

The Joseph
Rowntree
Charitable Trust **16**
Annual
Report
2016



“We are a grant-making Quaker trust. We support people who address the root causes of conflict and injustice.”

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Foreword from the Chair

The Quaker identity of the Joseph Rowntree Charitable Trust has been considered throughout our work in 2016. Our shared Quaker value-base influences the Trust's priorities and encourages us to direct funds to those causes and groups as we judge 'right', rather than being overly influenced by concerns about reputation or fashions of the moment. Working from an explicit shared value base has helped us support individuals and organisations in troubled times and in the breadth and depth of their work that you will read about in this report.

At our best, we strive in all our dealings (as a grant-maker, employer, investor) to live out our values – treating others with respect, acting with integrity, speaking truth with love. At our best, our processes are informed by head and heart and soul – rational analysis, emotional response and deeper insight. Of course, we sometimes fall short of these ideals, individually and corporately, but we have been working as a Trustee Board this year to re-examine, in particular, how we reach our decisions and how we communicate our work effectively.

We have been helped in our work by welcoming new talents to the Trust as we confirmed David Newton, Huw Davies and John Fitzgerald's appointment as trustees after completion of their 'sitting in' year. We were glad to welcome Linda Batten back to the Board after her sabbatical travels. Janet Slade joined us in the second half of the year as a 'sitting in' trustee. We celebrated the service of Peter Coltman following his retirement from the Board. His sparky comments and breadth of vision will be missed by trustees, and his deep commitment and warmth will be missed by the individuals and organisations we support.

Fresh insights and expert knowledge strengthened our committees this year, with the arrival of new co-optees Jonathan Heawood (Power and Accountability), Mohammed Aziz (Rights and Justice), Harmonie Toros (Peace and Security) and Stephen Beer, Alan Goodman and Olivia Macdonald (Investment). We were immensely grateful for the time, skills and knowledge contributed by departing co-optees Judith Large (Peace and Security) and Bill Seddon (Investment).

The Trust's work could not be delivered without a cohort of exceptionally able and committed staff. We said goodbye to Celia McKeon (Assistant Trust Secretary) with mixed emotions – delight that she will be developing her work on 'rethinking security' and sorrow to lose her sensitivity, skills and understanding in our work on Peace and Security, and in Northern Ireland. We were glad to welcome David Magee as Assistant Trust Secretary at the end of the year to work on these programmes.

Helen Carmichael

Reflections from the Trust Secretary

In 2016, trustees and staff took time to reflect on how we best work together and draw on elements of Quaker decision making methods. We noted that:

“Good Quaker process needs both light and depth. We should encourage people to speak honestly, whether from the head or the heart, and to speak and to listen to each other in love”.

The same could be said to apply in all of our work. In responding to inquiries, in working with grantees and suppliers, and in our internal meetings, personal relationships matter as well as formal processes. Many of our grantees are undertaking difficult work: protecting rights, mediating conflict or advocating change – sometimes in the face of considerable opposition and often on slender resources. Within the limits of a small staff team, we aim to walk alongside those that we fund, as a supporter and critical friend where needed. During the year, we also made some further changes to our grant processes, striving to make them simpler, clearer and more relational.

In March, we completed a gender audit of the Trust’s work. This exercise has led us to new conversations and new insights about power and process. We are exploring ways to deepen this discussion internally, and to broaden it out to those that we work with. As one example, we have brought together our investment managers with grantees to explore how progress towards gender equality could be accelerated in the investment management industry.

In May, the Charity Commission published its final report into the grants made by the Trust to Cage in 2007, 2008 and 2011. The Commission’s long and detailed report makes it clear that our trustees acted in good faith, and that the grants were made to further our charitable purposes. There is no evidence that any funds have been misused. We are pleased that the Charity Commission’s enquiries have now finally concluded and that no further regulatory action is planned.

At the final board meeting of the year, trustees took the decision to increase our grant spend by £1 million in each of the next two calendar years. This was a decision of the head, based on good investment returns and an assessment of affordability; it was also a decision of the heart, wishing to support more excellent work that is needed now.

It has been a pleasure in 2016 to work with trustees both new and experienced, including the new chairing team. As ever, I remain grateful to my staff colleagues, both new and experienced, for all their work for the Trust.

Looking ahead, we already know that 2017 brings fresh challenges and opportunities. Amongst our internal objectives are completing our grant process review, joining the 360Giving transparency scheme, considering the best use of our building, and organising a Trust wide event on gender and power.

Nick Perks



“There may be no better way of advancing the objects one has at heart than to strengthen the hands of those who are effectively doing the work that needs to be done.”

Trustees' annual report

Governance and management

The Joseph Rowntree Charitable Trust is a charity registered in England and Wales, number 210037. Founded in 1904, the Trust's governing document is a deed of variation dated 18 November 2006 of a declaration of trust dated 6 November 1939, as amended in 1968, 1990 and 1998.

A board of up to fourteen individual trustees, all members of the Religious Society of Friends (Quakers), governs the Trust. Trustees retire at age 72 or after twenty years of service unless specifically asked to serve for longer. The Chair and two Vice-chairs are appointed by trustees and serve a five-year term, open for renewal for one further term.

Trustee recruitment draws on some elements of Quaker nominations practice and has been refined by the Trust over a number of previous rounds of recruitment. Recruitment is initiated by the Trust Board, which decides on the number of trustees we are seeking to appoint and the skills and qualities that we are seeking, bearing in mind the need to maintain a balance of perspectives and experience, a balance of ages, and of men and women.

The recruitment process is overseen by a small Search Group of trustees, supported by staff. Trustee vacancies are generally advertised, but the Trust may also seek recommendations or approach potential trustees directly, for example to attract individuals with relevant skills. All potential trustees are required to provide a written expression of interest, a CV and references.

New trustees undergo a full induction process. They are provided with information including recent accounts, a copy of the Trust Deed and copies of relevant Charity Commission publications. New trustees are only appointed after sitting in on Trust business for a year and participating in a clearness process. All trustee appointments are made by the full Trust Board.

Trustees are offered opportunities for training and development and meet with the Trust chair every three years for a review.

Trustees meet as a full Trust Board four times a year. These meetings include an opportunity for trustees to meet without staff for part of the meeting. Trustees are also involved in the assessment of grants through programme committees (see risk management on page 28), and oversee the Trust's investments and operations through the Trust's investment and personnel and administration committees respectively.

The trustees are supported in their role by staff and also take external advice when required. Day-to-day administration of the Trust is delegated to the Trust Secretary working as part of a staff team of five full-time and nine part-time staff. A written scheme of delegation is maintained.

Conflicts of interest and related parties

The Trust has a written conflict of interest policy for trustees, co-optees, staff and advisors in line with statutory guidance and the Trust Deed. More information about related parties is set out in note 9 of the financial statements.

Objects and activities

Joseph Rowntree, the Quaker businessman and philanthropist, established the Trust in 1904 “for such charitable purposes or objects and in such manner as the trustees shall in their uncontrolled discretion think fit”.

Within these broad formal objects, trustees have considered how best the charity can apply its resources for public benefit. In doing so, the trustees have paid due regard to the guidance published by the Charity Commission under section 4 of the Charities Act 2011.

The Trust primarily advances its objects through making grants to charities and other not-for-profit organisations. This is rooted in Joseph Rowntree’s insight that “*there may be no better way of advancing the objects one has at heart than to strengthen the hands of those who are effectively doing the work that needs to be done*”. Trustees desire to empower others with the resources that we have, rather than to hold that power to ourselves.

Joseph Rowntree also stressed the importance of seeking out “*the underlying causes of weakness or evil in the community*” rather than “*remedying their more superficial manifestations*”. This guidance, together with a judgement on where the Trust can have the greatest impact, has led trustees primarily to fund policy or campaigning work, rather than the delivery of direct services.

The Trust’s independent resources and governance mean that trustees are able to support organisations working on controversial or unpopular issues, or tackling intractable problems. The issues on which the Trust makes grants are informed by enduring Quaker values and concerns, including peace, equality, simplicity, and truth and integrity in public affairs.

In addition to making grants, the Trust seeks to further its charitable aims for the public benefit by providing additional support to grant recipients, occasionally commissioning research or other activity in the areas in which we fund, and through aspects of our investment programme.

Trustees have summarised this strategy in our current statement of purpose:

We are a Quaker trust which supports people who address the root causes of conflict and injustice.

Although the detail of Trust funding programmes may change from year to year, trustees believe that significant change takes time, and that long-term involvement in a field allows the Trust to build up internal expertise and external relationships, which in turn help the Trust to make effective and informed grant decisions. Grants are currently made under five

programme headings: Peace and Security, Power and Accountability, Rights and Justice, Sustainable Future and Northern Ireland.

The Trust primarily funds in the UK, reflecting our location and heritage and our scale of operation. The Trust also makes some grants at the pan-European level, recognising that UK and EU policies and practices influence each other, and that many of the issues on which we work cross national boundaries.

