of the group's and the parent charity's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 group's or the parent 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 annual, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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.

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees (who are also the directors of the parent charity for the purposes of company law) 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 the parent 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. This description forms part of our auditor's report.

Use of the audit report

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and regulations made or having effect thereunder. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Signed:

David Hoose
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 2019

INCOME & ENDOWMENTS FROM:	Note	Beneficiaries income fund	Permanent endowment fund	Total 2019	Beneficiaries income fund	Permanent endowment fund	Total 2018
		£	£	£	£	£	£
Investment income							
- Rents, licence fees and wayleaves		-	363,827	363,827	-	348,746	348,746
- Dividends	2	-	684,515	684,515	-	632,872	632,872
- Interest	3	1,442	55,661	57,103	1,002	30,805	31,807
- Sundry income		-	51,709	51,709	-	-	-
Other Trading Activities	4	-	8,384,753	8,384,753	-	18,531,284	18,531,284
Total income		<u>1,442</u>	<u>9,540,465</u>	<u>9,541,907</u>	<u>1,002</u>	<u>19,543,707</u>	<u>19,544,709</u>
EXPENDITURE ON:							
Raising funds – Investments	5	-	(128,727)	(128,727)	-	(178,560)	(178,560)
Raising funds – Other Trading	6	-	(3,315,974)	(3,315,974)	-	(8,598,409)	(8,598,409)
Charitable activities (payments to beneficiaries)	18	(1,501,577)	-	(1,501,577)	(1,016,680)	-	(1,016,680)
Support costs	7	-	(115,708)	(115,708)	-	(86,517)	(86,517)
Governance costs	8	-	(26,802)	(26,802)	-	(21,531)	(21,531)
Total expenditure		<u>(1,501,577)</u>	<u>(3,587,211)</u>	<u>(5,088,788)</u>	<u>(1,016,680)</u>	<u>(8,885,017)</u>	<u>(9,901,697)</u>
		<u>(1,500,135)</u>	<u>5,953,254</u>	<u>4,453,119</u>	<u>(1,015,678)</u>	<u>10,658,690</u>	<u>9,643,012</u>
Net gains on investments	11	-	13,249,897	13,249,897	-	(734,581)	(734,581)
NET INCOME/(EXPENDITURE)		<u>(1,500,135)</u>	<u>19,203,151</u>	<u>17,703,016</u>	<u>(1,015,678)</u>	<u>9,924,109</u>	<u>8,908,431</u>
Transfers between funds	10	1,460,768	(1,460,768)	-	1,025,934	(1,025,934)	-
NET MOVEMENT IN FUNDS		<u>(39,367)</u>	<u>17,742,383</u>	<u>17,703,016</u>	<u>10,256</u>	<u>8,898,175</u>	<u>8,908,431</u>
RECONCILIATION OF FUNDS							
Fund balances brought forward at 1st January 2019		<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>
Fund balances carried forward at 31st December 2019		<u>565,776</u>	<u>59,113,893</u>	<u>59,679,669</u>	<u>605,143</u>	<u>41,371,510</u>	<u>41,976,653</u>

