

# 17

The Joseph Rowntree Charitable Trust  
Annual Report 2017

THE  
JOSEPH  
ROWNTREE  
CHARITABLE  
TRUST

*Joseph Rowntree*

# Contents

Foreword from the Chair	2
Reflections from the Trust Secretary	3
<b>Trustees' annual report</b>	<b>4</b>
Governance and management	5
Objects and activities	6
Activities in 2017	8
2017 grants in figures	10
Grants made in 2017	12
Investments	19
Finance	22
Risk management	24
Statement of trustees' responsibilities in respect of the trustees' annual report and the financial statements	26
Independent auditor's report to the trustees of the Joseph Rowntree Charitable Trust	27
<b>Financial statements</b>	<b>31</b>
Statement of financial activities	32
Balance sheet	33
Statement of cash flows	34
Notes to the financial statements	35
Legal and administrative information	51

## Foreword from the Chair

When Joseph Rowntree established this Trust in 1904, he originally envisaged it as lasting for 35 years. However, he gave the trustees wide discretion to act as they saw fit, whether spending up the funds in that period, or finding successors “in whose judgement and integrity they had confidence” to continue his general aims. In this spirit, well over one hundred years later, trustees regard JRCT as a Trust that looks to the long term, but that is not ‘hooked’ on longevity. One aspect of this is the continuing requirement in our Trust Deed to consider the future of JRCT every ten years.

During 2017, trustees and staff began the process of preparing for our 2018 decennial review. We have agreed that the primary focus of the decennial should be testing our model of change and setting an appropriate level of spending. Working with an external consultant, we have reflected on the qualities that we most value in our current model – being responsive to new groups and ideas, seeking to tackle causes and not symptoms, and aiming to use the power of our endowment to liberate those working for positive social change. These are qualities that we wish to retain, as we consider what the rapidly changing context for our work means, both for our way of working and the groups that we fund.

The Trust is only able to fund social change through the past and ongoing stewardship of our financial resources. However, our investments have never been solely a means to this end. You can see in both words and figures in this annual report the recent success of our responsible investment strategy. You will also see the initiative that the Trust is taking in relation to the acute gender imbalance in the investment management industry.

Managing our investments, as with managing our grants, is a team effort involving trustees, staff and professional advisors. We are fortunate to benefit from the people of ‘judgement and integrity’ across all these roles. During the year, the board was strengthened with the appointment of Janet Slade as a new trustee. Sadly, we also said farewell to Stan Lee and Emily Miles, who completed their service at the end of the year.

Stan and Emily made valuable contributions across several areas of the Trust’s work, and shared their expertise, their enthusiasm and their personal faith to all our benefit. We are particularly grateful for Stan’s contribution to Investment Committee, latterly as chair, and as an active member of Northern Ireland Committee. Emily, who joined as a trustee in her mid-20s and served for 18 years, leaves us having reached senior roles in the civil service. Her strategic thinking and deep knowledge of policy making will be hard to replace. I am grateful to Jenny Amery, Linda Batten, Huw Davies and Susan Seymour for taking on new responsibilities following Stan and Emily’s departures.

We also are thankful for time, knowledge and skills contributed by departing co-opted committee members Ken Booth (Peace and Security), Julia Harrison (Northern Ireland) and Katy Roelich (Sustainable Future). We began recruitment for new co-optees for three grant committees during the year, and have had to make difficult choices between a number of outstanding applicants. Lisa Faulkner-Byrne has joined Northern Ireland Committee, and Nick Ritchie and Vron Ware have now joined Peace and Security Committee. We have one further appointment expected shortly.

**Helen Carmichael**

# Reflections from the Trust Secretary

At JRCT, we recognise that transformative social change is a long-term, unpredictable process. This means we often fund individual grantees for many years, and may work in the same areas of concern for decades.

One of the most intractable issues on which JRCT grantees have worked is reducing the risk of nuclear war. Despite serious concerns about proliferation and more aggressive nuclear postures, there was also a hopeful breakthrough in July this year. Following patient work by civil society groups and governments, 122 countries adopted a landmark treaty to ban nuclear weapons, thus filling a significant gap in international law. In October, the International Campaign to Abolish Nuclear Weapons network – which involves several JRCT grantees – was awarded the Nobel Peace Prize in recognition of their role in bringing about this treaty. The Trust welcomes this milestone on the way to international nuclear disarmament.

More generally, 2017 was a year of volatile change in the external context for our work, including an unexpected UK general election with an unexpected result, and uncertain progress towards major constitutional change in the UK's relationship with the EU. While the Trust itself did not take a position in the 2016 EU referendum, the decision to leave the EU has profound implications for law, policy and practice in the fields of human rights, migration, environmental protection and security, with particular challenges for Northern Ireland. The process of leaving itself is a major democratic development that deserves thorough parliamentary scrutiny and public transparency. During the year, we gave additional support to some existing grantees to respond to the challenges and opportunities of the Brexit process, and have also worked alongside the Joseph Rowntree Reform Trust and other

funders to providing some modest resources for civil society engagement more generally.

2017 was also a year in which the ever-relevant questions of the use and abuse of power and privilege in society were given new prominence. Much of JRCT's grant-making strives to help reduce inequalities or tackle the abuse of power, and we have long been aware of our responsibility to use the power of our endowment and independence wisely. However, the way we do things as an organisation, both formally and informally, is also shaped by wider cultural patterns. Unless we actively and consciously work to tackle inequality and privilege, it is likely that we will reinforce it. Building on earlier work on gender, we began our own exploration of the theme of power and privilege at a workshop in September, which was opened up to all trustees, co-opted committee members and staff. This exploration is ongoing.

JRCT primarily works at an international and national level, but York has always been our home, and that of the Rowntree business and family that made our endowment possible. During 2017, there were two important developments for the Trust locally. Firstly, we completed the transfer of our shares in Cober Hill, the conference and adult education centre established by Arnold Rowntree, to the Cober Hill Charitable Trust. Secondly, we have begun a new relationship with the Two Ridings Community Foundation to help seed a new grant fund for local charities in York.

Further details about our work, grants and investments in 2017 follow in this report.

**Nick Perks**

17

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 diversity of perspectives and experience, a balance of age and of gender.

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 and oversee the Trust's investments and operations through the Trust's Investment and Operations and Finance 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.

During the year, committee chairs and senior staff met together for a day outside the normal meeting cycle to reflect on our working practices. A number of helpful adjustments were identified to further improve our shortlisting, decision-making and internal reporting mechanisms.

## 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.

Trustees have agreed that the Trust should continue to accept applications for work at a pan-European level, at least until such time as the formal position of the UK in the EU changes. If and when the UK does leave the EU, we will return to this matter. Given the Trust's general objects, there will be no legal impediment to the Trust continuing to fund work at a pan-European level even after the UK ceases to be a member of the EU.

The Trust's strategy was last comprehensively reviewed in 2013. Information about the 2018 decennial review is given elsewhere in this report.



# Activities in 2017

## Grant programmes

Our five main grant programmes remained largely unchanged during the year, apart from minor changes to our policy statements where we felt we could better communicate our priorities or improve clarity. We also made some operational improvements to the mechanism by which we accept cross-cutting proposals that relate to more than one programme.