The Trust's strategy was last comprehensively reviewed in 2013. Under the Trust Deed, trustees are required to review the future of the Trust every ten years. The next such decennial review falls in 2018.

Activities in 2016

Grant programmes

During the year, the Trust completed the planned closure of two long-running programmes. Existing grantees were given extensive notice of these changes, with additional funding and consultancy support provided in many cases. We appreciate that for some groups, no level of transitional support can entirely mitigate the end of JRCT funding. Other grantees have had success in attracting new or additional funds from other sources.

Our West Yorkshire Racial Justice programme was launched in 1993 and for nearly 25 years has provided funding and development support to groups in West Yorkshire promoting racial justice. Latterly, the Trust supported a number of organisations through a more intensive 'grant-plus' initiative, promoting race equality, tackling Islamophobia and building the capacity of the funded groups. The programme concluded in March 2016, with an event, booklet and short video produced by grantees.

In 1994, recognising the importance of North-South dimensions to the Northern Ireland conflict and the efforts to resolve it, the Trust opened an additional funding stream in Ireland. Since then, the Trust has supported many excellent organisations working for rights and justice in Ireland. The decision to close this programme was particularly difficult, as there are few other independent trusts or foundations operating in Ireland. An event to mark the closure of the programme and to share reflections on two decades of funding for social justice was held in November in Dublin.

Grant-making

JRCT aims to be a responsive funder. This includes being open to applications from a broad range of individuals and groups, having an accessible and proportionate assessment process, and making and communicating decisions promptly.

Guidelines on the Trust's funding priorities and how to apply for funds are made freely available on our website (www.jrct.org.uk). Staff are available to advise on eligibility and answer other queries. The format for applications aims to provide the Trust with sufficient information to make an informed decision, without requiring applicants to complete an inflexible or lengthy application form.

The Trust has three grant rounds per year. A total of 428 applications were received in 2016, a slight increase on the previous year. The longest time between the deadline for applications and grant decisions was 16 weeks.

During the year, changes were made to our administrative processes that mean the majority of unsuccessful applicants are now told the result of their application more quickly – typically within one month.

Evidence suggests that unrestricted or core support are generally the most effective kind of grants. During the year we revised our guidance to actively encourage charities whose work falls entirely within our programme goals to apply for unrestricted funding in future. We also revised and clarified our application guidance for non-charities.

The amount spent on the different programme areas in 2016 is given on page 13, and grants made by the Trust in 2016 are listed individually on pages 15 to 22.

Monitoring, support and learning

The Trust seeks to be a supportive funder, and to ensure that grants are used effectively and for the charitable purposes for which the funds have been given. We keep formal reporting requirements simple and value regular contact with grantees as part of our monitoring processes. Staff aim to meet with grantees annually or as needed. On occasion, we provide access to legal or communications advice.

The Trust asks all grantees to complete a closing report on each grant to help us understand the impact of the work we have funded and to help us learn and improve as a grant-making trust. All closing reports are fed back to trustees, and common themes arising from such reports are identified and reviewed.

From time to time, we also convene grantees to strengthen networking, to benefit from external input, or to help the Trust reflect on its own practice and priorities.

Grant committees held a number of learning sessions during the year, typically including current or recent grantees, representatives of other funders and / or independent experts, either as speakers or participants. Topics covered in these events included movement building (Rights and Justice Committee) and challenging consumerism (Sustainable Future Committee).

In 2016, Peace and Security Committee considered the findings of an external evaluation of our support for groups working on nuclear disarmament. The report highlighted the significant role that JRCT funding had played in sustaining and informing public and policy debate on nuclear weapons in the UK, including key issues such as potential safety issues at

UK nuclear sites and vulnerabilities of the missile system to new technologies. The evaluation also highlighted that, although parliament has voted for replacement of the current Trident submarine fleet, decisions on individual elements of the nuclear programme, as well as the ongoing relevance and risks of nuclear weapons in a changing world, deserve continuing scrutiny. The Peace and Security grants policy was updated to reflect the findings of the review.

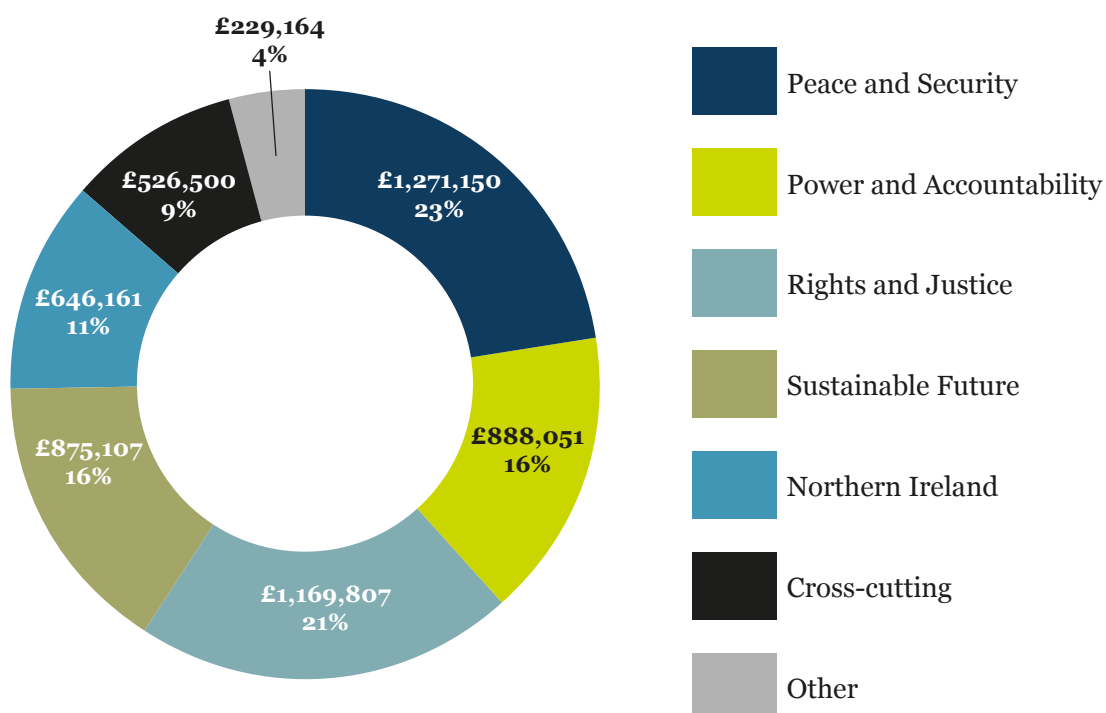
The Trust seeks to share learning with others through membership of a number of UK and European philanthropic networks and through our website and other communications.

2016 grants in figures

Breakdown of programme grants

Grant expenditure	2016 Grants £	2016 Number of grants
Peace and Security	1,271,150	19
Power and Accountability	888,051	18
Rights and Justice	1,169,807	17
Sustainable Future	875,107	16
Northern Ireland	646,161	12
Cross-cutting	526,500	9
Other	229,164	3
	5,605,940	94

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Ten largest grants in 2016

Organisation	Amount	Months	Programme
Friends World Committee for Consultation, Europe and Middle East Section	£180,000	36	Other
LSE, Democratic Audit	£165,000	36	Power and Accountability
Nuclear Information Service	£159,000	36	Peace and Security
International Fellowship of Reconciliation	CHF 219,945	36	Peace and Security
Healing Through Remembering	£145,000	36	Northern Ireland
War Resisters' International	£133,980	36	Peace and Security
Conflict Resolution Services (Ireland)	£120,200	24	Northern Ireland
RightsInfo	£120,000	36	Rights and Justice
Reprieve	£120,000	36	Peace and Security
City of Sanctuary	£120,000	36	Rights and Justice

The Trust's ten largest grants represent 25% of the total funds approved

Grants made in 2016

Peace and Security programme

As a Quaker trust, we believe that peace and security are built on values of equality, human rights, justice and environmental sustainability. We believe that sustainable peace cannot be achieved through the use of armed violence, which results in countless deaths, long-term physical and mental injury, human rights violations and curtailment of civil liberties, displaced populations, economic damage and impoverishment, and environmental harm.

We seek a shift in the UK defence and security paradigm away from highly militarised and “securitised” responses towards a new approach based on participatory and accountable governance, human rights, non-violence, diplomacy and mediation, and environmental sustainability.

