



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

**Trustees' Report and Consolidated Financial  
Statements**

**Year ended 31st December 2020**

# 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	Bishop of Coventry
Mr Stephen Copley	Archdeacon of Warwick
Cllr Stephen Cross	Warwick Town Council
Mrs Marie-Bernadette Ashe	Warwick Independent Schools Foundation

#### **Nominated by:**

#### **Co-opted Trustees:**

Mr John Edwards  
Mr Ian Furlong  
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 – First Floor, Two Chamberlain Square, Birmingham, B3 3AX

### **INVESTMENT MANAGERS/ADVISORS**

CCLA Investment Management Ltd – 85 Queen Victoria Street, London, EC4V 4ET  
Quilter Cheviot Ltd– 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  
Gowling WLG (UK) LLP – Two Snowhill, Birmingham, B4 4WR  
Eversheds LLP – 115 Colmore Row, Birmingham, B3 3AL

### **BANKERS**

HSBC Bank Plc – 126 The Parade, Leamington Spa, CV32 4AJ

### **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 2020**

The Trustees present their Annual Report and Financial Statements of the charity for the year ended 31st December 2020 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 had an accounting reference of 31<sup>st</sup> May from 31<sup>st</sup> 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 31<sup>st</sup> 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 S Jobburn, 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 2020, the Trustees held four full Trustees Meetings, four Grants Committee Meetings and four Finance & Investment Committee Meetings. Trustees also attended three 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 developing 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, which 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 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 2020 the Trust distributed a total of £1,454,931 to beneficiaries with £666,933 being distributed to the five Anglican churches in the town, £470,549 to the Warwick Independent Schools Foundation and £317,449 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 £86,132 (2019: £285,600).

The distributions to the Warwick Independent Schools Foundation during 2020 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 35 different organisations. Local state schools continue to be significant beneficiaries. Other major grants were to Warwick Apprenticing Charities, Myton Hospice, Chase Meadow Community Centre, New Life Church, Heathcote Parish Church, Citizens Advice and 2<sup>nd</sup> Warwick Sea Scouts. Smaller grants have supported a range of activities including Warwick Town Council, Warwick Sport Club, Playbox Theatre Company and various counselling charities. 46% of all grants awarded benefitted local schools or young people.

The Trust's involvement in the Europa Way Consortium, though its subsidiary, has been a significant activity during the year. The Consortium continued to work with Catesby Estates plc during the year and a large proportion of the infrastructure work was completed by the year end, with the remainder expected to be completed by late Spring. The Trust's share of costs for the year was £4,924,942, which was for site infrastructure and highways upgrades. The fourth and final parcel of land was sold in February 2020. The Trust's share of income from these sales in 2020 was £16,280,124, along with £913,514 of compensation from Western Power. The related cost of sales was £9,164,332.

**Financial Review of the year**

During the year, total income from the Permanent Endowment amounted to £18,088,889 (2019: £9,540,465) with rents, licences and wayleaves from the Trust's property portfolio totalling £345,772 (2019: £363,827) and dividends and interest income from financial investments totalling £549,479 (2019: £740,176). The £16,280,124 land sales in KH8 Limited is in Other Trading Activities and the compensation of £913,514 is in Sundry Income.

The cost of raising funds for Other Trading Activities was £9,164,332 (2019: £3,315,974). The cost of achieving the Trust's other income relating to property management expenses and investment management expenses totalled £154,699 (2019: £156,727). Other costs relate to support activities of £85,755 and governance costs of £22,314.

The Trust's investments increased in value by £1,912,941 (2019: £13,249,897), in addition to £24.4 million invested during the year.

Total Net Income (including investment gains) of £10,574,730 (2019: £19,203,151) is the total return on the Trust's Permanent Endowment, a return of 17.9% (2019 46.4%) for the year.

The funds made available for distribution to beneficiaries in 2020 is determined by the application of the long-term distribution rate within the Trust's Investment Policy, set at 3.35% since 2016. Overall, the proportion of the Permanent Endowment made available in 2020 was £1,155,208 (2019: £1,460,768).

**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 £363 (2019: £1,442) from the Town Share reserves in the Beneficiaries Income Fund.

In April 2020, investments held in the CCLA General Investment COIF were switched from Income Units to Accumulation Units. Income is simply reinvested by CCLA rather than paid out as a dividend, which means that the income from these units is reflected in Net Gains on Investments rather than in Investment Income.