During the year, trustees agreed a partnership with the Two Ridings Community Foundation to seed a new local grant fund for charities in York. This initiative reflects JRCT trustees' desire to be a good corporate citizen in the city in which we are based. The Trust is delighted to be able to draw on the expertise and connection of the Community Foundation, and to support their development as a valued local funder.

## 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](http://www.jrct.org.uk)). Staff are available to advise on eligibility and answer other queries.

Evidence suggests that unrestricted or core support is highly valued by charities, and may often be the most effective kind of grant. We actively encourage charities whose work falls entirely within our programme goals to apply for unrestricted funding.

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. The Trust has always sought to be transparent about its funding priorities and to save applicants from wasting time making applications with no prospect of success. In recent years, we have actively encouraged potential applicants to make informal inquiries if they have questions about eligibility. In the period from 2000 to 2015, this resulted in the number of applications falling from over 800 to under 400. However, more recently the number of applications has been increasing again, and a total of 460 applications were received in 2017. This increasing trend may reflect growing needs or opportunities in the fields in which we work, or some other factor. The Trust keeps its grant policies and guidance to applicants under regular review.

We know that applicants value quick decision-making and predictable timescales when fundraising. We set out on our website the dates by which decisions will be made. The longest time between the deadline for applications and grant decisions was 16 weeks. Most unsuccessful applicants are told the result of their application at an earlier stage, and typically within one month.

The amount spent on the different programme areas in 2017 is given on page 10 and grants made by the Trust in 2017 are listed individually on pages 12 to 18.

## 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 convene grantees and other groups working in our areas of interest to strengthen networking, to benefit from external input, or to help the Trust reflect on its own practice and priorities. During the year, the Trust convened two meetings of civil society organisations to consider the impact of Brexit. One, held in Manchester, brought together civil society organisations from the four jurisdictions of the UK to encourage understanding across borders. The other, organised in partnership with Sustain, explored the potential impact for grantees and other groups working in the field of sustainability.

Grant committee meetings usually include a learning item on a relevant policy area or grantee case study. Sometimes learning sessions are extended to include current or recent grantees, representatives of other funders and / or independent experts, either as speakers or participants. The Peace and Security Committee convened a learning session on counter-terrorism approaches in November.

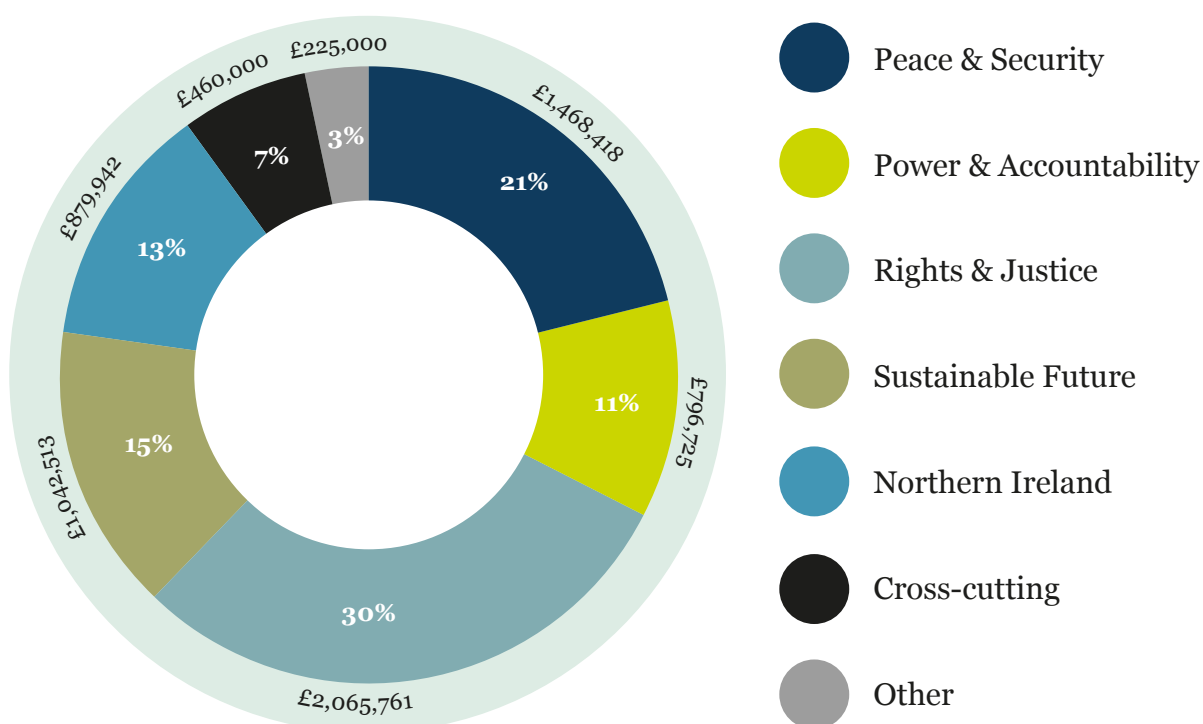
During the year, the Trust commissioned a review of the Rights and Justice programme, to identify what we have learnt in the first three years and to inform our vision and assumptions about change. This review will be completed in 2018. The Trust also agreed to undertake a Trust-wide learning initiative around 'movement building', as an approach to creating positive social change. This will take place in 2018.

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. The Trust also presented its work at the 2017 residential gathering of British Quakers, held at Warwick University in July.

# 2017 grants in figures

## Breakdown of programme grants

Grant expenditure	2017 Grants £	2017 Number of grants
Peace and Security	1,468,418	20
Power and Accountability	796,725	17
Rights and Justice	2,065,761	27
Sustainable Future	1,042,513	15
Northern Ireland	879,942	12
Cross-cutting	460,000	5
Other	225,000	3
	<b>6,938,359</b>	<b>99</b>



## Ten largest grants in 2017

Organisation	Amount	Months	Programme
Cober Hill Charitable Trust	£150,000	Single grant	Other
Acronym Institute for Disarmament Diplomacy	£150,000	24	Peace and Security
The Monitoring Group	£150,000	36	Rights and Justice
Right to Remain	£146,093	36	Rights and Justice
Reclaim the Agenda	£142,500	36	Northern Ireland
QUNO Geneva	CHF175,290	36	Peace and Security
Runnymede Trust	£136,000	36	Rights and Justice
Seeds for Change	£135,000	36	Cross-cutting
Equality and Diversity Forum	£135,000	36	Rights and Justice
European Council on Refugees and Exiles (ECRE)	€150,000	36	Rights and Justice

*The Trust's ten largest grants represent 20% of the total funds approved*

# Grants made in 2017

## Peace and Security programme

We want to encourage 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.

To do this we fund charitable work that aims to: challenge militarism; scrutinise counter-terrorism measures in the context of human rights and peacebuilding; or build support for alternative approaches to defence and security.