Grants made

Airwars.org, £80,000, 24 months. Monitoring and accountability, airwars.org

British American Security Information Council (BASIC), £70,000, 24 months. Core costs, www.basicint.org

The Bureau of Investigative Journalism, £29,000, 12 months. Drones – Naming the Dead: Afghanistan, www.thebureauinvestigates.com

Crisis Action, £69,000, 36 months. Building proactive coalitions for peace (2016–2019), www.crisisaction.org

Every Casualty Worldwide, £90,000, 36 months. Core costs, www.everycasualty.org

Forces Watch, £67,000, 24 months. Critical awareness work, www.forceswatch.net

Hawthorn Press, £7,500, 24 months. Adam Curle anthology, www.hawthornpress.com

International Coalition to Ban Uranium Weapons, £15,000, 12 months. Project costs for environmental monitoring in conflict, www.icbuw.org

International Fellowship of Reconciliation, CHF219,945, 36 months. Conscientious objection, www.ifor.org

Leeds Beckett University, £2,880, 8 months. Nonviolent peacekeeping, www.leedsbeckett.ac.uk

Medact, £25,000, 12 months. ICAN UK, www.medact.org, www.uk.icanw.org

Nonviolence Bibliography Support Group, £13,500, 36 months. Online Guide to Civil Resistance, www.civilresistance.info

Nuclear Information Service, £159,000, 36 months. Nuclear Information Networking project, www.nuclearinfo.org

Reprieve, £120,000, 36 months. Accountability for and scrutiny of counter-terrorism approaches, www.reprieve.org.uk

Saferworld, £80,290, 24 months. After the divorce: obeying EU arms transfer rules post-Brexit, www.saferworld.org.uk

Situations, £26,000, 15 months. Project costs for engagement and events programme, www.situations.org.uk

Trust for Research and Education on the Arms Trade (TREAT), £30,000, 24 months. ENAAT EU research programme, www.treat-research.org.uk

Verification Research, Training and Information Centre, £105,000, 36 months. Core costs, www.vertic.org

War Resisters' International, £133,980, 36 months. The Right to Refuse to Kill programme, www.wri-irg.org

Power and accountability programme

We want to support people to create a world in which power is more equally shared, and in which powerful institutions are responsive and accountable to wider society and aligned with the long-term public interest.

Grants made

Association of Member Nominated Trustees, £37,500, 12 months. Red Line Voting, www.amnt.org

Centre for Investigative Journalism, £29,495, 12 months. Training for community journalists, www.tcij.org

CORE Coalition, £90,000, 36 months. Corporate accountability and access to justice, www.corporate-responsibility.org

Crick Centre, University of Sheffield, £50,000, 12 months. Designing for Democracy, www.crickcentre.org

Paul Dorfman, £40,000, 24 months. Nuclear consulting group, www.nuclearconsult.com

Fair Tax Mark, £45,000, 12 months. Promoting the Fair Tax Mark, www.fairtaxmark.net

InfluenceMap CIC, £50,000, 12 months. EU ETS and EU transport policy, www.influencemap.org

London School of Economics & Political Science, £165,000, 36 months. Democratic Audit, www.democraticaudit.com

Justin Moore, £9,297, 12 months. The UK's impact on poorer countries

The Politics Project, £26,040, 8 months. Digital Surgeries, www.thepoliticsproject.org.uk

Scottish PEN, £40,000, 24 months. Core costs, www.scottishpen.org

The Social Change Agency, £40,950, 18 months. Review of digital campaigning, www.thesocialchangeagency.org

St Chad's College, Durham University, £40,000, 12 months. Who runs the North East now? www.stchads.ac.uk/research

three 4 all theatre, £1,000, single grant. A play about Ada and Alfred Salter, www.alisonmead.com

Transparency International (UK), £90,000, 36 months. Core costs, www.transparency.org.uk

UK Citizens Online Democracy (mySociety), £20,000, 12 months. Expanding the reach and inclusion of mySociety's UK websites, www.mysociety.org

University of York, £88,419, 24 months. Corporate welfare project, www.corporate-welfare-watch.org.uk

Voice of the Listener & Viewer Ltd, £25,350, 12 months. Core costs, www.vlv.org.uk

Rights and Justice programme

As part of the Quaker tradition, JRCT is committed to the creation of a world that guarantees equal treatment for all people. JRCT is concerned that the rights of vulnerable and marginalised communities are being eroded, particularly Black and Minority Ethnic communities, migrants and refugees. We believe that equality and human rights play a vital role in protecting the most vulnerable and in turn benefit society. We need to grow public support and empathy for the rights of vulnerable racial and religious minorities, to hold governments to account and to strengthen the hand of those advocating with and for these communities.

Grants made

Bail for Immigration Detainees, £105,000, 36 months. Policy and research work, www.biduk.org

British Future, £10,000, 6 months. Winning coalitions for change, www.britishfuture.org

City of Sanctuary, £120,000, 36 months. Ordinary People Extraordinary Lives project (OPEL), www.cityofsanctuary.org

Coalition for Racial Equality and Rights, £108,000, 36 months. Parliamentary Officer, www.crer.org.uk

Criminal Justice Alliance, £22,480, 24 months. Ending unfair use of stop-and-search, www.criminaljusticealliance.org.uk

European Citizen Action Service, €27,000, 8 months. 5 Takeaways on Brexit: possible scenarios for a new UK-EU relationship, www.ecas.org

European Network Against Racism, €135,000, 36 months. Core support 2017–2019, www.enar-eu.org

Global Dialogue, £20,000, 24 months. Migration Exchange, www.global-dialogue.eu

Institute of Race Relations, £112,500, 36 months. Core costs, www.irr.org.uk

JUST West Yorkshire, £60,000, 36 months. Islamophobia and counter-terrorism, www.justyorkshire.org.uk

Maternity Action, £35,400, 24 months. Policy, advocacy and campaigning project, www.maternityaction.org.uk

Migrants Organise, £60,000, 24 months. National migrant community organising project, www.migrantsorganise.org

Migration Observatory at the University of Oxford, £22,210, 12 months. EU referendum project, www.migrationobservatory.ox.ac.uk

Refugee Action, £119,777, 36 months. Public campaign for the rights of asylum seekers, www.refugee-action.org.uk

René Cassin, £8,500, 12 months. Countering discrimination of Gypsy, Roma and Travellers, www.renecassin.org

RightsInfo, £120,000, 36 months. Core costs, www.rightsinfo.org

Zahid Mubarek Trust, £105,000, 36 months. Independent scrutiny project, www.thezmt.org

Sustainable Future programme

Climate change caused by human activity is threatening the well-being of humanity. The wealthiest countries and individuals are responsible for a disproportionate share of emissions, whilst the poorest countries and sections of society are the most vulnerable to the impacts of climate change.

Similarly, our use of natural resources is unsustainable and unjust. Technological change is essential but not sufficient; fundamental changes to economic models and social norms will also be required, but there is not yet sufficient public or political consensus to make these changes.

Grants made

ALIenergy, £23,488, 18 months. Algal solutions for local energy economy, www.alienergy.org.uk

BioRegional, £76,100, 20 months. One Planet Affordable Living, www.bioregional.com

Carplus Trust, £60,000, 24 months. From consumption to service – reframing the new economics of shared transport, www.carplus.org.uk

Centre for Alternative Technology, £30,000, 24 months. Core costs, www.cat.org.uk

Climate Outreach and Information Network, £90,000, 36 months. Work on climate, migration and displacement, www.climateoutreach.org, www.climatemigration.org.uk

Coal Action Network, £36,356, 24 months. Ditch Coal, www.coalaction.org.uk

The Comms Lab, £28,000, 9 months. Leading the Future programme, www.thecommslab.com

Community Energy Plus, £55,030, 24 months. A new model of enterprise for low carbon community heat, www.cep.org.uk

Culture Beyond Oil, £30,000, 12 months. Campaigning for a Culture Beyond Oil, www.bp-or-not-bp.org

Friends of the Earth Scotland, £66,133, 36 months. Embedding climate-friendly finance, www.foe-scotland.org.uk

Incredible Edible Ltd, £60,000, 24 months. Incredible Spreadable development phase, www.incredibleedible.org.uk

Operation Noah, £60,000, 36 months. Turning up the Heat project, www.operationnoah.org

Permaculture Association, £60,000, 24 months. Project costs for Permaculture Ambassador programme, www.permaculture.org.uk

Plan Zeroes, £20,000, 12 months. Building community networks for surplus food distribution, www.planzheroes.org

Soil Association, £90,000, 36 months. Policy and public affairs programme for food consumption, www.soilassociation.org

Sustain, £90,000, 36 months. A million good jobs for better farming and land use, www.sustainweb.org

Northern Ireland programme

JRCT aims to fund work which will contribute to the ongoing transformation of the Northern Ireland conflict. Its vision is of a Northern Ireland with the following characteristics:

- a constitutional settlement which takes account of the range of political views of the people of Northern Ireland, Britain and the Republic of Ireland and which is underpinned by the principles and values of participation, human rights and equality
- a non-sectarian political culture which is inclusive, transparent, responsive and accountable

- effective processes and mechanisms for managing societal and political conflict without recourse to violence
- a respectful and inclusive public discourse about the Troubles, which promotes a shared understanding of the root causes of past violence, and a public policy framework which facilitates truth, justice and reconciliation
- a vibrant, pluralist and activist civil society, responsive to the needs of the most vulnerable and able to hold the government to account.

