

Charity registration number: 1001363

# Sir James Knott Trust

Annual Report and Financial Statements  
for the Year Ended 31 March 2022

# Sir James Knott Trust

## Contents

Reference and Administrative Details	1
Trustees' Report	2 to 7
Independent Auditors' Report	8 to 10
Statement of Financial Activities	11
Statement of Financial Activities	12
Balance Sheet	13
Cash Flow Statement	14
Notes to the Financial Statements	15 to 27

## Sir James Knott Trust

### Reference and Administrative Details

<b>Trustees</b>	Mr B Speke DL, (Chair) Mr J A Baker-Cresswell Reverend F J Sample Sir W J B Riddell
<b>Trust Secretary</b>	Ms J Curry MBE, DL
<b>Charity Registration Number</b>	1001363
<b>Principal Office</b>	Mea House Ellison Place Newcastle upon Tyne Tyne and Wear NE1 8XS
<b>Auditor</b>	Azets Audit Services Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
<b>Bankers</b>	HSBC Bank plc Newcastle Floor 3 Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
<b>Investment Advisors</b>	Newton Investment Management Limited The Bank of New York Mellon Centre 160 Queen Victoria Street London EC4V 4LA
<b>Custodian of Investments</b>	The Bank of New York Mellon One Canada Square London EC14 5AL

# Sir James Knott Trust

## Trustees' Report

The trustees present the annual report together with the financial statements and auditors' report of the charity for the year ended 31 March 2022.

### **Structure, governance and management**

#### ***The Trust's History***

Sir James Knott was born at Howdon in 1855 and started work as a clerk at a Quayside shipping office aged fourteen. His fortune was based on the Prince Line, shipping company which he founded. During the First World War he sold the company and in 1924, left the North East, with his wife Lady Margaret and settled in Jersey where he formed Samares Investments, to further his philanthropy. Sir James died in 1934, but his legacy lives on through the Trust and the thousands of charities that have benefited from the endowment that he created.

Sir James Knott established the original Trust in 1920 in Jersey, which was the final resting place of he and his wife Lady Knott. In 1990, the Jersey Trustees agreed to move a substantial proportion of that fund into an endowed trust under the governance of a registered charity named Sir James Knott 1990 Trust. In 1995 the name became The Sir James Knott Trust. The Sir James Knott Trust is a registered Charitable Trust based in Newcastle upon Tyne which gives grants in support of charitable activity across Northumberland, Tyne and Wear, County Durham, and Hartlepool. The Trust is an unincorporated Trust, constituted under a Trust Deed dated 12 December 1990.

#### ***Governance and Management***

There have been no changes to the make-up of the Governing body of the Trust this year. Full formal Trustee meetings took place four times last year to review the strategy and areas of activity of the Trust, including grant making, investment portfolio performance, finances, reserves, risk management, policies, resources, and staff performance.

Trustees are appointed based upon experience and knowledge of charities and the North East of England in general and are expected to have an affinity with the aims of the Sir James Knott Trust. Trustees adopt areas of specific responsibility in terms of Risk, staffing and investments. Newly appointed Trustees 'shadow' a Trustee meeting prior to starting their trusteeship. They receive the Charity Commission's guidance on the roles and responsibilities of Trustees and key documents relating to the Trust. Ongoing training is available to all Trustees and opportunities are offered to visit the charities that we support. The skills, experience, diversity, and input of Trustees are reviewed regularly.

Trustees delegate the administration of grants and processing of applications to the Trust Secretary who is responsible for the management of the Trust. The Trust Secretary is supported by the Trust Administrator who together operate the charity on a day-to-day basis. The Trust also has a team of freelance assessors and a freelance finance manager. Staff are remunerated in line with roles and experience, and this is reviewed annually.

#### ***Risk Management***

Trustees reviewed the Risk Framework which sets out major risks to which the Trust is exposed and have established systems to mitigate and insure against those risks. The Trust's investment activities represent its main financial risk. The Trust's investments made a full recovery following the pandemic; however, global markets have fluctuated largely due to instability in Eastern Europe.