### Grants made

#### **Acronym Institute for Disarmament**

**Diplomacy**, £150,000, 24 months.

Humanitarian disarmament work,  
[www.acronym.org.uk](http://www.acronym.org.uk)

**Action on Armed Violence**, £42,994,  
12 months. Investigating the UK’s trade in  
arms with repressive regimes (2010-present),  
[www.aoav.org.uk](http://www.aoav.org.uk)

**Centre for International Studies  
and Diplomacy, SOAS, University of  
London**, £66,000, 24 months. The Strategic  
Concept for the Removal of Arms and  
Proliferation (SCRAP), [www.soas.ac.uk/cisd/](http://www.soas.ac.uk/cisd/)

**Child Soldiers International**, £120,000,  
36 months. Ending the military recruitment of  
children in the UK, [www.child-soldiers.org](http://www.child-soldiers.org)

**Commonweal Trust**, £9,028, 12 months.  
Social media and website project,  
[www.bradford.ac.uk/library/sites-and-collections/commonweal-collection](http://www.bradford.ac.uk/library/sites-and-collections/commonweal-collection)

**Conflict and Environment Observatory**,  
£100,000, 24 months. Enhancing the visibility  
of the environmental and humanitarian  
impact of armed conflicts

**Gender Action for Peace and Security  
UK**, £99,000, 36 months. GAPS staff costs,  
[www.gaps-uk.org](http://www.gaps-uk.org)

**Ice and Fire Theatre Company**, £20,000,  
12 months. Project costs,  
[www.iceandfire.co.uk](http://www.iceandfire.co.uk)

**Independent Diplomat**, £90,000,  
36 months. Core costs,  
[www.independentdiplomat.org](http://www.independentdiplomat.org)

**International Voluntary Service GB**,  
£15,550, 12 months. Challenging militarism  
online, [www.ivsgb.org](http://www.ivsgb.org)

**Medact/ICAN UK**, £64,000, 24 months.  
ICAN UK collaborative project to promote the  
UK joining the Treaty on the Prohibition of  
Nuclear Weapons, [www.uk.icanw.org](http://www.uk.icanw.org)

**Muslim Council of Britain**, £65,000, 18 months. Counter-terrorism: the right approach, [www.mcb.org.uk](http://www.mcb.org.uk)

**Nuclear Education Trust**, £4,250, 6 months. Defence diversification project, [www.nucleareducationtrust.org](http://www.nucleareducationtrust.org)

**Peace Education Scotland**, £48,700, 18 months. Peace Education Programme Scotland, [www.peaceeducationscotland.org](http://www.peaceeducationscotland.org)

**QUNO Geneva**, CHF175,290, 36 months. Recognition and application of the right to conscientious objection to military service, [www.quno.org](http://www.quno.org)

**Saferworld/Rethinking Security**, £120,000, 36 months. Rethinking Security coordination and operating costs, [www.saferworld.org.uk](http://www.saferworld.org.uk), [www.rethinkingsecurity.org.uk](http://www.rethinkingsecurity.org.uk)

**Saferworld**, £105,000, 36 months. Peace and rights-based responses to terror and forced displacement, [www.saferworld.org.uk](http://www.saferworld.org.uk)

**Trust for Research and Education on the Arms Trade/CAAT**, £111,000, 36 months. Campaign Against Arms Trade research and education programme, [www.treat-research.org.uk](http://www.treat-research.org.uk), [www.caat.org.uk](http://www.caat.org.uk)

**University of Birmingham**, £81,321, 18 months. Counter-Terrorism Review, [www.birmingham.ac.uk](http://www.birmingham.ac.uk)

**University of Kent, School of Politics and International Relations**, £20,000, 36 months. Lethal Autonomous Weapons Systems and international norms, [www.kent.ac.uk/politics/staff/canterbury/bode.html](http://www.kent.ac.uk/politics/staff/canterbury/bode.html)

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## 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.

To do this we fund charitable work that aims to: strengthen corporate accountability; strengthen democratic accountability; or encourage responsible media.

### Grants made

**All-Party Parliamentary Group on Anti-Corruption**, £30,000, 36 months. Scrutinising, interrogating and strengthening anti-corruption measures, [www.anticorruptionappg.org](http://www.anticorruptionappg.org)

**Bite the Ballot**, £10,000, 3 months. Core costs, [www.bitetheballot.co.uk](http://www.bitetheballot.co.uk)

**Bite the Ballot**, £50,000, 12 months. Core costs 2018, [www.bitetheballot.co.uk](http://www.bitetheballot.co.uk)

**BOND**, £100,000, 24 months. Enhancing the space for civil society, [www.bond.org.uk](http://www.bond.org.uk)

**Campaign for Freedom of Information**, £105,000, 36 months. Promoting the effective operation of the Freedom of Information Act, [www.cfoi.org.uk](http://www.cfoi.org.uk)

**Centre for Investigative Journalism**, £32,000, 12 months. Community Journalism Investigations Support, [www.tcij.org](http://www.tcij.org)

**Corporate Europe Observatory**, €60,000, 24 months. Core costs 2017-2018, [www.corporateeurope.org](http://www.corporateeurope.org)

**Corruption Watch**, £60,000, 24 months. Corporate involvement in grand corruption, [www.cw-uk.org](http://www.cw-uk.org)

**European Coalition for Corporate Justice**, €56,250, 18 months. Core costs, [www.corporatejustice.org](http://www.corporatejustice.org)

**High Pay Centre**, £50,000, 12 months. Remuneration Committee project, [www.highpaycentre.org](http://www.highpaycentre.org)

**Internews**, £50,000, 24 months. UK Community and Media Journalism Partnership, [www.internews.org](http://www.internews.org)

**Involve**, £60,000, 18 months. Core costs, [www.involve.org.uk](http://www.involve.org.uk)

**NCVO**, £40,000, 24 months. Constructive Journalism, [www.ncvo.org.uk](http://www.ncvo.org.uk)

**New Economics Foundation**, £59,950, 18 months. Power and accountability in the digital economy, [www.neweconomics.org](http://www.neweconomics.org)

**Research for Action**, £33,000, 12 months. A citizen audit of local government debt

**The Germinal**, £7,650, 9 months. Democratic Engagement Project, [www.thegerminal.co.uk](http://www.thegerminal.co.uk)

**Titus Alexander**, £6,300, 10 months. Learning for Democracy catalyst event, [www.DemocracyMatters.org.uk](http://www.DemocracyMatters.org.uk)

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## Rights and Justice programme

We want to protect the rights of vulnerable and marginalised communities in the UK. We aim to grow public support and empathy for the rights of vulnerable racial and religious minorities, hold governments to account and strengthen the hand of those advocating with and for these communities.

To do this we fund charitable work that aims to: protect and promote equality and human rights and their enforcement in the UK; promote rights and justice for minorities who face the most severe forms of racism; or promote rights and justice for refugees and other migrants.