Grants made

Centre for Cross Border Studies, £33,515, 18 months. Towards a New Common Chapter, www.crossborder.ie

Centre for Democracy & Peace Building, £15,000, single grant, EU Debate NI and £24,667, 5 months, EU Debate NI Phase II, www.democracyandpeace.org

Committee on the Administration of Justice, £70,000, 24 months. Core costs, www.caj.org.uk

Conflict Resolution Services (Ireland), £120,200, 24 months. Facilitating Dialogue

Creggan Enterprises Ltd, £30,000, 12 months. Community Dialogue programme, www.rathmor.com

Healing Through Remembering, £145,000, 36 months. Core costs, www.healingthroughremembering.org

Avila Kilmurray, £3,500, single grant. A book on community organising and peacebuilding in Northern Ireland

Northern Ireland Council for Ethnic Minorities, £50,000, 12 months. Emergency core costs

Pat Finucane Centre, £50,000, 12 months. Core costs Derry office, www.patfinucanecentre.org

Relatives for Justice, £83,219, 24 months. Legacy casework manager, www.relativesforjustice.com

University of Ulster, £21,060, 18 months. Where next for a Bill of Rights for Northern Ireland? www.ulster.ac.uk

Cross-cutting and other grants

In 2016 JRCT made a number of cross-cutting grants where the work directly related to more than one programme area. A small number of other grants were made at the discretion of trustees outside our programme areas. Details of the grants made are given below.

Cross-cutting grants made

British Institute of International & Comparative Law, £25,000, 12 months. Opening up closed judgements, www.biicl.org

British Muslims for Secular Democracy, £101,500, 36 months. Core costs, www.bmsd.org.uk

Campaign Academy, £60,000, 24 months. Campaign Bootcamp scholarships for BME campaigners, www.campaignbootcamp.org

Ecumenical Council for Corporate Responsibility, £15,000, 36 months. Core costs, www.eccr.org.uk

Jubilee Debt Campaign, £70,000, 24 months. The Economic Justice project, www.jubileedebt.org.uk

Nourish Scotland, £90,000, 36 months. Right to Food advocacy, www.nourishscotland.org

Preventable Surprises, £45,000, 18 months. Forceful stewardship initiative, www.preventablesurprises.com

Public Interest Research Centre Ltd, £75,000, 36 months. Open Framing project, www.publicinterest.org.uk

Sheila McKechnie Foundation, £45,000, 36 months. Core costs, www.smk.org.uk

Other grants made

Friends World Committee for Consultation, Europe and Middle East Section, £180,000, 36 months. Ministry and outreach and core funding, www.fwccemes.org

Quaker Social Action, £26,664, 24 months. Fair Funerals Campaign, www.quakersocialaction.org.uk

The Rowntree Society, £22,500, 36 months. Core costs, www.rowntreesociety.org.uk

Investments

Approach to investment

We are clear that we cannot manage our investments in isolation and that the investments we make, and our behaviour as an investor, have a role in helping achieve the overall aims and objectives of the Trust. Accordingly, four main principles underlie our approach to investment. These are that we should:

- be able to fund the Trust's grant-making programmes over the long term
- invest in enterprises which seek to realise our aims
- avoid investing in corporations whose activities conflict with our aims
- encourage business to be ethical, socially responsible and to protect the environment.

To this end in 2013 we restructured our externally managed portfolio, choosing to invest through managers who regard themselves as responsible investors and seek to invest sustainably. Our rationale was that the companies in which we would invest in by adopting this approach would be a good match for our ethical concerns. We also believe that those companies which recognise future trends, whether they be the immediate impact of climate change or the movement towards greater transparency, accountability and fairer reward systems, are most likely to outperform in the long term. Our performance figures, as reported below, are encouraging in this respect and our intention is to continue investing in this manner for the foreseeable future.

Our approach to investment is explained further in our investment strategy which is available on our website at www.jrct.org.uk

Investment portfolio

As at 31 December 2016 our externally managed investments represented 97% (2015: 96%) of our portfolio. Primarily we are invested through funds, although we also have a segregated mandate with CCLA which mirrors the CFB Church of England UK Equity Fund.

The small number of investments we manage ourselves represented 3% of the portfolio (2014:4%). Although these investments are dominated by holdings in C&J Clark International Ltd, they also include a small number of mission-related investments from which we hope to

derive both social and financial gain. These include the Ethical Property Company, Ethical Property Europe and the Social Justice and Human Rights Centre.

More detailed information on our funds and directly held investments can be found on our website at www.jrct.org.uk

The Trust also holds 49% of the ordinary share capital of Cober Hill Limited. More information about this holding and a summary of the company's financial position are set out in note 13 of the financial statements.

Investment performance

In reviewing investment performance, we take a long-term view of performance as is appropriate for our time horizon and above average risk tolerance, and monitor the market value of our fund holdings and other securities using returns over a rolling three year period.

2016 was the third full year of our new manager arrangements. The return on the whole portfolio net of investment management fees for the year was 17.0% (2015: 7.5%). The three-year rolling performance was 35.7% (2015: 34.7%) as compared to 19.3% (2015: 23.4%) for the FTSE All Share Index, the Trust's generic benchmark. In pursuing the Trust's long-term investment policy as described above, we recognise the limitations of comparing performance to a benchmark and therefore only regard the FTSE All Share Index as a guide. Nevertheless, we recognise that a significant element of our outperformance over the last three years resulted from our investment strategy and the weighting of our portfolio away from unsustainable sectors.

We have reviewed the Trust's investment performance during 2016. While it has been strong, we appreciate that because we are invested almost 100% in equities, the value of the portfolio is likely to be volatile and therefore that we need to keep the Trust's investment performance and spending policy under review.

Review of investment activities and future plans

During 2016 we continued to actively oversee our whole portfolio.

As is our usual practice, in November 2016 we held an annual performance meeting with each of our managers, drawing on attribution analysis carried out by Portfolio Evaluation to inform our discussions.

In May 2016, as an innovation, we also met with our managers as a group to discuss the significant gender imbalance within the fund management industry. We do not see this issue simply as a matter of fairness: we are also concerned about what impact the lack of gender balance has on the size of the talent pool available to us, our managers' decision making and their ability to engage effectively with our investee companies. Recognising that our investments do not stand in isolation from the rest of our work, we were also pleased to be able to welcome to the meeting two of our grantees, working in the field of gender inequality: Sam Smethers of the Fawcett Society and Kat Banyard of UK Feminista. No doubt reflecting the quality of our managers, we had an open and rich discussion around the topic and were delighted at their willingness to take steps to help redress the balance.

Environmental, social and governance (ESG) issues and stewardship continued to be a dominant theme in our other discussions with our managers and, as a signatory to PRI and having responded to the FRC UK Stewardship Code, we held our managers to account on their engagement with investee companies and their voting.

We also maintained our membership of a number of collaborative responsible investor networks, including the Church Investors Group – on whose Steering Group we are represented – and ShareAction's Charities Responsible Investment Network. In addition, we remained a member of the Institutional Investors Group on Climate Change (IIGCC), the UK Sustainable Investment and Finance Association (UKSIF), and a CDP investor signatory.

Through these networks and other collaborative initiatives, we engaged on a wide range of issues including climate change, the living wage, the use of antibiotics in livestock production, sustainable protein, labour practices in agricultural supply chains, and water risk disclosure and management by oil and gas companies.

We are also a signatory to the Montréal Carbon Pledge and during the year continued discussions with our managers about whether and how they measure and disclose the carbon footprint of their portfolios. Despite positive outcomes from all those who carried out the exercise, there is frustration amongst some of our managers that current carbon measurement techniques do not necessarily reflect long term carbon reduction strategies. Nevertheless, we still believe that such analysis provides us with a useful tool in ongoing discussions with our managers and we continue to support the view that the measurement of a portfolio's carbon footprint should be a standard reporting requirement for all funds.

In 2013 we took a decision to divest from companies whose primary business is the extraction of fossil fuels by 2020. We have continued to make good progress in this respect and at the year end less than 1.5% of our portfolio was invested in this sector.

Going forward into 2017 we expect to adopt a similar approach to our portfolio construction and stewardship.

Finance

Financial review

Total incoming resources in 2016 were £1.8 million (2015: £2.3 million), predominantly generated from investments. It should be noted that because a significant proportion of our investments have been made on a total return basis, our income represents only one element of our return on investments.

£2.2 million (2015: £2.0 million) was spent on generating funds and £6.5 million (2015: £6.8 million) was allocated to charitable activities.

The value of the Trust's net assets rose to £220.6 million (2015: £193.4 million).