In terms of key operational risks, applications for grants are assessed carefully to ensure full due diligence is carried out. Judgements on need, impact and merit are made around the activity proposed. Applications for grants above £10,000 usually receive an onsite visit before a grant is made. The Trust displays a willingness to take appropriate risks in grant making, sometimes being the first to support a venture to lever in additional funds and provide confidence to other funders.

# Sir James Knott Trust

## Trustees' Report

### ***Conflict of Interest***

Trustees and staff are always expected to conduct the business of the Trust with integrity. All complete an annual register of interests, and any declarations of conflicts are recorded at the start of every Trustee meeting.

### **Objectives and activities**

#### ***Grant Making Policies***

The Trust allocates grants principally to charities working to improve the lives of people living in Tyne & Wear, Northumberland, County Durham, and Hartlepool. Trustees follow the wishes of the Trust's founder by supporting causes that were of significant interest to him. Sir James Knott wanted to ensure that people had a secure place to live and a job. He supported military and maritime worthy causes. He was a man of faith and supported places and events that brought the community together.

The Trust is known primarily as a generalist grant funder, with the flexibility to provide grants for core running costs, projects, and capital expenditure. Trustees continue to recognise that the opportunities for charities to secure multi-year core funding are diminishing and have cautiously moved towards offering larger grants over a longer period. Trustees understand that this is where a real difference can be made. The Trust is prepared to join with other funders to make larger grants.

The Trust also recognises the value organisations still place on small grants that can be administered quickly. Applications for grants of £1,000 and under are considered between meetings by one Trustee.

#### **Grant Making Activities**

The Trust continued to meet its charitable objectives and to follow the wishes of the late Sir James Knott through the provision of 286 grants of between £500 and £100,000 to charitable organisations in the year to 31st March 2022.

Samares Investments Limited is a philanthropic organisation with historical links to this Trust and is based in Jersey. The Trust is grateful to Samares Investments Limited for continuing to provide funds to support the Sea Cadet Units within the Trust's area of benefit and for the significant donations to support the Trust's larger grant making activities.

In respect of the late Sir James Knott's wishes to support young people, the Trust continued to underpin the of the High Sheriffs Award Schemes of Northumberland, Tyne & Wear and County Durham. The Trust was heartened to be included in the award evenings that celebrate and reward the achievements and community engagement undertaken by inspiring young people and their voluntary organisation leaders.

#### **Achievements and Performance**

In 2021/22 The Trust made grants in the North East totalling more than £2.3m. This is the highest amount recorded in the Trust's history. There is not a single area of the Trust's geographical area of benefit that gains less than £0.43 spend from the Trust per head of population.

Whilst the number of applications were down on last year, (355 compared to 446), the total value of requests was at its highest at just under £4.7m. The Trust is well networked and is visible to applicants. Coverage of the Trust's support for the Durham City-County of Culture 2025 bid and the significant award to Beamish was covered in the press.

# Sir James Knott Trust

## Trustees' Report

### **Supporting our armed forces and uniformed organisations**

Reflecting Sir James Knott's appreciation of all things maritime, the Trust supports all sea cadet units across Northumberland, Tyne and Wear, County Durham, and Hartlepool. Twenty-six uniformed / service organisations were also supported to a value of £137,300.

### **Inspiring vibrant communities**

Twenty-seven organisations received grants worth £209,400 that encouraged people to join in community events and activities, supporting organisations to ignite a sense of belonging. The Trust also funds the upkeep of community buildings so that people have a place to meet in their neighbourhoods.

### **Creating opportunities for a better future**

Thirty-four organisations were supported to help people into employment, financial inclusion, debt management, education, and training. The Trust funded organisations that support people into secure housing. The total value of grants made came to £268,700.

This year the Trust was delighted to attend the opening of the Sir James Knott Cadaveric Centre at Sunderland University. A grant of £250,000 in 2020 supported the building of the anatomy unit at the University. It means that the first cohort of medical students have the opportunity to study in first class facilities and Sunderland University is now in a position to educate the surgeons of the future.