### Grants made

**Black Training and Enterprise Group**, £110,000, 36 months. Core costs, [www.bteg.co.uk](http://www.bteg.co.uk)

**British Institute of Human Rights**, £105,000, 36 months. Core costs, [www.bihhr.org.uk](http://www.bihhr.org.uk)



**Centre for Applied Human Rights**, £20,000, 12 months. York Human Rights City Network: Building a Human Rights City, [www.yhrcn.org](http://www.yhrcn.org)

**Detention Action**, £112,500, 36 months. Alternatives to detention advocacy, [www.detentionaction.org.uk](http://www.detentionaction.org.uk)

**Equality and Diversity Forum**, £135,000, 36 months. Core costs, [www.edf.org.uk](http://www.edf.org.uk)

**Equality Challenge Unit**, £5,000, single grant. Analysis of Race Equality Award Applications

**European Council on Refugees and Exiles (ECRE)**, €150,000, 36 months. Core costs, [www.ecre.org](http://www.ecre.org)

**Immigration Law Practitioners' Association**, £75,000, 36 months. Strategic Legal Fund, [www.ilpa.org.uk](http://www.ilpa.org.uk)

**Immigration Law Practitioners' Association**, £66,000, 24 months. Legal Officer, [www.ilpa.org.uk](http://www.ilpa.org.uk)

**Inclusive Mosque Initiative**, £54,340, 24 months. Inclusive Seminar Series, [www.inclusivemosqueinitiative.org](http://www.inclusivemosqueinitiative.org)

**Leeds GATE**, £50,000, 24 months. Negotiated Stopping, [www.leedsgate.co.uk](http://www.leedsgate.co.uk)

**London Gypsy and Traveller Unit**, £50,000, 24 months. Gypsies and Travellers in London – mapping the pathway to equality, [www.lgtu.org.uk](http://www.lgtu.org.uk)

**Migrants Organise Ltd**, £100,000, 36 months. National Migrant Community Organising Programme, [www.migrantsorganise.org](http://www.migrantsorganise.org)

**Migrant Voice**, £60,000, 24 months. Core costs, [www.migrantvoice.org](http://www.migrantvoice.org)

**The Monitoring Group**, £150,000, 36 months. Civil Rights and Transformation, [www.tmg-uk.org](http://www.tmg-uk.org)

**Muslim Women's Network UK**, £120,000, 36 months. Building a network of Islamic Feminism Allies

**New Economy Organisers Network**, £20,000, 12 months. KIN Community – UK Costs, [www.neweconomyorganisers.org](http://www.neweconomyorganisers.org)

**New Horizons in British Islam**, £115,000, 36 months. Empowering Muslim communities and tackling anti-Muslim prejudice, [www.nhorizons.org](http://www.nhorizons.org)

**Project 17**, £58,794, 24 months. Policy work, [www.project17.org.uk](http://www.project17.org.uk)

**Refugee Action**, £5,000, 3 months. Building the power of migration and refugee groups, [www.refugee-action.org.uk](http://www.refugee-action.org.uk)

**Right to Remain**, £146,093, 36 months. Practical Solidarity and Migration Justice project, [www.righttoremain.org.uk](http://www.righttoremain.org.uk)

**Runnymede Trust**, £136,000, 36 months. Core costs, [www.runnymedetrust.org](http://www.runnymedetrust.org)

**Tapepuka**, £16,285, 6 months. Project staff costs, [www.tapepuka.org](http://www.tapepuka.org)

**the3million and British in Europe**, £45,000, 15 months. Advocacy programme, [www.the3million.org.uk](http://www.the3million.org.uk)

**Tripod: Training for Creative Social Action**, £73,249, 36 months. Organising for Power, [www.tripodtraining.org](http://www.tripodtraining.org)



**Voice4Change England**, £20,000, 6 months. Enabling joint work for racial justice and migrants' rights: Scoping the scene, [www.voice4change-england.co.uk](http://www.voice4change-england.co.uk)

**Women Against Rape**, £90,000, 36 months. End Destitution Campaign, [www.womenagainstrape.net](http://www.womenagainstrape.net)

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## Sustainable Future programme

We want to develop and promote sustainable, low-carbon alternatives to the current consumerist and growth-based paradigm. To do this we fund charitable work that focuses on exploring and promoting more sustainable economic options; moving beyond consumerism; or which involves marginalised groups and young activists ('new voices') in the transition to a low-carbon sustainable society.

### Grants made

**Centre for Sustainable Energy**, £60,929, 36 months. Community Energy for Everyone, [www.cse.org.uk](http://www.cse.org.uk)

**CEMVO Scotland**, £60,000, 24 months. Ethnic Minority Environmental Network, [www.cemvoscotland.org.uk](http://www.cemvoscotland.org.uk)

**The Climate Coalition**, £75,000, 36 months. Campaign and week of action, [www.theclimatecoalition.org](http://www.theclimatecoalition.org)

**Culture Unstained**, £90,000, 36 months. Ending Oil Sponsorship of Culture, [www.cultureunstained.org](http://www.cultureunstained.org)

**Cyclops Pedal Power**, £26,084, 16 months. Challenging unconventional fossil fuels, [www.facebook.com/CyclopsPedalPower](http://www.facebook.com/CyclopsPedalPower)

**Escapade**, £18,000, 8 months. The Carbon Mark

**Finance Innovation Lab**, £105,000, 36 months. Core costs, [www.financeinnovationlab.org](http://www.financeinnovationlab.org)

**Food Ethics Council**, £70,000, 24 months. Food Citizenship, [www.foodethicscouncil.org](http://www.foodethicscouncil.org)

**Happy City Initiative**, £120,000, 36 months. Core costs, [www.happycity.org.uk](http://www.happycity.org.uk)

**Hubbub Foundation UK**, £52,500, 36 months. The Street that Shares, [www.hubbub.org.uk](http://www.hubbub.org.uk)

**The Kindling Trust**, £75,000, 36 months. Developing supply chain co-operation, [www.kindling.org.uk](http://www.kindling.org.uk)

**People & Planet**, £80,000, 24 months. University League Fossil Free project 2, [www.peopleandplanet.org](http://www.peopleandplanet.org)

**Perspectiva**, £70,000, 24 months. Core costs, [www.systems-souls-society.com](http://www.systems-souls-society.com)

**Rethinking Economics**, £80,000, 24 months. Core costs, [www.rethinkingeconomics.org](http://www.rethinkingeconomics.org)

**Women's Environmental Network**, £60,000, 24 months. New Voices – bringing women's voices into mainstream environmental issues, [www.wen.org.uk](http://www.wen.org.uk)

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## Northern Ireland programme

We want to contribute to the ongoing transformation of the Northern Ireland conflict.

To do this we fund charitable work that aims to: strengthen human rights and equality; support inclusive, non-sectarian and participatory politics; support processes of demilitarisation; or deals appropriately with the legacy of the conflict.