**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 (other than to the Project Pool) and WISF are made in full during the year with regular quarterly payments. Payment to the Project Pool is made as required for specific projects. At the year end the balance was £106,969 (2019: £196,349).

The Town Share, which is available for grant making, typically has a reserve of about nine to twelve months' distribution. This allows scope for flexibility within grant making. At the year end the balance was £159,447 (2019: £245,492).

**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 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. From 2016 the LTSDR has remained at 3.35%. In order to meet the 3.35% LTSDR and to cover net operating expenses (c. 0.22% of the endowment) 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. For 2019, it was agreed as a one-off, to calculate the Appropriation based on 2018 increased by inflation. The 2020 calculation reverted back to the regular calculation, but also included investments made in January 2020. (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. Overall asset allocation is based on a strategic overview undertaken with Asset Risk Consultants. Within that framework, financial investments are managed through CCLA's COIF Investment Fund or are managed by Quilter Cheviot, partly on a discretionary basis and partly on an execution-only basis for ETF trackers. Whilst the ETF trackers are equity based the other investments are allocated over a range of financial instruments, including equities, bonds and commodities. Property is split between direct holdings and 2 property funds managed by Savills and CCLA. Cash funds are with Royal London Asset Management. 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. It recognises that the financial assets are subject to the investment 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, which was set up to develop and then sell the land. The final parcel of land for residential development was sold during the year. At the end of the year the only land retained was land waiting to be transferred to local authorities free of charge to meet planning obligations.

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

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

Covid 19 had negligible impact during the year and is not expected to have a material impact in 2021.

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.

Land sales from Europa Way and Hampton Magna have now been completed, with final payment received in January 2021. This will be invested in line with the Investment Policy.

### **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 28<sup>th</sup> July 2021 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**

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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 subsidiaries (the “group”) for the year ended 31st December 2020 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 31<sup>st</sup> December 2020 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

In auditing the financial statements, we have concluded that the trustees’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## 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**

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### **Responsibilities of Trustees**

As explained more fully in the trustees' responsibilities statement set out on page 7, 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**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Group and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the anti-bribery, corruption and fraud, money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Charities Act 2011.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to fund accounting, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

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

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**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  
First Floor  
Two Chamberlain Square  
Birmingham  
B3 3AX

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 2020

INCOME & ENDOWMENTS FROM:	Note	Beneficiaries income fund	Permanent endowment fund	Total 2020	Beneficiaries income fund	Permanent endowment fund	Total 2019
		£	£	£	£	£	£
<b>Investment income</b>							
- Rents, licence fees and wayleaves		-	345,772	345,772	-	363,827	363,827
- Dividends	2	-	514,907	514,907	-	684,515	684,515
- Interest	3	363	34,572	34,935	1,442	55,661	57,103
- Sundry income		-	913,514	913,514	-	51,709	51,709
<b>Other Trading Activities</b>	4	-	16,280,124	16,280,124	-	8,384,753	8,384,753
<b>Total income</b>		<u>363</u>	<u>18,088,889</u>	<u>18,089,252</u>	<u>1,442</u>	<u>9,540,465</u>	<u>9,541,907</u>
<b>EXPENDITURE ON:</b>							
<b>Raising funds – Investments</b>	5	-	(154,699)	(154,699)	-	(156,727)	(156,727)
<b>Raising funds – Other Trading</b>	6	-	(9,164,332)	(9,164,332)	-	(3,315,974)	(3,315,974)
<b>Charitable activities (payments to beneficiaries)</b>	18	(1,454,931)	-	(1,454,931)	(1,501,577)	-	(1,501,577)
<b>Support costs</b>	7	-	(85,755)	(85,755)	-	(87,708)	(87,708)
<b>Governance costs</b>	8	-	(22,314)	(22,314)	-	(26,802)	(26,802)
<b>Total expenditure</b>		<u>(1,454,931)</u>	<u>(9,427,100)</u>	<u>(10,882,031)</u>	<u>(1,501,577)</u>	<u>(3,587,211)</u>	<u>(5,088,788)</u>
<b>Net gains on investments</b>	11	<u>(1,454,568)</u>	<u>8,661,789</u>	<u>7,207,221</u>	<u>(1,500,135)</u>	<u>5,953,254</u>	<u>4,453,119</u>
<b>NET INCOME/(EXPENDITURE)</b>		<u>(1,454,568)</u>	<u>10,574,730</u>	<u>9,120,162</u>	<u>(1,500,135)</u>	<u>19,203,151</u>	<u>17,703,016</u>
Transfers between funds	10	<u>1,155,208</u>	<u>(1,155,208)</u>	<u>-</u>	<u>1,460,768</u>	<u>(1,460,768)</u>	<u>-</u>
<b>NET MOVEMENT IN FUNDS</b>		<u>(299,360)</u>	<u>9,419,522</u>	<u>9,120,162</u>	<u>(39,367)</u>	<u>17,742,383</u>	<u>17,703,016</u>
<b>RECONCILIATION OF FUNDS</b>							
Fund balances brought forward at 1st January 2020		<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>
Fund balances carried forward at 31st December 2020		<u>266,416</u>	<u>68,533,415</u>	<u>68,799,831</u>	<u>565,776</u>	<u>59,113,893</u>	<u>59,679,669</u>