THE KING HENRY VIII ENDOWED TRUST, WARWICK

CHARITY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31st December 2019

	Note	Beneficiaries income fund	Permanent endowment fund	Total 2019	Beneficiaries income fund	Permanent endowment fund	Total 2018
INCOME & ENDOWMENTS FROM:							
Investment income		£	£	£	£	£	£
- Rents, licence fees and wayleaves		-	363,827	363,827	-	348,746	348,746
- Dividends	2	-	684,515	684,515	-	632,872	632,872
- Interest	3	1,442	274,138	275,580	1,002	185,279	186,281
- Gift Aid donation from KH8 Ltd		-	7,257,515	7,257,515	-	-	-
Total income		1,442	8,579,995	8,581,437	1,002	1,166,897	1,167,899
EXPENDITURE ON:							
Raising funds	5	-	(128,727)	(128,727)	-	(176,751)	(176,751)
Charitable activities (payments to beneficiaries)	18	(1,501,577)	-	(1,501,577)	(1,016,680)	-	(1,016,680)
Support costs	7	-	(110,812)	(110,812)	-	(82,679)	(82,679)
Governance costs	8	-	(15,383)	(15,383)	-	(11,036)	(11,036)
Total expenditure		(1,501,577)	(254,922)	(1,756,499)	(1,016,680)	(270,466)	(1,287,146)
Net gains on investments	11	(1,500,135)	8,325,073	6,824,938	(1,015,678)	896,431	(119,247)
		-	13,249,897	13,249,897	-	(734,581)	(734,581)
NET INCOME/(EXPENDITURE)		(1,500,135)	21,574,970	20,074,835	(1,015,678)	161,850	(853,828)
Transfers between funds	10	1,460,768	(1,460,768)	-	1,025,934	(1,025,934)	-
NET MOVEMENT IN FUNDS		(39,367)	20,114,202	20,074,835	10,256	(864,084)	(853,828)
RECONCILIATION OF FUNDS							
Fund balances brought forward at 1st January 2019		605,143	32,077,885	32,683,028	594,887	32,941,969	33,536,856
Fund balances carried forward at 31st December 2019		565,776	52,192,087	52,757,863	605,143	32,077,885	32,683,028

THE KING HENRY VIII ENDOWED TRUST, WARWICK

BALANCE SHEETS AT 31st December 2019

	Notes	GROUP		CHARITY	
		2019 £	2018 £	2019 £	2018 £
FIXED ASSETS					
Investments	11	30,629,965	24,763,246	30,629,966	24,763,247
CURRENT ASSETS					
Stock	12	2,295,576	621,516	-	-
Debtors: due after one year	13	-	-	7,261,581	6,994,723
Debtors: due within one year	14	14,023,288	21,996,743	5,553,747	264,492
Cash at bank and in hand		20,415,383	2,188,577	11,658,833	858,019
		36,734,247	24,806,836	24,474,161	8,117,234
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	15	(7,684,543)	(7,593,429)	(2,346,264)	(197,453)
NET CURRENT ASSETS		29,049,704	17,213,407	22,127,897	7,919,781
NET ASSETS		59,679,669	41,976,653	52,757,863	32,683,028
RESTRICTED FUNDS					
Permanent Endowment Funds	17	59,113,893	41,371,510	52,192,087	32,077,885
Beneficiaries Income Fund	18	565,776	605,143	565,776	605,143
		59,679,669	41,976,653	52,757,863	32,683,028

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

Chairman of Finance & Investment Committee

Clerk and Receiver

THE KING HENRY VIII ENDOWED TRUST, WARWICK

STATEMENT OF CASH FLOWS

For the year ended 31st December 2019

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Statement of Cash Flows				
Cash from operating activities:				
Net cash provided by/(used in) operating activities	9,686,474	(2,969,635)	(5,163,801)	(4,451,073)
Cash from investing activities:				
Dividends, interest and rents	1,157,154	1,013,425	1,323,922	1,167,899
Income from Subsidiary	-	-	7,257,515	-
Proceeds from sale of investments	8,783,928	3,777,602	8,783,928	3,777,602
Purchases of investments	(1,400,750)	(759,310)	(1,400,750)	(759,310)
Net cash provided by investing activities	8,540,332	4,031,717	15,964,615	4,186,191
Cash from financing activities:				
Net cash from financing activities	-	-	-	-
Change in cash & cash equivalents in year	18,226,806	1,062,082	10,800,814	(264,882)
Cash & cash equiv. at the beginning of year	2,188,577	1,126,495	858,019	1,122,901
Cash and cash equivalents at the end of year	20,415,383	2,188,577	11,685,833	858,019
Reconciliation of Net Expenditure to Cash Flow from Operating Activities				
Net income/(expenditure) for the year	17,703,016	8,908,431	20,074,835	(853,828)
Adjustments:				
(Gains)/Losses on Investments	(13,249,897)	734,581	(13,249,897)	734,581
Dividends, interest and rents	(1,157,154)	(1,013,425)	(1,323,922)	(1,167,899)
Income from Subsidiary	-	-	(7,257,515)	-
Decrease/(Increase) in stocks	(1,674,060)	3,335,699	-	-
Decrease/(Increase) in debtors	7,973,455	(21,572,326)	(5,556,113)	(2,997,167)
(Decrease)/Increase in creditors	91,114	6,637,405	2,148,811	(166,760)
Net cash provided by/(used in) operations	9,686,474	(2,969,635)	(5,163,801)	(4,451,073)
Analysis of Cash and Cash Equivalents				
Cash in hand	20,415,383	2,188,577	11,658,833	858,019
Total cash & cash equivalents	20,415,383	2,188,577	11,658,833	858,019