### **Promoting healthy, active fulfilling lives**

One hundred and twenty-seven organisations were funded to provide services that supported people to stay healthy and active. The total value of grants made came to £871,700.

### **Championing the arts and heritage**

Forty-two arts, culture and heritage organisations were supported with grants totalling £673,000.

### **Strengthening a diverse charity sector**

The Trust recognises that for a diverse range of charities, social enterprises, and community groups to thrive, they need strong infrastructure support. In January 2021 Trustees reviewed the support that the Trust makes to local infrastructure organisations and made a commitment to fund infrastructure support in every Local Authority area across the Trust's area of benefit. The Trust made grants of £103,500 to 13 sector support organisations and minority ethnic groups.

### **Protecting the environment for future generations**

Three environmental projects were funded to a value of £17,000. This is a theme in which the Trust traditionally receives fewer applications.

### **Crime Prevention and the rehabilitation of offenders**

The Trust wishes to promote safer communities and recognises that people with a history of offending need support to live fulfilling law abiding lives. Eight crime prevention and rehabilitation projects were funded with a value of £60,500.

# Sir James Knott Trust

## Trustees' Report

### ***Fundraising disclosures***

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. The Charity does not solicit donations from the general public. "Any monies raised direct from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

### ***Public benefit***

The Sir James Knott Trust exists and operates for the public benefit. Through its grant making it works to strengthen charities, improve the community, and enrich the lives of people in Tyne & Wear, Northumberland, County Durham and Hartlepool. The Trustees confirm that they have referred to the guidance produced by the Charity Commission on public benefit when reviewing the aims and objectives, the grant making policies and in planning future activities, and are confident that the requirements are satisfied.

### ***Investment policy and performance***

The Sir James Knott Trust is a lasting testimony to the philanthropic beliefs of Sir James Knott. The Trustees are committed to ensuring that the Trust maintains a diversified portfolio of investments, with a balance between growth and income, to ensure the Trust can continue to award grants to charitable organisations across the North East of England for many years to come. As such the Trustees wish to maintain the capital value of the portfolio in real terms and believe it appropriate to take a long-term approach. The Trustees have instructed the Investment Manager to take account of socially responsible, ethical, and environmental considerations.

The Trustees monitor the performance of the portfolio against an internal benchmark. The Investment Manager provides the Trust with quarterly financial reports and presents to the full body of Trustees twice yearly.

The Trust's capital performed well in the first 3 quarters of the year with a decline in quarter 4. At the end of the year the capital value of the fund was £64,332,168, and the income generated was £2,003,400. Trustees continue to monitor the performance of the Investment Manager actively and expect volatile markets to continue.

### ***Policy on reserves***

The Trustees aim to maintain free reserves in unrestricted funds at a prudent level; these are held to smooth the quantum of grants paid in the normal course of business, to provide sufficient funds not only to cover support and governance costs, but also to ensure there are funds available to respond to current and future applications. The level of reserves on 31st March 2022 was £1,778,634. The balance of unrestricted reserves mitigates against the volatility of the investment markets, anticipated reduction in dividends and on going commitments of the Trust.

### ***Principal Funding and Expenditure***

The Trust is reliant on the income from its investments to meet its needs. Gross investment income for the year was £2,123,465 Investment management and custody fees of £300,444 were paid in accordance with the current fee structure. These charges are expensed against the unrestricted gains and losses of investment assets.

Support and governance costs were £184,523. Grants awarded (excluding grants from restricted funds) amounted to £1,532,742. Total income exceeded total expenditure by £92,223 before adjustment for investment gains of £5,810,115.

# Sir James Knott Trust

## Trustees' Report

### **Key Management Personnel**

The Trust employs two members of staff. Salaries were benchmarked within the last 2 years and are reviewed annually.

### **Trustees Remuneration**

Trustees receive no financial benefit or expenses from the Sir James Knott Trust.