Reserves policy

We aim to maintain a free reserve of cash and cash equivalents in unrestricted funds which equals approximately two years of unrestricted expenditure net of income from investments. We consider that this level will provide sufficient funds to respond to applications for grants and ensure that the costs of raising funds (excluding fund manager fees, which are met out of our investments), governance and support are covered without becoming a forced seller of equities, should there be a downturn in the market. That said, if prudent portfolio management demands it, we are prepared to hold up to three years of unrestricted expenditure net of income from investments.

In setting this level of free reserves, we are mindful that all the Trust's funds are in fact unrestricted and that, in the case of urgent need, further liquid assets can be generated. The balance held as unrestricted funds at 31 December 2016 was £220.6 million (2015: £193.4 million), of which £12.9 million (2015: £14.0 million) was held as free reserves. Budgeted expenditure after anticipated income for both 2017 and 2018 is £7.5 million per annum. Given that cash inflows and outflows will vary from month to month depending on the timing of investment draw downs and grant payments, we believe that the current level of free reserves is reasonable.

Going concern

The balance held as unrestricted funds at 31 December 2016 totalled £220.6 million. This figure reflected all known liabilities as at the balance sheet date and there were no material uncertainties. This sum comprised of assets totalling £230.5 million, creditors totalling £7.8 million and a pension reserve of £2.1m million. Of the assets, £225.1 million were in liquid form (cash deposits) or near liquid form (quoted equities).

In 2016 we agreed that budgeted expenditure should be limited to £7.9 million in both 2017 and 2018. Expenditure beyond that will be considered as part of our decennial review in 2018.

Given the strength of the Trust's unrestricted reserves, its liquidity position and our attitude to expenditure levels, we are of the view that the Trust is likely to remain a going concern for the foreseeable future.

Remuneration policy

We are a living wage employer.

The policy of the Trust is that those employed by it are fairly remunerated for the necessary skills and experience they bring to the work of the Trust, and for the responsibilities they undertake on its behalf. The pay policy is agreed by the trustee body and is consistent across all posts in JRCT. The principle of equal pay for work of equal value is adhered to.

During the year, a pay review was completed. External consultants were commissioned to assess current salary scales in relation to UK endowed grant-making charities of similar size and with a national UK remit, as per the Trust's pay policy. Trust policy is that salaries are set at levels at least as good as the median paid by comparator trusts. The review resulted in three salary scales being reduced and one increased. Following consultation with staff, a number of changes were also made to terms and conditions.

Staff receive an annual cost of living award with effect from 1 April each year. In April 2016 the award was 1.68%, based on 50% average Retail Prices Index and 50% Average Weekly Earnings Index for the previous calendar year.

Under the Trust's scheme of delegation, authority to set the salaries of new posts is delegated to the Trust Secretary, in consultation with the Chair of Personnel and Administration Committee for senior roles. As an exception to this, Personnel and Administration Committee sets the salary to be paid on the appointment of a new Trust Secretary.

Risk management

Trustees are responsible for the management of the risks faced by the Trust. The detailed review and consideration of risk management is delegated to the Personnel and Administration Committee, which reports to the full Trust. Each year this committee considers the major risks to which the charity is exposed and ensures that there are systems and procedures to manage them. A risk register is maintained and, where appropriate, systems or procedures have been established to mitigate the risks the charity faces. We recognise, however, that we can only manage risk, we cannot eliminate it.

The principal risks facing the Trust are as follows:

Inefficient grant-making means that the objectives of the Trust are not achieved

In particular we are concerned that desirable funding opportunities may be missed, or that grants are made which are not effective or appropriate. We seek to mitigate this risk through a variety of measures:

1. We keep the areas of the Trust's concern under regular review, and have clear guidelines on the current ones.
2. We widely disseminate our grant-making policies and staff are available to respond to inquiries.
3. All grant applications are reviewed by experienced staff before being put forward for in-depth consideration by the relevant programme committee, including both trustees and external members with relevant expertise.
4. We seek legal advice when needed in relation to unusual or challenging work.
5. All grant-making decisions are made or confirmed by the full Trust.
6. Grant officers continue to monitor projects throughout the life of a grant and, at its end, a closing report is reflected on by the committee.
7. We have a regular programme of review of job descriptions, annual appraisals, supervision and training.

During the year we implemented various improvements to further strengthen our grant-making practice and formal monitoring processes.

Significant investment losses through the poor investment management of our predominantly equity based portfolio

We mitigate this risk ensuring that our portfolio is properly diversified across industry sectors and geographical markets. The majority of our funds are invested through six external managers with different investment styles. We monitor them closely and use an independent performance measurement service to analyse their performance. Our trustees themselves actively review our internally managed investments on an ongoing basis, regularly meeting with management teams of the companies in which we are invested.

While we are comfortable with the level of risk inherent in equity markets, we keep our strategic asset allocation and all our investments under close review. That said, at all times we avoid speculative and opaque investments and other investments that we do not understand. We also employ the services of an independent investment advisor who has a formal monitoring/advisory role in respect of investment risk and we ensure that individuals with relevant expertise are co-opted on to our Investment Committee.

Statement of trustees' responsibilities in respect of the trustees' annual report and the financial statements

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

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by trustees on 18 March 2017 and signed on their behalf by:

Helen Carmichael, Chair of Trustees

Independent auditor's report to the trustees of the Joseph Rowntree Charitable Trust

Opinion

We have audited the financial statements of Joseph Rowntree Charitable Trust (the 'charity') for the year ended 31 December 2016 which comprise the statement of financial activities, 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 Financial Reporting Standard 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 charity's affairs as at 31 December 2016 and of its incoming resources and application of resources, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Charities Act 2011

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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 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 other information comprises the information included in the trustees' annual report, foreword from the Chair and the reflections from the Trust Secretary other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- The information given in the trustees' annual report is inconsistent in any material respect with the financial statements;
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees are responsible for the preparation of the financial statements

and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

20 March 2017

Sayer Vincent LLP, Statutory Auditor

Invicta House, 108–114 Golden Lane, London, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

Financial statements

Statement of financial activities for the year ended 31 December 2016

		2016	2015
	Note	Total £000	Total £000
Income from:			
Donations and legacies	2	7	–
Investments	3	1,757	2,348
Total income		1,764	2,348
Expenditure on:			
	4		
Raising funds		2,230	1,958
Charitable activities		6,450	6,755
Other		1	1
Total expenditure		8,681	8,714
Net expenditure before net gains on investments		(6,917)	(6,366)
Net gains on investments		34,892	13,588
Net income before other recognised gains and losses		27,975	7,222
Actuarial (losses)/gains on defined benefit pension schemes	22	(757)	299
Realised and unrealised gains on exchange		2	–
Net movement in funds		27,220	7,521
Reconciliation of funds:			
Total funds brought forward		193,374	185,853
Total funds carried forward	18	220,594	193,374

All income and expenditure in both 2015 and 2016 was unrestricted.

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 18 to the financial statements.

Balance sheet at 31 December 2016

		2016	2015
	Note	Total £000	Total £000
Fixed assets:			
Tangible assets	11	8	6
Investments	12	217,447	188,903
		217,455	188,909
Current assets:			
Debtors	14	207	140
Short term deposits	21	2,533	2,526
Cash at bank and in hand	21	10,359	11,461
		13,099	14,127
Liabilities:			
Creditors: amounts falling due within one year	15	(4,821)	(5,297)
Net current assets		8,278	8,830
Total assets less current liabilities		225,733	197,739
Creditors: amounts falling due after one year	16	(3,009)	(3,022)
Net assets excluding pension liability		222,724	194,717
Defined benefit pension scheme liability	22	(2,130)	(1,343)
Total net assets		220,594	193,374
The funds of the charity:			
Unrestricted income funds:	17		
Pension reserve		(2,130)	(1,343)
Expendable endowment		222,724	194,717
Total unrestricted funds		220,594	193,374
Total charity funds		220,594	193,374

The Trust has no restricted or designated funds (2015:£0).