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2019

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 2019

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, plus development costs 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 1st 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 1st January 2016 is set at 3.35% (2015 and previously: 4%). The actual Appropriation in the year is normally calculated as:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2019

- 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 31st December 2016 the calculation was based on 80:20, rather than the current 50:50 allocation.

2019 has proven to be an unusual year. Despite seeing an increase in the Permanent Endowment of just over £20 million, the amount of the endowment in income-generating assets (on which the Appropriation is partially based) increased by only around £5.9 million. This was due to much of the endowment increase being land stock at Europa Way and debtors related to Europa Way land sales in KH8 Limited. If the Trustees applied the normal calculation, as set out above, this would have resulted in a drop in the Appropriation for 2019, which would be at odds with the significant success just achieved for the land sales. Trustees agreed, as a one-off, to calculate the 2019 Appropriation as the 2018 Appropriation increased in line with inflation.

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 1st 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 2019

2 DIVIDENDS

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
COIF Investment Fund	249,496	241,225	249,496	241,225
COIF Property Fund	61,850	61,869	61,850	61,869
Savills Charities Property Fund	48,131	49,517	48,131	49,517
Listed investments	325,038	280,261	325,038	280,261
	684,515	632,872	684,515	632,872

3 INTEREST

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Banks	3,806	11,850	3,806	11,850
Managing agents	32	277	32	277
On Sale of property	4,884	-	4,884	-
Europa Way Consortium members	48,381	19,680	-	-
Interest on Loan to Subsidiary	-	-	266,858	174,154
	57,103	31,807	275,580	186,281

4 OTHER TRADING ACTIVITIES

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Land sales	8,384,753	18,531,284	-	-
	8,384,753	18,531,284	-	-

5 COST OF RAISING FUNDS – Re INVESTMENTS

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Property management expenses	9,791	65,380	9,791	63,571
Stockbroker's fees	118,936	113,180	118,936	113,180
	128,727	178,560	128,727	176,751

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 2019

6 COST OF RAISING FUNDS – Re OTHER TRADING

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Cost from Sale re land sales	3,315,974	8,598,409	-	-
	3,315,974	8,598,409	-	-

7 SUPPORT COSTS

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Administration fees	104,984	76,468	100,228	72,805
Sundry expenses	10,724	10,049	10,584	9,874
	115,708	86,517	110,812	82,679

8 GOVERNANCE COSTS

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Auditors' remuneration	23,783	18,245	12,363	7,750
Trustees' indemnity insurance	1,749	1,749	1,749	1,749
Trustees' meeting costs	1,270	1,537	1,271	1,537
	26,802	21,531	15,383	11,036

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 (2018: Nil).

10 TRANSFERS BETWEEN FUNDS

The Beneficiaries Income Fund transfer of £1,460,768 (2018: £1,025,934) 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 2019