THE KING HENRY VIII ENDOWED TRUST, WARWICK

CHARITY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31st December 2020

	Note	Beneficiaries income fund	Permanent endowment fund	Total 2020	Beneficiaries income fund	Permanent endowment fund	Total 2019
<b>INCOME &amp; ENDOWMENTS FROM:</b>							
<b>Investment income</b>		£	£	£	£	£	£
- Rents, licence fees and wayleaves		-	345,772	345,772	-	363,827	363,827
- Dividends	2	-	514,907	514,907	-	684,515	684,515
- Interest	3	363	231,326	231,689	1,442	274,138	275,580
- Gift Aid donation from KH8 Ltd		-	12,351,061	12,351,061	-	7,257,515	7,257,515
<b>Total income</b>		<b>363</b>	<b>13,443,066</b>	<b>13,443,429</b>	<b>1,442</b>	<b>8,579,995</b>	<b>8,581,437</b>
<b>EXPENDITURE ON:</b>							
<b>Raising funds</b>	5	-	(154,699)	(154,699)	-	(156,727)	(156,727)
<b>Charitable activities</b> (payments to beneficiaries)	18	(1,454,931)	-	(1,454,931)	(1,501,577)	-	(1,501,577)
<b>Support costs</b>	7	-	(79,305)	(79,305)	-	(82,812)	(82,812)
<b>Governance costs</b>	8	-	(13,574)	(13,574)	-	(15,383)	(15,383)
<b>Total expenditure</b>		<b>(1,454,931)</b>	<b>(247,578)</b>	<b>(1,702,509)</b>	<b>(1,501,577)</b>	<b>(254,922)</b>	<b>(1,756,499)</b>
Net gains on investments	11	(1,454,568)	13,195,488	11,740,920	(1,500,135)	8,325,073	6,824,938
		-	1,912,941	1,912,941	-	13,249,897	13,249,897
<b>NET INCOME/(EXPENDITURE)</b>		<b>(1,454,568)</b>	<b>15,108,429</b>	<b>13,653,861</b>	<b>(1,500,135)</b>	<b>21,574,970</b>	<b>20,074,835</b>
Transfers between funds	10	1,155,208	(1,155,208)	-	1,460,768	(1,460,768)	-
<b>NET MOVEMENT IN FUNDS</b>		<b>(299,360)</b>	<b>13,953,221</b>	<b>13,653,861</b>	<b>(39,367)</b>	<b>20,114,202</b>	<b>20,074,835</b>
<b>RECONCILIATION OF FUNDS</b>							
Fund balances brought forward at 1st January 2020		565,776	52,192,087	52,757,863	605,143	32,077,885	32,683,028
Fund balances carried forward at 31st December 2020		266,416	66,145,308	66,411,724	565,776	52,192,087	52,757,863