### **Going concern**

After making appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue to adopt the going concern basis in preparing the financial statements.

### **Plans for future periods**

#### ***Plans for the Future***

The Trust will continue to provide grants to charities so that they may develop into strong vibrant organisations providing effective services to people in the North East. Trustees acknowledge that people in communities are struggling and that the costs associated with running services are increasing. In the coming year, Trustees will look to ensure that as much funding as possible goes to Charities in the North East of England and will look to reduce operating costs, utilise reserves and draw in resources from Samares Investment Management Ltd. Trustees will build upon their desire to ensure that the resources of the Trust are put to work where they are most needed. The Trust will find ways to deepen our impact and strengthen charities across the region for years to come.

Trustees have noted the sharp decline in applications for small grants. This coincided with the pandemic and the move to an on-line applications process. The Trust will look to encourage applications for small grants and examine how the application process can be simplified.

We know that our funding can have the greatest impact if we work with other funders. We value the partnerships we have forged through networking with the North East Trusts Group, the North East Funders Forum, and the Association of Charitable Foundations.

# Sir James Knott Trust

## Trustees' Report

### Statement of Trustees' Responsibilities

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

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

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

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, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the constitution. The trustees 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.

### Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

### Reappointment of auditor

MHA Tait Walker were appointed as auditors to the Charity during the year, replacing Ryecroft Glenton.

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the charity following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the charity is to be proposed at the forthcoming Annual General Meeting.

The annual report was approved by the trustees of the charity on 23/11/2022..... and signed on its behalf by:

  
Ben Speke 23 Nov 2022 18:11:39 GMT (UTC +0)

Mr B Speke DL  
Trustee

## **Sir James Knott Trust**

### **Independent Auditor's Report to the Members of Sir James Knott Trust**

#### **Opinion**

We have audited the financial statements of Sir James Knott Trust (the 'charity') for the year ended 31 March 2022, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement, 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (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 March 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Sir James Knott Trust**

### **Independent Auditor's Report to the Members of Sir James Knott Trust**

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; 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 on page 7), 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 Responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## Sir James Knott Trust

### Independent Auditor's Report to the Members of Sir James Knott Trust

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business'.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: the Charities Act 2011.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the charity trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the trustees those matters we are required to state to trustees in an auditors' 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown ACA (Senior Statutory Auditor)

For and on behalf of  
Azets Audit Services  
Chartered Accountants  
Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

Date: 8/12/22

Azets Audit Services is a trading name of Azets Audit Services Limited

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

## Sir James Knott Trust

### Statement of Financial Activities for the Year Ended 31 March 2022

	Note	Unrestricted £	Restricted £	Endowment £	Total 2022 £	Total 2021 £
<b>Income and Endowments from:</b>						
Donations and legacies	3	31,671	782,728	-	814,399	487,453
Investment income	4	2,123,465	-	-	2,123,465	1,453,626
Other income	5	6,444	-	-	6,444	17,156
Total Income		<u>2,161,580</u>	<u>782,728</u>	<u>-</u>	<u>2,944,308</u>	<u>1,958,235</u>
<b>Expenditure on:</b>						
Raising funds	6	(352,092)	-	-	(352,092)	(185,863)
Charitable activities	7	<u>(1,717,265)</u>	<u>(782,728)</u>	<u>-</u>	<u>(2,499,993)</u>	<u>(1,973,248)</u>
Total Expenditure		<u>(2,069,357)</u>	<u>(782,728)</u>	<u>-</u>	<u>(2,852,085)</u>	<u>(2,159,111)</u>
Gains/(losses) on investment assets		<u>4,986,538</u>	<u>-</u>	<u>823,577</u>	<u>5,810,115</u>	<u>11,828,007</u>
Net movement in funds		5,078,761	-	823,577	5,902,338	11,627,131
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>54,126,738</u>	<u>-</u>	<u>8,939,572</u>	<u>63,066,310</u>	<u>51,439,179</u>
Total funds carried forward	19	<u>59,205,499</u>	<u>-</u>	<u>9,763,149</u>	<u>68,968,648</u>	<u>63,066,310</u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2021 is shown in note 19.