11 INVESTMENTS – GROUP

	Properties £	COIF investments £	Savills investments £	Listed investments £	Investment in Subsidiary £	Cash £	Total 2019 £	Total 2018 £
Market value at 1st January 2019	7,071,820	6,724,966	1,056,302	9,484,889	-	425,269	24,763,246	28,516,119
Acquisitions at cost	191,747	-	-	1,209,003	-	-	1,400,750	759,310
Sales proceeds from disposals	(10,884,881)	-	-	(1,123,269)	-	-	(12,008,150)	(1,133,843)
(Decrease)/Increase in cash	-	-	-	-	-	3,224,222	3,224,222	(2,643,759)
Realised gains in the year	10,503,134	-	-	144,469	-	-	10,647,603	71,822
Unrealised gains/(losses) in the year	145,000	991,433	(21,472)	1,487,333	-	-	2,602,294	(806,403)
Market value at 31st December 2019	7,026,820	7,716,399	1,034,830	11,202,425	-	3,649,491	30,629,965	24,763,246
Historical Cost				7,519,002				

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 2019 in accordance with the RICS Appraisal and Valuation Manual (The Red Book). The previous revaluation was carried out at 31st December 2018. There is one property that exceeds 5% of the total investment value and this accounts for 5.3% of total investments.

COIF and Savills investments are stated at market value at 31st December 2019 as provided by the fund managers.

Listed investments are stated at market value at 31st December 2019 as provided by Quilter Cheviot, stockbroker. £6,780,580 is invested in investments in the UK and £4,421,845 in investments overseas.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2019

11 INVESTMENTS - CHARITY

	Properties £	COIF investments £	Savills investments £	Listed investments £	Investment in Subsidiary £	Cash £	Total 2019 £	Total 2018 £
Market value at 1st January 2019	7,071,820	6,724,966	1,056,302	9,484,889	1	425,269	24,763,247	28,516,120
Acquisitions at cost	191,747	-	-	1,209,003	-	-	1,400,750	759,310
Sales proceeds from disposals	(10,884,881)	-	-	(1,123,269)	-	-	(12,008,150)	(1,133,843)
(Decrease)/Increase in cash	-	-	-	-	-	3,224,222	3,224,222	(2,643,759)
Realised gains in the year	10,503,134	-	-	144,469	-	-	10,647,603	71,822
Unrealised gains/(losses) in the year	145,000	991,433	(21,472)	1,487,333	-	-	2,602,294	(806,403)
Market value at 31st December 2019	7,026,820	7,716,399	1,034,830	11,202,425	1	3,649,491	30,629,966	24,763,247
Historical Cost				7,519,002				

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2019

12 STOCK

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Development land held for sale	2,295,576	621,516	-	-
	<u>2,295,576</u>	<u>621,516</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	
	2019	2018	2019	2018
	£	£	£	£
Loan to Subsidiary	-	-	7,261,581	6,994,723
	<u>-</u>	<u>-</u>	<u>7,261,581</u>	<u>6,994,723</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	
	2019	2018	2019	2018
	£	£	£	£
Debtors	12,004,402	21,265,391	5,467,166	135,043
Accrued Income	106,009	143,970	81,927	124,291
Prepayments	4,654	6,790	4,654	5,158
Solicitor's client account	970,147	256,617	-	-
VAT	938,076	323,975	-	-
	<u>14,023,288</u>	<u>21,996,743</u>	<u>5,553,747</u>	<u>264,492</u>

15 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Trade Creditors	1,496,841	2,041,489	648	522
VAT	2,187,738	15,857	2,187,738	15,857
Amounts owed to other charities	3,832,695	4,946,259	-	-
Grants to beneficiaries	66,915	77,641	66,915	77,641
Accruals	100,354	512,183	90,963	103,433
	<u>7,684,543</u>	<u>7,593,429</u>	<u>2,346,264</u>	<u>197,453</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2019

16 FINANCIAL INSTRUMENTS

	GROUP		CHARITY	
	2019	2018	2019	2018
	£	£	£	£
Financial assets measured at fair value through the Statement of Financial Activities				
Investments	19,953,654	17,266,157	19,953,654	17,266,157
Loan	-	-	7,261,581	6,994,723
Debtors	12,044,402	21,522,009	5,467,165	135,043
Cash	24,064,875	2,613,846	15,308,325	1,283,288
	56,062,931	41,402,012	47,990,725	25,679,211
Financial liabilities measured at fair value through the Statement of Financial Activities				
Creditors	7,517,274	7,003,604	2,188,386	16,378
	7,517,274	7,003,604	2,188,386	16,378