THE KING HENRY VIII ENDOWED TRUST, WARWICK

BALANCE SHEETS AT 31st December 2020

	Notes	GROUP		CHARITY	
		2020 £	2019 £	2020 £	2019 £
<b>FIXED ASSETS</b>					
Investments	11	<b>56,944,429</b>	30,629,965	<b>56,944,430</b>	30,629,966
<b>CURRENT ASSETS</b>					
Stock	12	-	2,295,576	-	-
Debtors: due after one year	13	-	-	-	7,261,581
Debtors: due within one year	14	<b>8,919,414</b>	14,023,288	<b>6,798,945</b>	5,553,747
Cash at bank and in hand		<b>9,300,147</b>	20,415,383	<b>2,951,932</b>	11,658,833
		<b>18,219,561</b>	36,734,247	<b>9,750,877</b>	24,474,161
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
	15	<b>(6,364,159)</b>	(7,684,543)	<b>(283,583)</b>	(2,346,264)
<b>NET CURRENT ASSETS</b>					
		<b>11,855,402</b>	29,049,704	<b>9,467,294</b>	22,127,897
<b>NET ASSETS</b>					
		<b>68,799,831</b>	59,679,669	<b>66,411,724</b>	52,757,863
<b>RESTRICTED FUNDS</b>					
Permanent Endowment Funds	17	<b>68,533,415</b>	59,113,893	<b>66,145,308</b>	52,192,087
Beneficiaries Income Fund	18	<b>266,416</b>	565,776	<b>266,416</b>	565,776
		<b>68,799,831</b>	59,679,669	<b>66,411,724</b>	52,757,863

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 2020

	GROUP		CHARITY	
	2020	2019	2020	2019
	£	£	£	£
<b>Statement of Cash Flows</b>				
Cash from operating activities:				
<b>Net cash provided by/(used in) operating activities</b>	<b>12,390,673</b>	9,686,474	<b>2,251,193</b>	(5,163,801)
Cash from investing activities:				
Dividends, interest and rents	<b>895,614</b>	1,157,154	<b>1,092,368</b>	1,323,922
Income from Subsidiary	-	-	<b>12,351,061</b>	7,257,515
Proceeds from sale of investments	<b>12,100,200</b>	8,783,928	<b>12,100,200</b>	8,783,928
Purchases of investments	<b>(36,501,723)</b>	(1,400,750)	<b>(36,501,723)</b>	(1,400,750)
<b>Net cash provided by investing activities</b>	<b>(23,505,909)</b>	8,540,332	<b>(10,958,094)</b>	15,964,615
Cash from financing activities:				
<b>Net cash from financing activities</b>	-	-	-	-
<b>Change in cash &amp; cash equivalents in year</b>	<b>(11,115,236)</b>	18,226,806	<b>(8,706,901)</b>	10,800,814
<b>Cash &amp; cash equiv. at the beginning of year</b>	<b>20,415,383</b>	2,188,577	<b>11,658,833</b>	858,019
<b>Cash and cash equivalents at the end of year</b>	<b>9,300,147</b>	20,415,383	<b>2,951,932</b>	11,658,833
<b>Reconciliation of Net Expenditure to Cash Flow from Operating Activities</b>				
Net income/(expenditure) for the year	<b>9,120,162</b>	17,703,016	<b>13,653,861</b>	20,074,835
Adjustments:				
(Gains)/Losses on Investments	<b>(1,912,941)</b>	(13,249,897)	<b>(1,912,941)</b>	(13,249,897)
Dividends, interest and rents	<b>(895,614)</b>	(1,157,154)	<b>(1,092,368)</b>	(1,323,922)
Income from Subsidiary	-	-	<b>(12,351,061)</b>	(7,257,515)
Decrease/(Increase) in stocks	<b>2,295,576</b>	(1,674,060)	-	-
Decrease/(Increase) in debtors	<b>5,839,167</b>	7,973,455	<b>6,016,383</b>	(5,556,113)
(Decrease)/Increase in creditors	<b>(2,055,677)</b>	91,114	<b>(2,062,681)</b>	2,148,811
<b>Net cash provided by/(used in) operations</b>	<b>12,390,673</b>	9,686,474	<b>2,251,193</b>	(5,163,801)
<b>Analysis of Cash and Cash Equivalents</b>				
Cash in hand	<b>9,300,147</b>	20,415,383	<b>2,951,932</b>	11,658,833
<b>Total cash &amp; cash equivalents</b>	<b>9,300,147</b>	20,415,383	<b>2,951,932</b>	11,658,833

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

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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, KH8 Limited, are consolidated on a line-by-line basis to produce the 'Group' numbers. KH8 Limited's accounting reference is 31<sup>st</sup> May, but the financial information within this report includes KH8 Limited results for the 12 months ended 31<sup>st</sup> December.

**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.

**Sundry income**

Sundry income in 2020 is compensation received from Western Power Distribution relating to power cables across the development land in KH8 Limited.

**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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

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**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.

**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 S Jobburn, 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

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**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 normally calculated as:

- 50% of the previous year's Appropriation increased in line with inflation (using CPI), plus
- 50% of the closing asset values for the prior year 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.

Following an unusual year in 2019, where it was calculated as 2018's Appropriation plus inflation, the calculation returned to normal for 2020, with the exception that the LTSDR was applied to the closing assets of the prior year plus the investments made in January 2020.