Approved by the trustees on 18 March 2017 and signed on their behalf by:

Helen Carmichael
Chair of Trustees

Emily Miles
Trust First Vice-chair

Statement of cash flows for the year ended 31 December 2016

		2016	2015
	Note	Total £000	Total £000
Cash flows from operating activities:			
Net cash provided by / (used in) operating activities	19	(9,197)	(8,682)
Cash flows from investing activities:			
Income from investments	3	1,757	2,348
Purchase of fixed assets	11	(5)	(9)
Purchase of investments	12	(12,721)	(9,725)
Proceeds from sale of investments	12	19,400	18,981
Movement in cash deposits held by fund managers	12	(331)	(21)
Net cash provided by / (used in) investing activities		8,100	11,574
		(1,097)	2,892
Change in cash and cash equivalents due to exchange rate movements		2	–
Change in cash and cash equivalents in the year		(1,095)	2,892
Cash and cash equivalents at the beginning of the year		13,987	11,095
Cash and cash equivalents at the end of the year	20	12,892	13,987

Notes to the financial statements for the year ended 31 December 2016

1. Accounting policies

a. Organisation address and country of registration

The Joseph Rowntree Charitable Trust is an unincorporated charity, registered with the Charity Commission in England and Wales (number 210037). The registered office is The Garden House, Water End, York, YO30 6WQ.

b. Basis of preparation

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c. Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d. Going concern

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

Key judgements that the charity has made which have a significant effect on the accounts include estimating the liability from multi-year grant commitments.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e. Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

f. Interest receivable

Interest on investments, short term deposits and cash at bank is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable.

g. Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Under the terms of the Trust Deed, with the exception of any restricted funds received from third party donors, all of the Trust's funds are unrestricted and trustees may spend capital and accumulate unspent income on any purpose within the Trust's objects at the discretion of trustees.

h. Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds include investment management fees, custodian fees, professional fees and other direct costs together with an allocation of staff costs, overhead costs and depreciation, based on the number of staff hours allocated to generating funds.
- Trustees consider that grant-making is the Trust's primary charitable activity. Grants approved represent grants approved net of cancelled grants and grants repaid and other grant adjustments. Grant related support costs include the direct costs of grant-making together with an allocation of staff costs, overhead costs and depreciation, based on the number of staff hours allocated to grant-making.
- Other expenditure represents those items not falling into any other heading. This includes the pension payments in respect of an ex employee.

Grants and loans are recognised in the statement of financial activities as expenditure in the year in which they are approved and such approval has been communicated to recipients, except to the extent that it is subject to conditions that enable the Trust to revoke the award.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i. Allocation of support costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit, non-grant specific legal fees and Trust meetings together with an apportionment of overhead and support costs.

Governance costs and support costs relating to the costs of raising funds and grant-making

have been apportioned based on the number of staff hours allocated to these activities.

j. Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k. Tangible fixed assets

The existing leasehold building (The Garden House, Water End, York) was written off over the period of construction.

Leasehold improvements and fixtures, fittings and equipment which are capable of being used for more than one year and have a cost equal to or greater than £5,000 are capitalised.

Depreciation costs have been apportioned to the costs of raising funds, grant-making, governance and support costs based on the number of staff hours allocated to these activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life, on a straight line basis.

Leasehold improvements are depreciated over 10 years or the term of the lease if shorter. Furniture and equipment are depreciated over 5 years. Computers, other IT hardware and computer software are depreciated over 3 years. Occasionally these terms are reassessed for assets that have a longer or shorter life than as stated above.

l. Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value.

Quoted equity investments are subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Unquoted equity investments, including social investment equities, are usually shown in the Balance Sheet based either on the value of the shares as determined by independent accountants or the boards of the companies themselves or on a market price where there have been recent trades of sufficient volume to reasonably indicate one. However, they are

also subject to an annual impairment review and, where it is deemed necessary, valuations will be adjusted downwards to reflect this.

Social investment loans are accounted for at the outstanding amount of the loan less any provision for diminution in value determined during the annual impairment review.

Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

m. Debtors

Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

n. Short term deposits and cash at bank and in hand

Short term deposits represent amounts held on deposit with a maturity of between 3 months and one year. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o. Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

p. Defined benefit pension scheme

The Trust contributes to a contributory funded defined benefits scheme for core employees which provides a pension based on 1/80

for service up to 31 March 2008, 1/60 for April 2008–March 2014 service and 1/49 for service from 1st April 2014. The option of commuting pension for a lump sum is available to all members. In addition there is a 1/160 pension for surviving partners and dependent children. The assets of the scheme are held by North Yorkshire Pension Fund. The contributions made by the Joseph Rowntree Charitable Trust as the employer are affected by the surplus or deficit in the scheme.

q. Foreign exchange

Transactions denominated in foreign currency are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at the balance sheet date. All gains and losses on exchange, realised and unrealised, are separately identified in the Statement of Financial Activities.

r. Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from UK taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. To the extent that the Trust engages in overseas activity, or derives income from overseas, it may incur a foreign tax liability depending on the application of the tax legislation in the relevant jurisdiction.

s. Related party transactions

Transactions with related parties are disclosed in the notes to these financial statements. The Trust's policy is for trustees, co-optees, staff and advisors to declare their interest and exempt themselves from all relevant discussions and decisions which may involve a transaction with a related party or in which they may have a conflict of interest.

2. Income from donations and legacies

	2016	2015
	£000	£000
Gifts	7	–
	7	–

All income from donations was unrestricted.

3. Income from investments

	2016	2015
	£000	£000
Dividends from listed investments:		
Overseas equities	11	26
UK equities	1,432	1,392
Dividends from unlisted investments:		
Overseas equities	3	2
UK equities	228	852
Interest on loans	5	4
Interest on cash deposits	78	72
	1,757	2,348

All income from investments was unrestricted.

4. Analysis of expenditure

	Note	Cost of raising funds	Charitable activities	Other	Governance costs	Support costs	2016 total	2015 total
		£000	£000	£000	£000	£000	£000	£000
Staff costs	7	94	491	1	29	130	745	760
Grants awarded	5	–	5,549	–	–	–	5,549	5,622
Grant awarding related costs		–	126	–	–	–	126	173
Investment managers' fees		2,038	–	–	–	–	2,038	1,771
Legal and professional fees		44	5	–	–	26	75	225
Other investment related costs		13	–	–	–	–	13	11
Auditors' remuneration		–	–	–	14	–	14	13
Depreciation		–	3	–	–	–	3	3
Other direct costs		7	–	–	16	–	23	23
Premises and office costs		–	–	–	–	84	84	90
IT consultancy		–	–	–	–	11	11	23
		2,196	6,174	1	59	251	8,681	8,714
Support costs		27	214	–	10	(251)	–	–
Governance costs		7	62	–	(69)	–	–	–
Total expenditure 2016		2,230	6,450	1	–	–	8,681	8,714
Total expenditure 2015		1,958	6,755	1	–	–		8,714

All the expenditure in 2015 and 2016 was unrestricted.

5. Grant-making

	Note	2016	2015
		£000	£000
Grants payable at the start of the year		8,219	8,390
Grants awarded in the year		5,606	5,838
Grants amended in the year		(57)	(216)
Net grant awards in the year	4	5,549	5,622
Grants paid in the year		(6,037)	(5,793)
Grants payable at the end of the year		7,731	8,219
Creditors: amounts due within one year	15	4,722	5,197
Creditors: amounts due in over one year	16	3,009	3,022
Total creditors at the end of the year		7,731	8,219

6. Net incoming resources for the year

This is stated after charging / crediting:

	2016	2015
	£000	£000
Depreciation	3	3
Operating lease rentals:		
Equipment	2	2
Auditors' remuneration (excluding VAT):		
Audit 2016	9	–
Audit 2015	2	9
Other services	–	2

7. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2016	2015
	£000	£000
Salaries and wages	526	531
Social security costs	53	44
Operating costs of defined benefit pension scheme:		
Employer contributions	135	133
Pension fund actuarial adjustment	30	51
	165	184
Other pension costs	1	1
	745	760

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2016	2015
	No.	No.
£60,000 – £69,999	1	2
£70,000 – £79,999	1	1
£90,000 – £99,999	1	1

The total employee benefits including pension contributions and employer national insurance contributions of the key management personnel (as detailed in the legal and administrative section) were £495k (2015: £491k)

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2015: £0). No charity trustee received payment for professional or other services supplied to the charity (2015: £0).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs plus the cost of sundry expenses including telephone and stationery totalling £27k (2015: £21k) incurred by 14 (2015: 12) trustees and sitting-in trustees relating to attendance at meetings of the trustees.

8. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2016	2015
	No.	No.
Grant-making	8	8
Support	5	5
Governance	1	1
	14	14

9. Related party transactions

The amounts stated in the following note are calculated on a cash basis rather than an accrual basis.

9a. Grantees:

Occasionally trustees and co-opted committee members are involved with, or have connections to, organisations that we make grants to. This is not unexpected, given that trustees and co-opted committee members are expected to bring relevant experience in the specialist fields in which we work. All such conflicts are declared and are managed according to our Trust Deed and our conflict of interest policy which was updated in 2014 to reflect new statutory guidance. In the interests of transparency, in our related transactions note below we have made detailed disclosures of such any conflicts. In all cases, the trustees or co-opted committee members in conflict did not, and will not, participate in any decisions relating to the Trust's funding of the relevant organisations:

Linda Batten (trustee) is an occasional freelance tutor for Woodbrooke Quaker Study Centre, and Michael Eccles (trustee) works for them part-time. Helen Carmichael (trustee)'s partner, John Dash, is a voluntary Woodbrooke trustee. During the year grant payments totalling £105,612 (2015: £104,388) were made to the organisation and at the year end there were outstanding grant payments totalling £151,298 (2015: £256,910).

Peter Coltman (trustee) is a voluntary trustee of Medical Justice, a grantee. During the year grant payments totalling £40,000 (2015: £28,750) were made to the organisation and at the year end there were outstanding grant payments totalling £70,000 (2015: £110,000).