THE KING HENRY VIII ENDOWED TRUST, WARWICK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2019

17 PERMANENT ENDOWMENT FUND

	Original gift £	Unapplied total return £	GROUP Total 2019 £	Total 2018 £	Original gift £	Unapplied total return £	CHARITY Total 2019 £	Total 2018 £
Balance at 1st January	338,281	41,033,229	41,371,510	32,473,335	338,281	31,739,604	32,077,885	32,941,969
Net incoming/(outgoing) resources before transfers		5,953,254	5,953,254	10,658,690		8,325,073	8,325,073	896,431
Gains/(loss) on investments		13,249,897	13,249,897	(734,581)		13,249,897	13,249,897	(734,581)
Applied income for the year		(1,460,768)	(1,460,768)	(1,025,934)		(1,460,768)	(1,460,768)	(1,025,934)
Balance at 31st December	338,281	58,775,612	59,113,893	41,371,510	338,281	51,853,806	52,192,087	32,077,885

THE KING HENRY VIII ENDOWED TRUST, WARWICK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2019

18 BENEFICIARIES INCOME FUND – GROUP & CHARITY

	Balance at 1st January 2019 £	Appropriation for year £	Interest received £	Total £	Approved for payment in year £	Balance at 31st December 2019 £
Warwick Anglican Churches						
Housing allowances:						
- Parish of St Michael	3,315	6,894		10,209	10,209	-
- Parish of St Paul	3,315	6,894		10,209	10,209	-
- Parish of All Saints	3,315	6,894		10,209	10,209	-
- Parish of St Nicholas	3,315	6,894		10,209	10,209	-
Stipends:						
- Vicar of St Michael	19,749	38,051		57,800	57,800	-
- Vicar of St Paul	19,874	38,235		58,109	58,109	-
- Vicar of All Saints	19,994	38,094		58,088	58,088	-
- Vicar of St Mary	19,736	37,955		57,691	57,691	-
- Vicar of St Nicholas	20,130	38,348		58,478	58,478	-
The Coventry Diocesan Board of Finance Limited	112,743	218,259		331,002	331,002	-
PCC of St Michael	17,158	33,848		51,006	51,006	-
PCC of St Paul	17,158	33,849		51,007	51,007	-
PCC of All Saints	17,106	33,849		50,955	51,007	(52)
PCC of St Mary	45,270	91,131		136,401	136,401	-
PCC of St Nicholas	17,158	33,848		51,006	51,006	-
Project Pool	25,916	285,600		311,516	115,167	196,349
Warwick Anglican Churches - Total	252,509	730,384		982,893	786,596	196,297
Warwick Independent Schools Foundation	167,780	438,230		606,010	482,023	123,987
Warwick Town	184,854	292,154	1,442	478,450	232,958	245,492
	605,143	1,460,768	1,442	2,067,353	1,501,577	565,776

Stipends paid above include:

Pension contributions £48,199 (2018: £47,301) and National Insurance & Apprenticeship Levy £10,784 (2018: £10,867).

At 31st December 2019 grants totalling £67,858 (2018: £77,641) have been approved but remain unpaid. These have been provided for in creditors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2019