## Sir James Knott Trust

### Statement of Financial Activities for the Year Ended 31 March 2021

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £
<b>Income and Endowments from:</b>					
Donations and legacies		-	487,453	-	487,453
Investment income	4	1,453,626	-	-	1,453,626
Other income		17,156	-	-	17,156
Total income		<u>1,470,782</u>	<u>487,453</u>	<u>-</u>	<u>1,958,235</u>
<b>Expenditure on:</b>					
Raising funds		(185,863)	-	-	(185,863)
Charitable activities		<u>(1,485,795)</u>	<u>(487,453)</u>	<u>-</u>	<u>(1,973,248)</u>
Total expenditure		(1,671,658)	(487,453)	-	(2,159,111)
Gains/(losses) on investment assets		<u>10,156,725</u>	<u>-</u>	<u>1,671,282</u>	<u>11,828,007</u>
Net income		<u>9,955,849</u>	<u>-</u>	<u>1,671,282</u>	<u>11,627,131</u>
Net movement in funds		9,955,849	-	1,671,282	11,627,131
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>44,170,889</u>	<u>-</u>	<u>7,268,290</u>	<u>51,439,179</u>
Total funds carried forward	19	<u>54,126,738</u>	<u>-</u>	<u>8,939,572</u>	<u>63,066,310</u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2021 is shown in note 19.

## Sir James Knott Trust

### (Registration number: 1001363) Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	14	2,249	3,103
Investments	15	<u>67,285,042</u>	<u>61,784,317</u>
		<u>67,287,291</u>	<u>61,787,420</u>
<b>Current assets</b>			
Debtors	16	247,800	144,994
Cash at bank and in hand		<u>1,530,834</u>	<u>1,227,470</u>
		1,778,634	1,372,464
<b>Creditors: Amounts falling due within one year</b>	17	<u>(97,277)</u>	<u>(93,574)</u>
<b>Net current assets</b>		<u>1,681,357</u>	<u>1,278,890</u>
<b>Net assets</b>		<u>68,968,648</u>	<u>63,066,310</u>
<b>Funds of the charity:</b>			
<b>Endowment funds</b>		9,763,149	8,939,572
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>59,205,499</u>	<u>54,126,738</u>
<b>Total funds</b>	19	<u>68,968,648</u>	<u>63,066,310</u>

The financial statements on pages 11 to 27 were approved by the trustees, and authorised for issue on 23/11/2022.... and signed on their behalf by:

  
Ben Speke 23 Nov 2022 18:11:39 GMT (UTC +0)  
 .....  
 Mr B Speke DL  
 Trustee

## Sir James Knott Trust

### Cash Flow Statement for the Year Ended 31 March 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Net cash income		5,902,338	11,627,131
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation	6	854	1,203
Investment income	4	(2,123,465)	(1,453,626)
Revaluation of investments		<u>(5,810,115)</u>	<u>(11,828,007)</u>
		(2,030,388)	(1,653,299)
<b>Working capital adjustments</b>			
Increase in debtors	16	(102,806)	(11,797)
Increase in creditors	17	<u>3,703</u>	<u>4,875</u>
Net cash flows from operating activities		<u>(2,129,491)</u>	<u>(1,660,221)</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	4	2,123,465	1,453,626
Purchase of investments	15	(15,600,907)	(11,406,272)
Sale of investments		<u>15,910,297</u>	<u>11,559,675</u>
Net cash flows from investing activities		<u>2,432,855</u>	<u>1,607,029</u>
Net increase/(decrease) in cash and cash equivalents		303,364	(53,192)
Cash and cash equivalents at 1 April		<u>1,227,470</u>	<u>1,280,662</u>
Cash and cash equivalents at 31 March		<u><u>1,530,834</u></u>	<u><u>1,227,470</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 1 General information

Sir James Knott Trust is an unincorporated Charitable Trust, registered in England and Wales, charity number: 1001363. The address of the registered office is Suite 103, First Floor, Broadacre House, Market Street East, Newcastle upon Tyne, NE1 6HQ.