### Grants made

**Charter for NI**, £33,000, 12 months.  
New Beginnings, [www.charterni.org](http://www.charterni.org)

**Vicky Cosstick**, £8,175, 6 months. Research/  
writing post-conflict legacy

**Fellowship of Messines Association**,  
£25,000, 12 months. 'What price citizenship?'  
project

**Human Rights Trust/Committee on the  
Administration of Justice**, £40,000,  
12 months. CAJ's human rights work,  
[www.caj.org.uk](http://www.caj.org.uk)

**Lower Shankill Community  
Association**, £6,450, 12 months. Consensus  
restorative justice and mediation

**Northern Ireland Women's European  
Platform**, £120,000, 36 months. Core costs,  
[www.niwep.org](http://www.niwep.org)

**Participation and the Practice of Rights  
Project**, £59,817, 24 months. Asylum project,  
[www.pprproject.org](http://www.pprproject.org)

**Politics Plus**, £90,000, 36 months.  
Programme costs, [www.politicsplus.com](http://www.politicsplus.com)

**Reclaim the Agenda**, £142,500, 36 months.  
Building a sustainable Women's Movement

**St Columb's Park Reconciliation Trust**,  
£120,000, 36 months. Compassionate  
Campaigning, [www.stcolumbsparkhouse.org](http://www.stcolumbsparkhouse.org)

**Teach na Failte**, £125,000, 24 months.  
Transitional Initiative, [www.teachnafailte.com](http://www.teachnafailte.com)

**Women's Aid Federation Northern  
Ireland**, £110,000, 24 months. Core costs,  
[www.womensaidni.org](http://www.womensaidni.org)

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## Cross-cutting and other grants

In 2017 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

**Hope for the Future**, £90,000, 36 months.  
Core costs, [www.hftf.org.uk](http://www.hftf.org.uk)

**Inquest Charitable Trust**, £100,000,  
24 months. Core costs, [www.inquest.org.uk](http://www.inquest.org.uk)

**Platform**, £45,000, 12 months. Core costs,  
[www.platformlondon.org](http://www.platformlondon.org)

**Quaker Council for European Affairs**,  
€103,448, 36 months. Addressing the Politics  
of Fear in Europe, [www.qcea.org](http://www.qcea.org)

**Seeds for Change**, £135,000, 36 months.  
Building effective and resilient movements for  
environmental and social justice,  
[www.seedsforchange.org.uk](http://www.seedsforchange.org.uk),  
[www.navigate.org.uk](http://www.navigate.org.uk)

### Other grants made

**Cober Hill Charitable Trust**, £150,000,  
single grant and transfer of shares

**Two Ridings Community Foundation**,  
£55,000, 12 months. The Step Change fund for  
York, [www.trcf.org.uk](http://www.trcf.org.uk)

**Unlock Democracy**, £20,000, 9 months.  
Repeal Bill civil society co-ordination,  
[www.unlockdemocracy.org.uk](http://www.unlockdemocracy.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 we choose to invest through managers who regard themselves as responsible investors and seek to invest sustainably. By adopting this approach, we can have confidence that the companies in which we are invested are a good match for our ethical concerns. We also believe that those companies which recognise future trends, whether that is 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](http://www.jrct.org.uk)

## Investment portfolio

As at 31 December 2017 our externally managed investments represented 99% (2016: 97%) of our portfolio. They are all invested through funds managed on a total return basis.

The small number of investments we manage ourselves represented 1% of the portfolio (2014:3%). These investments include a holding in C&J Clark International Ltd which we have held for many years and 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](http://www.jrct.org.uk)

During the year the Trust transferred its 49% shareholding in Cober Hill Limited to the Cober Hill Charitable Trust. More information about this holding and the transfer 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.

The return on the whole portfolio net of investment management fees for the year was 15.2% (2016: 17.0%). The three-year rolling performance was 45.0% (2016: 35.8%) as compared to 33.3% (2016: 19.3%) 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 judge 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 2017. 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 2017 we continued to actively oversee our whole portfolio both as a responsible investor and with an eye to returns.

One of the highlights of the year was completing our divestment from fossil fuel extractive companies. In 2014 we were the first European foundation to sign up to the Divest Invest Philanthropy Pledge, committing to divest from all such investments by 2020. We know that, if all the reserves of coal, oil and gas that sit in these companies' balance sheets are burnt, it will make it nigh on impossible to keep global temperatures within the internationally agreed range. The risks of extreme climate change are so serious that we consider that all investors have a responsibility to act. Given the urgency of the issue, we were appreciative of our managers' willingness to work with us on achieving not only our target but also getting there substantially ahead of time.

As is our usual practice, we met twice with our managers during the year. During the first round of meetings, in May 2017, we primarily concentrated on environmental, social and governance (ESG) issues, reviewing how our managers incorporate ESG factors into their decision making. We particularly focused on the work we commenced in 2016 looking at the gender balance of portfolio managers and senior analysts, and worked with our managers to develop our targets around gender in the fund management industry to ensure that they were directed at those factors which really could make a difference. We are particularly conscious that while appointments at junior grades tend to be evenly split between the genders, for a number of reasons attrition rates result in proportionally far fewer women than men moving through the pipeline to become portfolio managers and senior analysts. Addressing this requires robust action on mentoring, retention and promotion, and we continue to challenge our managers in this area.

At the May 2017 meetings we also looked closely at the issue of corporate tax. While recognising the major importance of inter-governmental co-operation in bringing about change, we do not consider that we, as investors, and our fund managers should remain passive about this issue. To this end, during the year we produced a ‘Statement of expectations of our fund managers in relation to corporate tax’ which can be found on our website at [www.jrct.org.uk](http://www.jrct.org.uk)

During the second round of meetings held with our managers in November 2017 we concentrated on financial performance, drawing on attribution analysis carried out by Portfolio Evaluation. We were delighted that for the fourth year running our new investment strategy has resulted in significant outperformance. While recognising the need to keep monitoring our managers and their performance both from a financial and an ESG perspective, it is gratifying to see the theoretical case for investing responsibly being borne out in practice. Given this, we are unlikely to make any changes to our investment strategy in the foreseeable future.

ESG issues and stewardship continue to be a dominant theme in our other discussions with our managers and, as a signatory to Principles of Responsible Investment 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 are a member of a number of collaborative responsible investor networks, including the Church Investors Group – on whose board we are represented – and ShareAction’s Charities Responsible Investment Network. In addition, we continue to be 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 directly with companies and policy makers on a wide range of issues including climate change, corporate tax and workforce transparency.

We are also a signatory to the Montréal Carbon Pledge and during the year continued discussions with our managers on 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.

# Finance

## Financial review

Total incoming resources in 2017 were £0.6 million (2016: £1.8 million), predominantly generated from investments. The fall in direct income was anticipated following our previous decision to move away from investing our externally managed investments through segregated portfolios and instead investing them in managed funds run on a total return basis. We have also taken the decision to reduce, over time, our much smaller, internally managed, investment portfolio which is having a direct effect on income.

£3.5 million (2016: £2.2 million) was spent on generating funds and £7.9 million (2016: £6.5 million) was allocated to charitable activities. £1.3 million (2016: £0) was allocated to discharging our debt to the North Yorkshire Pension Fund following our exit from the defined benefit pension scheme.

The value of the Trust's net assets rose to £246 million (2016: £221 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 2017 was £246 million (2016: £221 million), of which £22 million (2016: £13 million) was held as free reserves. Budgeted expenditure before any income in 2018 is under £8 million.

Given this, we believe that the current level of free reserves is reasonable.

## Going concern

The balance held as unrestricted funds at 31 December 2017 totalled £246 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 £258 million and creditors totalling £12 million, including a £3 million creditor in respect of a payment due to North Yorkshire Pension Fund following our



exit from the scheme. Of the assets, £255 million were in liquid form (cash deposits) or near liquid form (quoted equities).

In 2016 we agreed that budgeted expenditure should be limited to £7.85 million (not including investment fees) in 2018. Expenditure levels for future years 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.