**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 Trustees 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 in KH8 Limited and the valuation of stock at the reporting date.

To determine the profit the Trustees have had to estimate the total eventual sales revenue from, any future development costs for, the land. 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. Now that all land has been sold the only variable is the eventual final cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

2 DIVIDENDS

	GROUP		CHARITY	
	2020	2019	2020	2019
	£	£	£	£
COIF Investment Fund	87,014	249,496	87,014	249,496
COIF Property Fund	51,130	61,850	51,130	61,850
Savills Charities Property Fund	44,339	48,131	44,339	48,131
Royal London Asset Management – cash funds	29,791	-	29,791	-
Listed investments	302,633	325,038	302,633	325,038
	<u>514,907</u>	<u>684,515</u>	<u>514,907</u>	<u>684,515</u>

3 INTEREST

	GROUP		CHARITY	
	2020	2019	2020	2019
	£	£	£	£
Banks	31,010	3,806	15,433	3,806
Managing agents	-	32	-	32
On Sale of property	-	4,884	-	4,884
Europa Way Consortium members	3,925	48,381	-	-
Interest on Loan to Subsidiary	-	-	216,256	266,858
	<u>34,935</u>	<u>57,103</u>	<u>231,689</u>	<u>275,580</u>

4 OTHER TRADING ACTIVITIES

	GROUP		CHARITY	
	2020	2019	2020	2019
	£	£	£	£
Land sales	16,280,124	8,384,753	-	-
	<u>16,280,124</u>	<u>8,384,753</u>	<u>-</u>	<u>-</u>

5 COST OF RAISING FUNDS – Re INVESTMENTS

	GROUP		CHARITY	
	2020	2019	2020	2019
	£	£	£	£
Property management expenses	12,853	9,791	12,853	9,791
Investment management expenses	141,846	146,936	141,846	146,936
	<u>154,699</u>	<u>156,727</u>	<u>154,699</u>	<u>156,727</u>

Investment management expenses includes: stockbrokers fees, fees and costs charged within the CCLA COIFs and the Savills Charities Property Investment Fund and strategic management. The stockbroker has a discretionary management role and only charges a fee. There are no capital transaction charges netted off against purchases or sales.

The investment management expenses now include fees for strategic advice, which until 2019 were in Support Costs. The 2019 costs have been amended to reflect this.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

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

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£</b>	£	<b>£</b>	£
Cost from Sale re land sales	<b>9,164,332</b>	3,315,974	-	-
	<b>9,164,332</b>	3,315,974	-	-

**7 SUPPORT COSTS**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£</b>	£	<b>£</b>	£
Administration fees	<b>75,300</b>	76,984	<b>68,997</b>	72,228
Sundry expenses	<b>10,455</b>	10,724	<b>10,308</b>	10,584
	<b>85,755</b>	87,708	<b>79,305</b>	82,812

Until 2019 investment management expenses were included in Administration Fees. They are now in Cost of Raising Funds – re Investments. The 2019 costs have been amended to reflect this.

**8 GOVERNANCE COSTS**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£</b>	£	<b>£</b>	£
Auditors’ remuneration – for audit	<b>18,700</b>	21,229	<b>11,800</b>	12,363
Auditors’ remuneration – for taxation compliance	<b>1,840</b>	2,554	-	-
Trustees’ indemnity insurance	<b>1,749</b>	1,749	<b>1,749</b>	1,749
Trustees’ meeting costs	<b>25</b>	1,270	<b>25</b>	1,271
	<b>22,314</b>	26,802	<b>13,574</b>	15,383

**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 (2019: Nil).

**10 TRANSFERS BETWEEN FUNDS**

The Beneficiaries Income Fund transfer of £1,155,208 (2019: £1,460,768) 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 2020