The charitable trust is a grant making charity, which makes donations in support of registered charities across Northumberland, Tyne and Wear, County Durham and Hartlepool.

#### 2 Accounting policies

##### Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

##### Basis of preparation

Sir James Knott Trust meets the definition of a public benefit entity under FRS 102. The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The functional currency is sterling.

##### Going concern

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

##### Income and endowments

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Income from grants is recognised when there is evidence of entitlement to the grant, receipt is probable and its amount can be measured reliably. Coronavirus job retention scheme grants are recognised on a straight line basis over the furlough period for each relevant employee.

Interest on funds held on deposit 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 by the institution with whom the funds are deposited.

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### Expenditure

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support and governance costs involved.

Charitable activities are costs incurred on the charity's grant making operations, including support costs and costs relating to the governance of the charity.

Support costs are those incurred in support of expenditure on the activities of the charity.

Governance costs are those incurred in compliance with constitutional and statutory requirements of the charity.

Costs of raising funds are investment management and custody fees.

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

#### Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 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.

#### Tangible fixed assets

Individual fixed assets are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Furniture and fittings	15% reducing balance
Office equipment	30% reducing balance

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### Fixed asset investments

Fixed asset investments are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

The charity holds investments denominated in foreign currencies. Transactions in foreign currencies are translated into sterling at the rate ruling on the settlement date. Exchange gains and losses are recognised within net gains on investments in the statement of financial activities.

#### Trade debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### Cash and cash equivalents

Cash at bank and 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.

#### Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

#### Fund structure

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds, which include endowment funds, are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund. Investment income generated from funds is all unrestricted.

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### Estimation uncertainty and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported.

Management have provided depreciation, prepayments, accruals and other cut-off adjustments. Whilst management believe that these estimates and judgements are accurate, there is every likelihood that they will not be exact.

These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

#### Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

#### Financial instruments

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.

### 3 Income from donations and legacies

	Unrestricted funds General £	Restricted funds £	Total 2022 £	Total 2021 £
Donations and legacies:				
Donations from Samares Investments Limited	-	782,728	782,728	487,453
Donations	31,671	-	31,671	-
	<u>31,671</u>	<u>782,728</u>	<u>814,399</u>	<u>487,453</u>

### 4 Investment income

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Interest receivable and similar income;			
Interest received	314	314	1,001
Dividends income	2,003,400	2,003,400	1,452,625
Tax reclaimed on dividend income	119,751	119,751	-
	<u>2,123,465</u>	<u>2,123,465</u>	<u>1,453,626</u>

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 5 Other income

	<b>Unrestricted funds General £</b>	<b>Total 2022 £</b>	<b>Total 2021 £</b>
Grants returned	6,025	6,025	2,000
Job retention scheme grants	419	419	15,156
	<u>6,444</u>	<u>6,444</u>	<u>17,156</u>

#### 6 Expenditure on raising funds

##### a) Investment management costs

	<b>Unrestricted funds General £</b>	<b>Total 2022 £</b>	<b>Total 2021 £</b>
Investment management costs;			
Fees paid to investment manager	300,444	300,444	185,863
Fees for obtaining investment advice	51,648	51,648	-
	<u>352,092</u>	<u>352,092</u>	<u>185,863</u>

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 7 Expenditure on charitable activities