John Fitzgerald (trustee) is a fundraiser at Friends of the Earth Scotland. During the year grant payments totalling £15,104 (2015: £11,331) were made to the organisation and at the year end there were outstanding grant payments totalling £69,909 (2015: £18,880).

Stan Lee (trustee) is voluntary treasurer of QUNO Geneva. During the year grant payments totalling CHF43,749 (£32,560) (2015: CHF58,332 (£39,860)) were made to the organisation and there were no outstanding grant payments at the year end (2015: CHF43,749 (£32,560)).

Emily Miles (trustee)'s partner, Paul Ingram, works for British American Security Information Council (BASIC). During the year grant payments totalling £50,000 (2015: £80,500) were made to the organisation and at the year end there were outstanding grant payments totalling £70,000 (2015: £50,000). All grants to BASIC are ring fenced to exclude Paul Ingram's salary.

Imran Tyabji (trustee) and Penelope Shepherd (co-opted member) are voluntary Development Board members of 10:10. During the year grant payments totalling £33,336 (2015: 33,336) were made to the organisation and at the year end there were outstanding grant payments totalling £33,328 (2015: £66,664).

Imran Tyabji's son, Nico Tyabji, is a volunteer trustee of Quaker Social Action. During the year grant payments totalling £13,332 (2015: 13,332) were made to the organisation and at the year end there were outstanding grant payments totalling £23,331 (2015: £9,999).

Sarah Cutler (co-opted member) is a consultant to Global Dialogue for Migration Exchange. During the year grant payments totalling £2,500 (2015: £0) were made to the organisation and at the year end there were outstanding grant payments totalling £17,500 (2015: £0). The grant is not used to pay Sarah Cutler's consultancy costs.

David Hunter (co-opted member) is a director of Bristol Pound CIC. During the year grant payments totalling £25,000 were made to the organisation (2015: £0) and at the year end there were outstanding grant payments totalling £25,000 (2015: £50,000).

Avila Kilmurray (co-opted member) is a voluntary trustee of Conciliation Resources (UK). During the year grant payments totalling £34,836 (2015: £30,000) were made to the organisation and at the year end there were outstanding grant payments totalling £34,836 (2015: £69,672).

During the year JRCT also made a grant of £3,500 to Avila Kilmurray towards the publishing costs of a book she has written, "Community Organising and Peacebuilding: Framing Activism in Northern Ireland".

Avila Kilmurray's partner, Brian Gormally, works for the Committee on the Administration of Justice. During the year grant payments totalling £35,000 (2015: £33,982) were made to the organisation and at the year end there were outstanding grant payments totalling £35,000 (2015: £0).

Judith Large (co-opted member)'s partner, Martin Large, is Director of Hawthorn Press. During the year grant and loan payments totalling £7,500 (2015: £0) were made to the organisation and at the year end there were no outstanding grant or loan payments to the organisation (2015: £0).

Jessica Metheringham (co-opted member)'s partner, Oliver Robertson, is voluntary clerk of Quaker Council for European Affairs. During the year grant payments totalling €50,000 (£41,497) (2015: €50,000 (£37,292)) were made to the organisation and at the year end there were outstanding grant payments totalling €25,000 (£19,607) (2015: €75,000 (£61,104)).

Payments to the above grantees represented 6% of grant payments in 2016 (2015: 6%).

9b. Suppliers:

Occasionally related party transactions arise in relation to suppliers. This is not unexpected since we avail ourselves of meeting rooms run by Quaker meetings and similar. Again, all such conflicts are declared and are managed according to our conflicts of interest policy and, in the interests of transparency, are disclosed below:

Peter Coltman (trustee) was Chair of the Board of Directors of Friends House (London) Hospitality Limited until November 2016. During the year invoices relating to meeting room hire were received from Friends House (London) Hospitality Limited totalling £7,513 (2015: £5,000).

Huw Davies (trustee) is Director of the Priory Rooms (Birmingham). During the year invoices relating to meeting room hire were received from the Priory Rooms totalling £499 (2015: £307).

9c. Investments:

Occasionally co-opted members and advisors are involved with organisations through which we invest. This is not unexpected, given that responsible investment is still a relatively specialist area. Again, all such conflicts are declared and are managed according to our conflict of interest policy and, in the interests of transparency, are disclosed below:

Stephen Beer, a co-opted member on our Investment Committee, is Chief Investment Officer of the Central Finance Board of the Methodist Church and Bill Seddon, a co-opted member on our Investment Committee, was during the year Chief Executive of Epworth Investment Management. Epworth

Investment Management is owned by the Central Finance Board of the Methodist Church. At the year end the Trust had £4.4 million invested in The Affirmative Deposit Fund for Charities (2015: £5.4 million), a common deposit fund managed by Epworth Investment Management. As a matter of policy, Bill did not, and Stephen will not, participate in any decision relating to any investment by the Trust through Epworth Investment Management.

Nicola Parker, our Independent Investment Advisor, serves on the Royal London Asset Management Sustainable Leaders Trust Advisory Committee on responsible investment. At the year end the Trust had £38.2 million invested in CIS Sustainable Leaders Trust (2015: £35.1 million). Nicola is not involved in making investment decisions on behalf of Royal London Asset Management.

10. Taxation

The charity is exempt from income tax as all its income is charitable and is applied for charitable purposes.

11. Tangible fixed assets

	Office premises	Office and computer equipment	Total
	£000	£000	£000
Cost			
At the start of the year	466	99	565
Additions in year	5	–	5
Disposals in year	–	(7)	(7)
At the end of the year	471	92	563
Depreciation			
At the start of the year	466	93	559
Charge for the year	–	3	3
Eliminated on disposal	–	(7)	(7)
At the end of the year	466	89	555
Net book value at the end of the year	5	3	8
At the start of the year	–	6	6

The Trust occupies The Garden House in York jointly with the JRSST Charitable Trust, with whom the capital costs have been shared. The premises are leasehold, the lease being for a term of 136 years from 1992 at a nominal rent. All of the above assets are used for charitable purposes.

12. Investments

	2016	2015
	£000	£000
Fair value at the start of the year	188,903	184,550
Additions at cost	12,721	9,725
Disposal proceeds	(19,400)	(18,981)
Realised gains	4,407	8,148
Unrealised gain from change in fair value	30,485	5,440
Movement in cash deposits	331	21
Fair value at the end of the year	217,447	188,903
Historic cost at the end of the year	149,016	151,184
Investments comprise:		
Listed investments:		
Global equity investment funds	108,763	85,657
UK equities	34,631	34,259
UK equity investment funds	68,305	60,726
Unlisted investments:		
Overseas equities	213	184
UK equities	4,937	7,810
Loans	75	75
UK cash deposits	523	192
	217,447	188,903

13. Associates

The Trust owns the 49% of the issued ordinary share capital of Cober Hill Limited, a company registered in England number 00165093. Due to the level of share holding, it is considered to be an associate of the Trust. The investment is held at £nil in the Trust's financial statements. The results of Cober Hill Limited are not considered material to the results of the Trust and for this reason have not been recognised in the financial statements. A summary of the results is provided below:

Cober Hill is a guest house and conference centre in Cloughton, Scarborough. The principal activity of the company is the provision of facilities, including board and residence, for conference parties primarily consisting of voluntary, charitable and religious organisations.

	2016	2015
	£000	£000
Turnover	1,023	1,024
Cost of sales	(178)	(187)
Gross profit	845	837
Administrative Expenses	(752)	(826)
Operating profit / (loss)	93	11
Interest payable	(1)	–
Profit / (loss) on ordinary activities	92	11
Tax on profit on ordinary activities	–	–
Profit / (loss) for financial year	92	11
The aggregate of the assets, liabilities and funds was:		
Assets	1,922	1,849
Liabilities	(245)	(265)
Funds	1,677	1,584

14. Debtors

	2016	2015
	£000	£000
Sundry debtors	2	8
Prepayments	5	6
Accrued income	200	126
	207	140

15. Creditors

Amounts falling due within one year

	2016	2015
	£000	£000
Grant commitments	4,722	5,197
Trade creditors	5	6
Other creditors	–	8
Accruals	94	86
	4,821	5,297

16. Creditors

Amounts falling due after one year

	2016	2015
	£000	£000
Grant commitments falling due within 2–5 years	3,009	3,022
	3,009	3,022

17. Analysis of net assets between funds

Total funds (general unrestricted):

	2016	2015
	£000	£000
Tangible fixed assets	8	6
Investments	217,447	188,903
Net current assets	8,278	8,830
Long term liabilities	(3,009)	(3,022)
Defined benefit pension asset / (liability)	(2,130)	(1,343)
Net assets at the end of the year	220,594	193,374

18. Movement in funds

Movement in funds – current year:

	At the start of the year	Incoming resources & gains	Outgoing resources & losses	Actuarial loss on pension fund	At the end of the year
	2016	2016	2016	2016	2016
	£000	£000	£000	£000	£000
Expendable endowment	194,717	36,658	9,408	757	222,724
Total unrestricted funds	194,717	36,658	9,408	757	222,724
Pension fund	(1,343)	–	30	(757)	(2,130)
Total funds including pension fund	193,374	36,658	9,438	–	220,594

Movement in funds – prior year:

	At the start of the year	Incoming resources & gains	Outgoing resources & losses	Actuarial gain on pension fund	At the end of the year
	2015	2015	2015	2015	2015
	£000	£000	£000	£000	£000
Expendable endowment	187,444	16,235	8,663	(299)	194,717
Total unrestricted funds	187,444	16,235	8,663	(299)	194,717
Pension fund	(1,591)	–	51	299	(1,343)
Total funds including pension fund	185,853	16,235	8,714	–	193,374

19. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2016	2015
	£000	£000
Net income for the reporting period (as per the statement of financial activities)	27,975	7,222
Depreciation charges	3	3
Gains on investments	(34,892)	(13,588)
Defined benefit pension adjustment	30	51
Dividends, interest and rent from investments	(1,757)	(2,348)
(Increase)/decrease in debtors	(67)	176
Decrease in creditors	(489)	(198)
Net cash provided by / (used in) operating activities	(9,197)	(8,682)

20. Analysis of cash and cash equivalents

	At 1 January 2016	Cash flows 2016	At 31 December 2016
	£000	£000	£000
Operating cash at bank and in hand	2,050	(146)	1,904
Floating reserve:			
Cash held in deposit accounts on call	9,411	(956)	8,455
Notice deposits (less than 3 months)	2,526	7	2,533
Total cash and cash equivalents	13,987	(1,095)	12,892

21. Operating leases commitments

The Trust's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Equipment	
	2016	2015
	£000	£000
Less than one year	2	2
2-5 Years	1	3
Total	3	5

22. Pension scheme

Introduction

The Joseph Rowntree Charitable Trust is an admission member of the North Yorkshire Pension Fund, a Career Average Revalued Earnings scheme.

The disclosures below relate to the funded liabilities within the North Yorkshire Pension Fund (the 'Fund') which is part of the Local Government Pension Scheme (the 'LGPS'). The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings Scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'The Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

Funding/governance arrangements of the LGPS

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The previous actuarial valuation was at 31 March 2013 and the contributions to be paid until 31 March 2017 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate. An actuarial valuation of the fund was carried out at 31 March 2016 and as part of that valuation a new Rates and Adjustment Certificate has been produced for the three year period from 1 April 2017. The Fund Administering Authority, North Yorkshire County Council, is responsible for the governance of the fund.

Assets

The assets allocated to the Employer in the fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Administering Authority) is shown in the disclosures split by quoted and unquoted investments. The Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Risks associated with the Fund in relation to accounting

Asset volatility

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

Change in bond yield

A decrease in corporate bond yield will increase the value placed on liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

Pension scheme *continued*

Inflation risk

The majority of pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

Life expectancy

The majority of the Fund's obligations are to provide benefits for the life of the member following retirement so an increase in life expectancy will result in an increase in liabilities.

Exiting employers

Employers who leave the fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of 'orphan liabilities' may, in retrospect, not be sufficient to meet the liabilities. The risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of the overall liabilities of the Fund.

Amounts in the balance sheet

	2016	2015
	£000	£000
Closing defined benefit obligation / liabilities	6,748	5,119
Closing fair value of assets / assets	(4,618)	(3,776)
Net liability	(2,130)	(1,343)

Amounts recognised in the statement of financial activities

	2016	2015
	£000	£000
Operating cost: current service costs	118	129
Financing cost: interest on net defined benefit liability	47	55
Pension expense recognised in the statement of financial activities	165	184
Allowance for administration expenses included in current service costs	2	2

Pension scheme *continued*

Amounts recognised in the statement of financial activities

	2016	2015
	£000	£000
Asset gains arising during the period	633	81
Liability (losses)/gains arising during the period	(1,390)	218
Total amount recognised in the statement of financial activities	(757)	299

Actual return on assets

Interest income on assets	141	127
Gain on assets	633	81
Actual return on assets	774	208

Changes in the present value of the defined benefit obligation

	2016	2015
	£000	£000
Opening defined benefit obligation	5,119	5,102
Current service cost	118	129
Interest expense on defined benefit obligation	188	182
Contributions by participants	51	51
Actuarial losses/(gains) on liabilities	1,390	(218)
Net benefits paid out	(118)	(127)
Closing defined benefit obligation	6,748	5,119

Pension scheme *continued*

Changes in the fair value of plan assets are as follows

	2016	2015
	£000	£000
Opening fair value of assets	3,776	3,511
Interest income on assets	141	127
Remeasurement gains on assets	633	81
Contributions by employers	135	133
Contributions by participants	51	51
Net benefits paid out	(118)	(127)
Closing fair value of assets	4,618	3,776

Asset allocation

	2016	2015
	%	%
Equities	62.8%	63.0%
Government bonds	14.8%	13.3%
Corporate bonds	5.0%	5.4%
Property	8.6%	7.3%
Cash	(0.7)%	0.7%
Other	9.5%	10.3%
Total	100.0%	100.0%

Pension scheme *continued*

Key assumptions

	2016	2015
	%	%
Discount rate at the end of the year	2.7%	3.7%
RPI inflation	3.2%	3.0%
CPI inflation	2.1%	1.9%
Pension increases	2.1%	1.9%
Pension accounts revaluation rate	2.1%	1.9%
Future salary increases	3.6%	3.4%

Salaries are assumed to increase at 1% p.a. until 31 March 2015 and at the rate of CPI until 31 March 2018

Amounts for the current and previous three periods are as follows

	2016	2015	2014	2013
	£000	£000	£000	£000
Closing fair value of assets	4,618	3,776	3,511	3,144
Present value of funded defined benefit obligation	6,748	5,119	5,102	4,350
Liability recognised on the balance sheet	(2,130)	(1,343)	(1,591)	(1,206)
Asset gains arising during the period	633	81	172	479

Legal and administrative information

Constitution The Joseph Rowntree Charitable Trust is governed by its Trust Deed. It is a registered charity no. 210037.

Trustees **Trustees who served during the year were:**

Jenny Amery
 Linda Batten
 Margaret Bryan
 Helen Carmichael (Chair)
 Peter Coltman (retired November 2016)
 Huw Davies
 Michael Eccles (Vice-chair)
 John Fitzgerald
 Stan Lee
 Emily Miles (Vice-chair)
 David Newton
 Susan Seymour
 Janet Slade (sitting-in trustee)
 Hannah Torkington
 Imran Tyabji

Co-optees **Co-optees who served on committees during the year were:**

Mohammed Aziz (Rights and Justice)
 Stephen Beer (Investment)
 Ken Booth (Peace and Security)
 Sarah Cutler (Rights and Justice)
 Alan Goodman (Investment)
 Sepi Golzari-Munro (Sustainable Future)
 Diane Greer (Northern Ireland)
 Jonathan Heawood (Power and Accountability)
 Julie Harrison (Northern Ireland)
 David Hunter (Sustainable Future)
 Avila Kilmurray (Northern Ireland)
 Judith Large (Peace and Security) (retired December 2016)
 Olivia Macdonald (Investment)
 Jessica Metheringham (Power and Accountability)
 Katy Roelich (Sustainable Future)
 David Ruebain (Rights and Justice)

Bill Seddon (Investment) (retired November 2016)
 Penny Shepherd (Power and Accountability)
 Harmonie Toros (Peace and Security)

Staff

Key management personnel at the year-end:

Maureen Grant	Assistant Trust Secretary
David Magee	Assistant Trust Secretary
Nick Perks	Trust Secretary
Michael Pitchford	Assistant Trust Secretary
Susannah Swinton	Operations Manager
Jackie Turpin	Head of Finance

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 Kent ME19 4JQ
 HSBC, 13 Parliament Street, York YO1 8XS

Deposit Holders

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 Epworth Investment Management, 9 Bonhill Street, London EC2A 4PE
 Triodos Bank, Deanery Road, Bristol BS1 5AS

Solicitors

Bates Wells & Braithwaite, 10 Queen Street Place, London, EC4R 1BE
 DWF LLP, Bridgewater Place, Water Lane, Leeds LS11 5DY

Fund Managers	Alliance Trust, 107 George Street, Edinburgh EH2 3ES CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET Generation Investment Management LLP, 20 Air Street, 7th Floor, London W1B 5AN Impax Asset Management, Norfolk House, 31 St James Square, London SW1Y 4JR Royal London Asset Management, 55 Gracechurch Street, London EC3V 0RL Stewart Investors, 23 St Andrew Square, Edinburgh EH2 1BB
Custodians	Investec Wealth & Investment, Quayside House, Canal Wharf, Leeds LS11 5PU
Independent Investment Advisor	Nicola Parker

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