11 INVESTMENTS – GROUP

	Properties £	COIF investments £	Savills investments £	Listed investments £	RLAM £	Cash £	Total 2020 £	Total 2019 £
Market value at 1st January 2020	7,026,820	7,716,399	1,034,830	11,202,425	-	3,649,491	30,629,965	24,763,246
Acquisitions at cost	-	18,118,051	-	14,183,672	4,200,000	-	36,501,723	1,400,750
Sales proceeds from disposals	-	(7,738,051)	-	(2,172,734)	-	-	(9,910,785)	(12,008,150)
(Decrease)/increase in cash	-	-	-	-	-	(2,189,415)	(2,189,415)	3,224,222
Realised (losses)/gains in the year	-	(1,441,720)	-	(116,905)	-	-	(1,558,625)	10,647,603
Unrealised (losses)/ gains in the year	(71,000)	3,199,438	(26,679)	369,204	603	-	3,471,566	2,602,294
<b>Market value at 31st December 2020</b>	<b>6,955,820</b>	<b>19,854,117</b>	<b>1,008,151</b>	<b>23,465,662</b>	<b>4,200,603</b>	<b>1,460,076</b>	<b>56,944,429</b>	<b>30,629,965</b>
<b>Historical Cost</b>				<b>20,305,382</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 2020 in accordance with the RICS Appraisal and Valuation Manual (The Red Book). The previous revaluation was carried out at 31st December 2019. There are no properties that exceed 5% of the total investment value.

COIF, Savills and Royal London Asset Management investments are stated at market value at 31st December 2020 as provided by the fund managers.

Listed investments are stated at market value at 31st December 2020 as provided by Quilter Cheviot, stockbroker. £14,822,835 is invested in investments in the UK and £8,642,827 in investments overseas.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

11 INVESTMENTS - CHARITY

	Properties £	COIF investments £	Savills investments £	Listed investments £	RLAM investments £	Investment in Subsidiary £	Cash £	Total 2020 £	Total 2019 £
Market value at 1st January 2020	7,026,820	7,716,399	1,034,830	11,202,425	-	1	3,649,491	30,629,966	24,763,247
Acquisitions at cost	-	18,118,051	-	14,183,673	4,200,000	-	-	36,501,724	1,400,750
Sales proceeds from disposals	-	(7,738,051)	-	(2,172,734)	-	-	-	(9,910,785)	(12,008,150)
(Decrease)/Increase in cash	-	-	-	-	-	-	(2,189,415)	(2,189,415)	3,224,222
Realised (losses)/gains in the year	-	(1,441,720)	-	(116,905)	-	-	-	(1,558,625)	10,647,603
Unrealised (losses)/ gains in the year	(71,000)	3,199,438	(26,679)	369,203	603	-	-	3,471,565	2,602,294
<b>Market value at 31st December 2020</b>	<b>6,955,820</b>	<b>19,854,117</b>	<b>1,008,151</b>	<b>23,465,662</b>	<b>4,200,603</b>	<b>1</b>	<b>1,460,076</b>	<b>56,944,430</b>	<b>30,629,966</b>
<b>Historical Cost</b>				<b>20,305,382</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 2020

12 STOCK

	GROUP		CHARITY	
	2020	2019	2020	2019
	£	£	£	£
Development land held for sale	-	2,295,576	-	-
	<u>-</u>	<u>2,295,576</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>2,295,576</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

13 DEBTORS : AMOUNTS FALLING DUE AFTER ONE YEAR

	GROUP		CHARITY	
	2020	2019	2020	2019
	£	£	£	£
Loan to Subsidiary	-	-	-	7,261,581
	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,261,581</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>7,261,581</u></u>

14 DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		CHARITY	
	2020	2019	2020	2019
	£	£	£	£
Debtors	8,169,713	12,004,402	29,651	5,467,166
Accrued Income	42,919	106,009	22,098	81,927
Prepayments	4,651	4,654	4,651	4,654
Solicitor's client account	-	970,147	-	-
VAT	702,131	938,076	-	-
Loan to Subsidiary	-	-	6,742,545	-
	<u>8,919,414</u>	<u>14,023,288</u>	<u>6,798,945</u>	<u>5,553,747</u>
	<u><u>8,919,414</u></u>	<u><u>14,023,288</u></u>	<u><u>6,798,945</u></u>	<u><u>5,553,747</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.

15 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		CHARITY	
	2020	2019	2020	2019
	£	£	£	£
Trade Creditors	1,219,535	1,496,841	1,598	648
VAT	16,002	2,187,738	16,002	2,187,738
Amounts owed to other charities	1,680,480	3,832,695	-	-
Grants to beneficiaries	160,868	66,915	160,868	66,915
Accruals	1,343,460	100,354	105,115	90,963
Other Creditors	1,943,814	-	-	-
	<u>6,364,159</u>	<u>7,684,543</u>	<u>283,583</u>	<u>2,346,264</u>
	<u><u>6,364,159</u></u>	<u><u>7,684,543</u></u>	<u><u>283,583</u></u>	<u><u>2,346,264</u></u>