A full pay review is carried out periodically, with the last review having taken place in 2016. External consultants are 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.

Staff receive an annual cost of living award with effect from 1 April each year. In April 2017 the award was 2.03%, 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 Operations and Finance Committee for senior roles. As an exception to this, Operations and Finance 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 Operations and Finance 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:

## Poor grant-making means that the objectives of the Trust are not advanced

In particular we are concerned that desirable funding opportunities may be missed, or that grants are made which are poor or inappropriate. 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 five 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. 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

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 charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- 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 UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper 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. 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 16 March 2018 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 2017 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 2017 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.

## 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, 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.

19 March 2018

**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.

# 17

## Financial Statements



## Statement of financial activities for the year ended 31 December 2017

		2017	2016
	Note	Total £000	Total £000
<b>Income from:</b>			
Donations and legacies	2	1	7
Investments	3	583	1,757
<b>Total income</b>		<b>584</b>	1,764
<b>Expenditure on:</b>	4		
Raising funds		3,474	2,230
Charitable activities		7,934	6,450
Other		1,259	1
<b>Total expenditure</b>		<b>12,667</b>	8,681
<b>Net expenditure before net gains on investments</b>		<b>(12,083)</b>	(6,917)
Net gains on investments		37,172	34,892
<b>Net income before other recognised gains and losses</b>		<b>25,089</b>	27,975
Actuarial (losses)/gains on defined benefit pension schemes		–	(757)
Realised and unrealised gains on exchange		1	2
<b>Net movement in funds</b>		<b>25,090</b>	27,220
<b>Reconciliation of funds:</b>			
Total funds brought forward		220,594	193,374
<b>Total funds carried forward</b>	18	<b>245,684</b>	220,594

All income and expenditure in both 2016 and 2017 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 2017

		2017	2016
	Note	Total £000	Total £000
<b>Fixed assets:</b>			
Tangible assets	11	6	8
Investments	12	236,050	217,447
		<b>236,056</b>	217,455
<b>Current assets:</b>			
Debtors	14	45	207
Short term deposits	20	2,563	2,533
Cash at bank and in hand	20	19,145	10,359
		<b>21,753</b>	13,099
<b>Liabilities:</b>			
Creditors: amounts falling due within one year	15	(8,534)	(4,821)
<b>Net current assets</b>		<b>13,219</b>	8,278
<b>Total assets less current liabilities</b>		<b>249,275</b>	225,733
Creditors: amounts falling due after one year	16	(3,591)	(3,009)
<b>Net assets excluding pension liability</b>		<b>245,684</b>	222,724
Defined benefit pension scheme liability	22	–	(2,130)
<b>Total net assets</b>		<b>245,684</b>	220,594
<b>The funds of the charity:</b>			
17			
Unrestricted income funds:			
Pension reserve		–	(2,130)
Expendable endowment		245,684	222,724
Total unrestricted funds		245,684	220,594
<b>Total charity funds</b>		<b>245,684</b>	220,594

The Trust has no restricted or designated funds (2016:£0).

Approved by the trustees on 16 March 2018 and signed on their behalf by:

**Helen Carmichael**  
Chair of Trustees

**Jenny Amery**  
Trust First Vice-chair

## Statement of cash flows for the year ended 31 December 2017

		2017	2016
	Note	Total £000	Total £000
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by / (used in) operating activities</b>	19	<b>(10,335)</b>	(9,197)
<b>Cash flows from investing activities:</b>			
Income from investments	3	<b>583</b>	1,757
Purchase of fixed assets	11	<b>(2)</b>	(5)
Purchase of investments	12	<b>(45,470)</b>	(12,721)
Proceeds from sale of investments	12	<b>63,516</b>	19,400
Movement in cash deposits held by fund managers	12	<b>523</b>	(331)
<b>Net cash provided by / (used in) investing activities</b>		<b>19,150</b>	8,100
		<b>8,815</b>	(1,097)
<b>Change in cash and cash equivalents due to exchange rate movements</b>		<b>1</b>	2
<b>Change in cash and cash equivalents in the year</b>		<b>8,816</b>	(1,095)
Cash and cash equivalents at the beginning of the year		<b>12,892</b>	13,987
<b>Cash and cash equivalents at the end of the year</b>	20	<b>21,708</b>	12,892

# Notes to the financial statements for the year ended 31 December 2017

## 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 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 three 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. Pension scheme**

Until 31 December 2017 the Trust was an admission member of the North Yorkshire Pension Fund and provided employees with a defined benefit pension scheme through this means. However, on 31 December 2017, all active scheme members exited from the scheme, triggering an employer exit debt of £3.388 million. Once discharged, this will release the Trust from any future liability to the scheme and all liabilities in respect of the scheme will lie with North Yorkshire Pension Scheme. As from 1 January 2018, a NEST defined contribution scheme has been made available to all staff members.

**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

	2017	2016
	£000	£000
Gifts	1	7
	1	7

All income from donations was unrestricted.

## 3. Income from investments

	2017	2016
	£000	£000
Income from listed investments	407	1,443
Income from unlisted investments	176	314
	583	1,757

All income from investments was unrestricted.

## 4. Analysis of expenditure

	Note	Cost of raising funds	Charitable activities	Other	Governance costs	Support costs	2017 total	2016 total
		£000	£000	£000	£000	£000	£000	£000
Staff costs	7	78	465	1	29	137	710	745
Grants awarded	5	–	7,069	–	–	–	7,069	5,549
Grant awarding related costs		–	101	–	–	–	101	126
Investment managers' fees		3,294	–	–	–	–	3,294	2,038
Legal and professional fees		43	3	–	1	32	79	75
Other investment related costs		11	–	–	–	–	11	13
Auditor's remuneration		–	–	–	12	–	12	14
IT consultancy		–	–	–	–	14	14	11
Premises and office costs		–	–	–	–	80	80	84
Depreciation		–	3	–	–	1	4	3
Other direct costs		7	–	–	18	10	35	23
Exceptional defined benefit pension scheme costs		–	–	1,258	–	–	1,258	–
		3,433	7,641	1,259	60	274	12,667	8,681
Support costs		32	230	–	12	(274)	–	–
Governance costs		9	63	–	(72)	–	–	–
<b>Total expenditure 2017</b>		<b>3,474</b>	<b>7,934</b>	<b>1,259</b>	<b>–</b>	<b>–</b>	<b>12,667</b>	<b>8,681</b>
Total expenditure 2016		2,230	6,450	1	–	–		8,681

All the expenditure in 2016 and 2017 was unrestricted.