19 TOWN GRANTS AWARDED – GROUP & CHARITY

	Total £
Institutions and Societies (>£1,000)	
Age UK Warwickshire	(6,000)
All Saints C of E Junior School & Emscote Infant School	12,990
Aylesford Primary School	6,640
Aylesford Secondary School	15,764
Budbrooke Primary School	2,000
Chase Meadow Community Centre	10,000
Citizens Advice – South Warwickshire	3,500
Coten End Primary School	8,000
Cruse Bereavement Care	2,700
Dogs for Good	1,000
Entrust Care Partnership	3,000
Graham Fulford Charitable Trust	3,000
Heathcote Primary School	2,000
Insight Coaching & Support	3,000
Kings High School	10,000
Myton Church	1,500
Myton School	18,600
Newburgh Primary School	3,000
New Life Church	8,407
Oken & Eyffler Charity (Warwick Enhanced Medical Care at Home)	10,000
Park Run Ltd	3,500
Racing Club Warwick	10,000
Relate – Coventry & Warwickshire	4,000
Save Our Skatepark	(9,000)
South Warwickshire NHS Foundation Trust	1,000
St Mary Immaculate Catholic Primary School	7,000
Warwick Apprenticing Charities	30,000
WCS Care	14,791
Warwick LA School Pupils - Summer Activities	3,648
Warwick Percy Estate Community Projects Ltd (The Gap)	7,500
2 nd Warwick Sea Scouts	25,000
Warwick Tennis Club	4,153
Warwick Town Council	3,000
Westgate Primary School	2,000
4 th Whitnash Guides	1,500
Woodloes Primary School	3,000
Woodloes Senior Citizens Association	1,465
<i>1 Other Grants of less than £1000 each</i>	600
	<hr/> 232,258
Individuals Grants	
1 Grants to individuals	700
	<hr/> 232,958 <hr/>

There were £77,641 grants awarded but not paid at 31st December 2018. Of these, in 2019 £53,032 were paid, grants were reduced by £15,884 and £8,725 remained outstanding at 31st December 2019.

Total Grants awarded and paid in 2019 were £190,652 and total grants awarded in 2019 but outstanding at 31st December 2019 were £58,190.

THE KING HENRY VIII ENDOWED TRUST, WARWICK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2019

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

		Fixed asset	Net Current	GROUP		Fixed asset	Net Current	CHARITY	
	Note	investments	assets	Total	Total	investments	assets	Total	Total
		£	£	2019	2018	£	£	2019	2018
				£	£			£	£
Permanent endowment fund	17	30,629,965	28,483,928	59,113,893	41,371,510	30,629,966	21,562,121	52,192,087	32,077,885
Beneficiaries income fund	18	-	565,776	565,776	605,143	-	565,776	565,776	605,143
		<u>30,629,965</u>	<u>29,049,704</u>	<u>59,679,669</u>	<u>41,976,653</u>	<u>30,629,966</u>	<u>22,127,897</u>	<u>52,757,863</u>	<u>32,683,028</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2019

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.

During the year two trustees, Mr Griffiths (who resigned in November) and Mrs Ashe, were 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 £30,000 during 2019. The Trust gives grants to WAC to allow them to provide grants to young people in Warwick. There is no personal benefit.

23 POST BALANCE SHEET EVENTS

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK. It is still too early to determine the full effects of the COVID-19 on the charity's activities. However, we are constantly monitoring income, expenditure and bank balances and are regularly updating cash flow forecasts to allow the charity time to make considered decisions about which actions to undertake. This is considered to be a non-adjusting post balance sheet event.

THE KING HENRY VIII ENDOWED TRUST, WARWICK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2019

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).

	2019 £	2018 £
Income	8,384,753	18,531,284
Cost of Sales	(3,315,974)	(8,598,409)
Administrative expenses	(16,316)	(16,140)
OPERATING PROFIT	5,052,463	9,916,735
Interest Receivable	48,381	19,680
Sundry Income	51,709	-
Interest Payable	(266,858)	(174,154)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4,885,695	9,762,261
Tax on profit on ordinary activities	-	-
PROFIT FOR THE FINANCIAL YEAR	4,885,695	9,762,261
	2019 £	2018 £
CURRENT ASSETS		
Cash	8,756,550	1,330,559
Stock	2,295,576	621,516
Debtors	8,469,541	21,732,251
	19,521,667	23,684,326
CREDITORS: Amounts falling due within one year	(12,599,862)	(14,390,699)
NET CURRENT ASSETS	6,921,805	9,293,627
NET ASSETS	6,921,805	9,293,627
CAPITAL AND RESERVES		
Called up share capital	1	1
Profit and loss account	6,921,804	9,293,626
SHAREHOLDERS' SURPLUS	6,921,805	9,293,627