Other Creditors is forecast future costs included in the Stock calculation in respect of the land development in KH8 Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

16 FINANCIAL INSTRUMENTS

	GROUP		CHARITY	
	2020	2019	2020	2019
	£	£	£	£
<b>Financial assets measured at fair value through the Statement of Financial Activities</b>				
Investments	<b>48,528,533</b>	19,953,654	<b>48,528,533</b>	19,953,654
Loan	-	-	<b>6,742,545</b>	7,261,581
Debtors	<b>8,919,414</b>	12,044,402	<b>29,651</b>	5,467,165
Cash	<b>10,760,223</b>	24,064,875	<b>4,412,008</b>	15,308,325
	<b>68,208,170</b>	56,062,931	<b>59,712,737</b>	47,990,725
<b>Financial liabilities measured at fair value through the Statement of Financial Activities</b>				
Creditors	<b>2,916,017</b>	7,517,274	<b>17,600</b>	2,188,386
	<b>2,916,017</b>	7,517,274	<b>17,600</b>	2,188,386



THE KING HENRY VIII ENDOWED TRUST, WARWICK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

17 PERMANENT ENDOWMENT FUND

	Original gift £	Unapplied total return £	GROUP Total 2020 £	Total 2019 £	Original gift £	Unapplied total return £	CHARITY Total 2020 £	Total 2019 £
Balance at 1st January	338,281	58,775,612	59,113,893	41,371,510	338,281	51,853,806	52,192,087	32,077,885
Net incoming/(outgoing) resources before transfers		8,661,789	8,661,789	5,953,254		13,195,488	13,195,488	8,325,073
Gains/(loss) on investments		1,912,941	1,912,941	13,249,897		1,912,941	1,912,941	13,249,897
Applied income for the year		(1,155,208)	(1,155,208)	(1,460,768)		(1,155,208)	(1,155,208)	(1,460,768)
<b>Balance at 31st December</b>	<b>338,281</b>	<b>68,195,134</b>	<b>68,533,415</b>	<b>59,113,893</b>	<b>338,281</b>	<b>65,807,027</b>	<b>66,145,308</b>	<b>52,192,087</b>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

18 BENEFICIARIES INCOME FUND – GROUP & CHARITY

	Balance at 1st January 2020 £	Appropriation for year £	Interest received £	Approved for payment in year £	Balance at 31st December 2020 £
<b>Warwick Anglican Churches</b>					
Housing allowances:					
- Parish of St Michael	-	7,067		(7,067)	-
- Parish of St Paul	-	7,067		(7,067)	-
- Parish of All Saints	-	7,067		(7,067)	-
- Parish of St Nicholas	-	7,067		(7,067)	-
Stipends:					
- Vicar of St Michael	-	38,767		(38,767)	-
- Vicar of St Paul	-	38,959		(38,959)	-
- Vicar of All Saints	-	38,983		(38,983)	-
- Vicar of St Mary	-	38,950		(38,950)	-
- Vicar of St Nicholas	-	39,150		(39,150)	-
The Coventry Diocesan Board of Finance Limited	-	223,077		(223,077)	-
PCC of St Michael	-	40,105		(40,105)	-
PCC of St Paul	-	40,105		(40,105)	-
PCC of All Saints	(52)	40,105		(40,053)	-
PCC of St Mary	-	107,976		(107,976)	-
PCC of St Nicholas	-	40,105		(40,105)	-
Project Pool	196,349	86,132		(175,512)	106,969
Warwick Anglican Churches - Total	196,297	577,605		(666,933)	106,969
Warwick Independent Schools Foundation	123,987	346,562		(470,549)	-
Warwick Town	245,492	231,041	363	(317,449)	159,447
	565,776	1,155,208	363	(1,454,931)	266,416

Stipends paid above include: Pension contributions £49,172 (2019: £48,199) and National Insurance & Apprenticeship Levy £11,297 (2019: £10,784).