## 5. Grant-making

	Note	2017	2016
		£000	£000
Grants payable at the start of the year		7,731	8,219
Grants awarded in the year		6,939	5,606
Grants amended in the year		130	(57)
Net grant awards in the year	4	7,069	5,549
Grants paid in the year		(6,085)	(6,037)
Grants payable at the end of the year		8,715	7,731
Creditors: amounts due within one year	15	5,124	4,722
Creditors: amounts due in over one year	16	3,591	3,009
<b>Total creditors at the end of the year</b>		<b>8,715</b>	<b>7,731</b>

## 6. Net incoming resources for the year

This is stated after charging / crediting:

	2017	2016
	£000	£000
<b>Depreciation</b>	<b>4</b>	<b>3</b>
<b>Operating lease rentals:</b>		
Equipment	2	2
<b>Auditor's remuneration (excluding VAT):</b>	<b>10</b>	<b>9</b>

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

Staff costs were as follows:

	2017	2016
	£000	£000
Salaries and wages	513	526
Social security costs	53	53
<b>Operating costs of defined benefit pension scheme:</b>		
Employer contributions	143	135
Pension fund actuarial adjustment	–	30
	143	165
Other pension costs	1	1
	710	745

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

	2017	2016
	No.	No.
£60,000 – £69,999	2	1
£70,000 – £79,999	–	1
£80,000 – £89,999	1	–
£90,000 – £99,999	–	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 £517k (2016: £495k).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2016: £0). No charity trustee received payment for professional or other services supplied to the charity (2016: £0).

Trustees' expenses totalling £26k (2016: £27k) represent the payment or reimbursement of travel and subsistence costs plus the cost of sundry expenses including telephone and stationery incurred by 14 (2016: 14) 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:

	2017	2016
	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 any such 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, Margaret Bryan (trustee) is a voluntary tutor and Michael Eccles (trustee) works part-time for Woodbrooke Quaker Study Centre. Helen Carmichael (trustee)'s partner, John Dash, is a voluntary Woodbrooke trustee. During the year grant payments totalling £106,668 (2016: £105,612) were made to the organisation and at the year end there were outstanding grant payments totalling £44,630 (2016: £151,298).

John Fitzgerald (trustee) is fundraiser at Friends of the Earth Scotland. During the year grant payments totalling £20,409 (2016: £15,104) were made to the organisation and at the year end there were outstanding grant payments totalling £49,500 (2016: £69,909).

Stan Lee (trustee) is voluntary treasurer of QUNO Geneva. During the year grant payments totalling CHF54,997 (£43,550) (2016: CHF43,749 (£32,560)) were made to the organisation and at the year end there were outstanding payments totalling CHF120,293 (£93,723) (2016: CHF 0 (£0)).

Emily Miles (trustee)'s partner, Paul Ingram, works for British American Security Information Council (BASIC). During the year grant payments totalling £40,000 (2016: £50,000) were made to the organisation and at the year end there were outstanding grant payments totalling £30,000 (2016: £70,000). All grants to BASIC are ring fenced to exclude Paul Ingram's salary.

Imran Tyabji (trustee) is an Advisory Board member and Penelope Shepherd (co-opted member) a voluntary Development Board member of 10:10. During the year grant payments totalling £33,328 (2016: £33,336) were made to the organisation and at the year end there were no outstanding payments (2016: £33,328).

Imran Tyabji's son, Nico Tyabji, is a volunteer trustee of Quaker Social Action. During the year grant payments totalling £13,332 (2016: £13,332) were made to the organisation and at the year end there were outstanding grant payments totalling £9,999 (2016: £23,331).

Sarah Cutler (co-opted member) is a consultant to Global Dialogue for Migration Exchange. During the year grant payments totalling £10,000 (2016: £2,500) were made to the organisation and at the year end there were outstanding grant payments totalling £7,500 (2016: £17,500). The grant is not used to pay Sarah Cutler's consultancy costs.

Sepi Golzari (co-opted member) is a Council Member of Unlock Democracy. During the year grant payments totalling £14,000 (2016: £0) were made to the organisation and at the year end there were outstanding grant payments totalling £6,000 (2016: £0).

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 (2016: £25,000) and at the year end there were no outstanding grant payments (2016: £25,000).

Avila Kilmurray (co-opted member) is a voluntary trustee of Conciliation Resources (UK), a grantee. During the year grant payments totalling £34,836 (2016: £34,836) were made to the organisation and at the year end there were no outstanding grant payments (2016: £34,836).

During the year a grant payment of £3,500 was made to Avila Kilmurray towards the publishing costs of a book she has written entitled "Community Organising and Peacebuilding: Framing Activism in Northern Ireland". There were no outstanding grant payments at the year end.

Avila Kilmurray's partner, Brian Gormally, works for the Committee on the Administration of Justice. During the year grant payments totalling £35,000 (2016: £35,000) were made to the organisation and at the year end there were outstanding grant payments totalling £40,000 (2016: £35,000).

The partner of Jessica Metheringham (co-opted member), Oliver Robertson, is voluntary clerk of Quaker Council for European Affairs. During the year grant payments totalling €42,242 (£37,281) (2016: €50,000 (£41,497)) were made to the organisation and at the year end there were outstanding grant payments totalling €86,206 (£75,000) (2016: €25,000 (£19,607)).

David Ruebain (co-opted member) is Chief Executive of Equality Challenge Unit. In 2017 a grant of £5,000 was made to the Equality Challenge Unit which was outstanding at the year end.

Payments to the above grantees represented 7% of grant payments in 2017 (2016: 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 conflict of interest policy and, in the interests of transparency, are disclosed below:

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 £316 (2016: £499).

Mohammed Aziz is Director of the Aziz Foundation. During the year we shared the cost of research carried out by Ipsos MORI entitled a 'Review of existing polling and survey research on British Muslims'. Our share of the cost was £4,350.

## **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. Epworth Investment Management is owned by the Central Finance

Board of the Methodist Church. At the year end the Trust had £8.8m invested in The Affirmative Deposit Fund for Charities (2016: £4.4m), a common deposit fund managed by Epworth Investment Management. As a matter of policy, Stephen did 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 £44.3m invested in Royal London Sustainable Leaders Trust (2016: £38.2m). Nicola is not involved in making investment decisions on behalf of the Trust.

## 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
<b>Cost</b>			
At the start of the year	471	92	<b>563</b>
Additions in year	2	–	<b>2</b>
Disposals in year	–	(8)	<b>(8)</b>
<b>At the end of the year</b>	<b>473</b>	<b>84</b>	<b>557</b>
<b>Depreciation</b>			
At the start of the year	466	89	<b>555</b>
Charge for the year	1	3	<b>4</b>
Eliminated on disposal	–	(8)	<b>(8)</b>
At the end of the year	467	84	<b>551</b>
<b>Net book value at the end of the year</b>	<b>6</b>	<b>–</b>	<b>6</b>
At the start of the year	5	3	<b>8</b>

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

	2017	2016
	£000	£000
Fair value at the start of the year	217,447	188,903
Additions at cost	45,470	12,721
Disposal proceeds	(63,516)	(19,400)
Realised gains	15,737	4,407
Unrealised gain from change in fair value	21,435	30,485
Movement in cash deposits	(523)	331
<b>Fair value at the end of the year</b>	<b>236,050</b>	217,447
<b>Historic cost at the end of the year</b>	<b>146,513</b>	149,016
<b>Investments comprise:</b>		
Listed investments:		
Global equity investment funds	156,905	120,027
UK equities	–	34,631
UK equity investment funds	76,162	57,041
Unlisted investments:		
Overseas equities	222	213
UK equities	2,761	4,937
Loans	–	75
UK cash deposits	–	523
	<b>236,050</b>	217,447

## 13. Associates

At the start of the year the Trust owned 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 was considered to be an associate of the Trust. The investment was held at £nil in the Trust's financial statements.