At 31st December 2020 grants totalling £160,868 (2019: £67,858) have been approved but remain unpaid. These have been provided for in creditors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

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	2,375
Aylesford Primary School	4,704
Aylesford Secondary School	9,890
Budbrooke Primary School	2,000
Chase Meadow Community Centre	14,598
Citizens Advice – South Warwickshire	10,000
Coten End Primary School	3,000
Cruse Bereavement Care	3,000
Evergreen School	3,000
Friendship Project for Children	3,500
Heathcote Parish Church	60,000
Heathcote Primary School	2,000
Helping Hands Community Project	4,365
Myton Hospice	36,900
Myton School	12,400
Newburgh Primary School	3,000
New Hope Counselling	6,000
New Life Church	10,980
Oken & Eyffler Charity (Springfield Mind))	20,000
Playbox Theatre Company	4,500
Relate – Coventry & Warwickshire	3,000
Safeline	5,000
St Mary Immaculate Catholic Primary School	7,000
Warwick Apprenticing Charities	30,000
Warwick Boat Club	2,520
Warwick District Foodbank	4,745
Warwick LEA School Pupils – Summer Activities	2,750
2 <sup>nd</sup> Warwick Sea Scouts	24,460
Warwick Sports Club	6,172
Warwick Town Council	3,000
Warwickshire Ambulance Association	1,000
Westgate Primary School	2,000
Woodloes Primary School	3,000
<i>2 Other Grants of less than £1000 each</i>	850
	<hr/> 311,709
<b>Individuals Grants</b>	
3 Grants to individuals	5,740
	<hr/> <b>317,449</b> <hr/>

There were £66,915 grants awarded but not paid at 31st December 2019. Of these, in 2020 £23,933 were paid, grants were reduced by £935 and £42,047 remained outstanding at 31st December 2020.

Total Grants awarded and paid in 2020 were £199,563 and total grants awarded in 2020 but outstanding at 31st December 2020 were £118,821.

THE KING HENRY VIII ENDOWED TRUST, WARWICK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

		<b>Fixed asset</b>	<b>Net Current</b>	<b>GROUP</b>		<b>Fixed asset</b>	<b>Net Current</b>	<b>CHARITY</b>	
	<b>Note</b>	<b>investments</b>	<b>assets</b>	<b>Total</b>	<b>Total</b>	<b>investments</b>	<b>assets</b>	<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>2020</b>	<b>2019</b>	<b>£</b>	<b>£</b>	<b>2020</b>	<b>2019</b>
				<b>£</b>	<b>£</b>			<b>£</b>	<b>£</b>
Permanent Endowment Fund	17	<b>56,944,429</b>	<b>11,588,986</b>	<b>68,533,415</b>	59,113,893	<b>56,944,430</b>	<b>9,200,878</b>	<b>66,145,308</b>	52,192,087
Beneficiaries Income Fund	18	-	<b>266,416</b>	<b>266,416</b>	565,776	-	<b>266,416</b>	<b>266,416</b>	565,776
		<u><b>56,944,429</b></u>	<u><b>11,855,402</b></u>	<u><b>68,799,831</b></u>	<u>59,679,669</u>	<u><b>56,944,430</b></u>	<u><b>9,467,294</b></u>	<u><b>66,411,724</b></u>	<u>52,757,863</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31st December 2020**

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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.

During the year two trustees, Mr Jobburn 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 2020. 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**

There are no post balance sheet events.

THE KING HENRY VIII ENDOWED TRUST, WARWICK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2020

**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).

	2020 £	2019 £
Income	16,280,124	8,384,753
Cost of Sales	(9,164,332)	(3,315,974)
Administrative expenses	(15,187)	(16,316)
	<hr/>	<hr/>
<b>OPERATING PROFIT</b>	<b>7,100,605</b>	<b>5,052,463</b>
<b>Interest Receivable</b>	<b>19,502</b>	48,381
Sundry Income	<b>913,514</b>	51,709
<b>Interest Payable</b>	<b>(216,256)</b>	(266,858)
	<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>7,817,365</b>	4,885,695
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>7,817,365</b>	4,885,695
	<hr/> <hr/>	<hr/> <hr/>
	<b>2020 £</b>	<b>2019 £</b>
<b>CURRENT ASSETS</b>		
Cash	<b>6,348,216</b>	8,756,550
Stock	-	2,295,576
Debtors	<b>8,863,014</b>	8,469,541
	<hr/>	<hr/>
	<b>15,211,230</b>	19,521,667
<b>CREDITORS:</b> Amounts falling due within one year	<b>(12,823,121)</b>	(12,599,862)
	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>	<b>2,388,109</b>	6,921,805
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>2,388,109</b>	6,921,805
	<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	<b>1</b>	1
Profit and loss account	<b>2,388,108</b>	6,921,804
	<hr/>	<hr/>
<b>SHAREHOLDERS' SURPLUS</b>	<b>2,388,109</b>	6,921,805
	<hr/> <hr/>	<hr/> <hr/>