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. Recognising that Cober Hill no longer represented a key constituent of the Trust's strategy and activities, in May 2017 trustees transferred the Trust's shares in the company together with a £150k grant to the Cober Hill Charitable Trust, a charity specially set up to continue the charitable work carried out at Cober Hill. The Joseph Rowntree Foundation which owned 51% of the shares made a similar gift.

## 14. Debtors

	2017	2016
	£000	£000
Sundry debtors	5	2
Prepayments	8	5
Accrued income	32	200
	45	207

## 15. Creditors

Amounts falling due within one year

	2017	2016
	£000	£000
Grant commitments	5,124	4,722
Trade creditors	5	5
Defined benefit pension fund exit payment	3,388	–
Accruals	17	94
	8,534	4,821

## 16. Creditors

Amounts falling due after one year

	2017	2016
	£000	£000
Grant commitments falling due within 2–5 years	3,591	3,009
	<b>3,591</b>	3,009

## 17. Analysis of net assets between funds

Total funds (general unrestricted):

	2017	2016
	£000	£000
Tangible fixed assets	6	8
Investments	236,050	217,447
Net current assets	13,219	8,278
Long term liabilities	(3,591)	(3,009)
Defined benefit pension asset / (liability)	–	(2,130)
<b>Net assets at the end of the year</b>	<b>245,684</b>	220,594



## 18. Movement in funds

Movement in funds – current year:

	At the start of the year	Incoming resources & gains	Outgoing resources & losses	Transfers	At the end of the year
	2017	2017	2017	2017	2017
	£000	£000	£000	£000	£000
Expendable endowment	222,724	37,757	12,667	(2,130)	<b>245,684</b>
Total unrestricted funds	222,724	37,757	12,667	(2,130)	<b>245,684</b>
Pension fund	(2,130)	–	–	2,130	–
<b>Total funds including pension fund</b>	220,594	37,757	12,667	–	<b>245,684</b>

Movement in funds – prior 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	<b>222,724</b>
Total unrestricted funds	194,717	36,658	9,408	757	<b>222,724</b>
Pension fund	(1,343)	–	30	(757)	<b>(2,130)</b>
<b>Total funds including pension fund</b>	193,374	36,658	9,438	–	<b>220,594</b>

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

	2017	2016
	£000	£000
<b>Net income for the reporting period (as per the statement of financial activities)</b>	<b>25,089</b>	27,975
Depreciation charges	4	3
Gains on investments	<b>(37,172)</b>	(34,892)
Defined benefit pension adjustment	<b>(2,130)</b>	30
Dividends, interest and rent from investments	<b>(583)</b>	(1,757)
Decrease/(increase) in debtors	<b>162</b>	(67)
Decrease/(increase) in creditors	<b>4,295</b>	(489)
<b>Net cash provided by / (used in) operating activities</b>	<b>(10,335)</b>	(9,197)

## 20. Analysis of cash and cash equivalents

	At 1 January 2017	Cash flows 2017	At 31 December 2017
	£000	£000	£000
Operating cash at bank and in hand	1,904	(402)	<b>1,502</b>
<b>Floating reserve:</b>			
Cash held in deposit accounts on call	8,455	9,188	<b>17,643</b>
Notice deposits (less than 3 months)	2,533	30	<b>2,563</b>
<b>Total cash and cash equivalents</b>	<b>12,892</b>	<b>8,816</b>	<b>21,708</b>

## 21. Operating lease commitments

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

	Equipment	
	2017	2016
	£000	£000
Less than one year	1	2
2–5 Years	–	1
<b>Total</b>	<b>1</b>	<b>3</b>

## 22. Pension scheme

Until 31 December 2017 the Trust was an admission member of the North Yorkshire Pension Fund and, through this means, provided employees with a defined benefit pension scheme. However, on 31 December 2017, all active scheme members exited from the scheme. The rights that members had already built up in the scheme were protected as at this date. These include a pension based on 1/80th for service up to 31 March 2008, 1/60th for April 2008–March 2014 service and 1/49th for service from 1st April 2014 to 31 December 2017. In addition, the option of commuting pension for a lump sum continues to be available to deferred members and surviving partners and dependent children are entitled to a 1/160th pension.

The exit from the fund triggered an employer exit debt of £3.388 million. Once discharged this will release the Trust from any future liability to the scheme and all liabilities in respect of the scheme will lie with North Yorkshire Pension Scheme.

As from 1 January 2018, a NEST defined contribution scheme has been made available to all staff members. Contributions are made on a sliding scale with employees contributing from 5.0 - 7.5% of their gross salary and the Trust contributing between 12.5-15.0%, depending on the employee contribution. Each participating member is able to select their own contribution rate provided that it falls within the prescribed range.

### Defined pension scheme liability

	2017	2016
	£000	£000
	–	(2,130)

# 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 and up to the point that the financial statements were signed were:**

Jenny Amery

Linda Batten

Margaret Bryan

Helen Carmichael (Chair)

Huw Davies

Michael Eccles (Vice-chair)

John Fitzgerald

Stan Lee (until 31 December 2017)

Emily Miles (Vice-chair) (until 31 December 2017)

David Newton

Susan Seymour

Janet Slade (from 15 September 2017)

Hannah Torkington

Imran Tyabji

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

Mohammed Aziz (Rights and Justice)

Stephen Beer (Investment Committee)

Ken Booth (Peace and Security) (until November 2017)

Sarah Cutler (Rights and Justice)

Lisa Faulkner-Byrne (Northern Ireland)

Sepi Golzari-Munro (Sustainable Future)

Alan Goodman (Investment Committee)

Diane Greer (Northern Ireland)

Jonathan Heawood (Power and Accountability)

Julie Harrison (Northern Ireland) (until January 2017)

David Hunter (Sustainable Future)  
Avila Kilmurray (Northern Ireland)  
Olivia Macdonald (Investment Committee)  
Jessica Metheringham (Power and Accountability)  
Katy Roelich (Sustainable Future) (until June 2017)  
David Ruebain (Rights and Justice)  
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

**Principal Office**

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Email [enquiries@jrct.org.uk](mailto:enquiries@jrct.org.uk)  
Web [www.jrct.org.uk](http://www.jrct.org.uk)

**Auditor**

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

**Bankers**

CAF Bank Limited, 25 Kings Hill Avenue, Kings Hill, West Malling,  
Kent ME19 4JQ

HSBC, 13 Parliament Street, York YO1 8XS

**Deposit Holders**

COIF Charities Deposit Fund, CCLA, Senator House,  
85 Queen Victoria Street, London EC4V 4ET

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

**Fund Managers** CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET (to March 2017)

Generation Investment Management LLP, 20 Air Street, 7th Floor,  
London W1B 5AN

Impax Asset Management, 7th Floor, 30 Panton Street, London SW1Y 4AJ

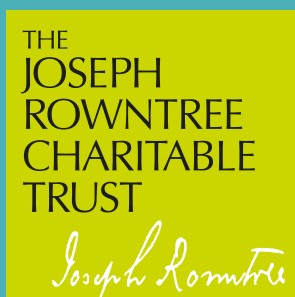
Liontrust, 2 Savoy Court, London WC2R 0EZ

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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