	<b>Unrestricted funds General £</b>	<b>Restricted funds £</b>	<b>Total 2022 £</b>
Payment of grants	1,532,742	782,728	2,315,470
Support Costs	184,253	-	184,253
	<u>1,716,995</u>	<u>782,728</u>	<u>2,499,723</u>
	<b>Unrestricted funds General £</b>	<b>Restricted funds £</b>	<b>Total 2021 £</b>
Payment of grants	1,224,316	487,453	1,711,769
Support Costs	261,479	-	261,479
	<u>1,485,795</u>	<u>487,453</u>	<u>1,973,248</u>
	<b>Grant funding of activity £</b>	<b>Activity support costs £</b>	<b>2022 £</b>
Payment of grants	2,315,470	-	2,315,470
Support costs	-	184,253	184,253
	<u>2,315,470</u>	<u>184,253</u>	<u>2,499,723</u>
	<b>Grant funding of activity £</b>	<b>Activity support costs £</b>	<b>2021 £</b>
Payment of grants	1,711,769	-	1,711,769
Support costs	-	261,479	261,479
	<u>1,711,769</u>	<u>261,479</u>	<u>1,973,248</u>

Further analysis of how the grants have been issued can be found within the trustees report.

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 8 Analysis of governance and support costs

##### Support costs allocated to charitable activities

	Governance costs £	Other support costs £	Total 2022 £	Total 2021 £
Wages and Salaries	-	71,984	71,984	119,696
Depreciation	-	854	854	1,203
Rent and rates	-	33,230	33,230	30,927
Insurance	-	2,437	2,437	4,827
Motor and travel	-	1,497	1,497	311
Office costs	-	2,076	2,076	1,776
IT Maintenance and repairs	-	15,933	15,933	15,431
Education and training	-	-	-	8,236
Legal and professional	-	47,319	47,319	62,397
Bank charges	-	185	185	138
Sundry expenses	-	1,068	1,068	137
Governance costs	7,940	-	7,940	16,400
	<u>7,940</u>	<u>176,583</u>	<u>184,523</u>	<u>261,479</u>

##### Governance costs

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Audit fees			
Audit of the financial statements	7,658	7,658	16,328
Trustees meeting costs	282	282	72
	<u>7,940</u>	<u>7,940</u>	<u>16,400</u>

#### 9 Net incoming/outgoing resources

Net incoming/(outgoing) resources for the year include:

	2022 £	2021 £
Audit fees	7,658	16,328
Depreciation of fixed assets	854	1,203

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 10 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

#### 11 Staff costs

The aggregate payroll costs were as follows:

	2022 £	2021 £
<b>Staff costs during the year were:</b>		
Wages and salaries	67,715	111,434
Social security costs	3,148	4,744
Pension costs	1,121	3,518
	<u>71,984</u>	<u>119,696</u>

The monthly average number of persons (including senior management / leadership team) employed by the charity during the year expressed as full time equivalents was as follows:

	2022 No	2021 No
Support	1	1
Administration	1	1
	<u>2</u>	<u>2</u>

During the year, the charity made redundancy and/or termination payments which totalled £Nil (2021 - £30,000).

No employee received emoluments of more than £60,000 during the year

#### 12 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>7,658</u>	<u>16,328</u>

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 13 Taxation

The charity is a registered charity and is therefore exempt from taxation.

#### 14 Tangible fixed assets

	Furniture and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 April 2021	11,621	54,439	66,060
At 31 March 2022	11,621	54,439	66,060
<b>Depreciation</b>			
At 1 April 2021	11,146	51,811	62,957
Charge for the year	66	788	854
At 31 March 2022	11,212	52,599	63,811
<b>Net book value</b>			
At 31 March 2022	409	1,840	2,249
At 31 March 2021	475	2,628	3,103

#### 15 Fixed asset investments

##### Investments

	Listed investments £	Cash held for investment £	Total £
<b>Cost or Valuation</b>			
At 1 April 2021	59,992,976	1,791,341	61,784,317
Additions	14,439,374	1,161,533	15,600,907
Disposals	(15,910,297)	-	(15,910,297)
Revaluation	5,810,115	-	5,810,115
At 31 March 2022	64,332,168	2,952,874	67,285,042
<b>Net book value</b>			
At 31 March 2022	64,332,168	2,952,874	67,285,042
At 31 March 2021	59,992,976	1,791,341	61,784,317

No individual investment exceeded 5% of the total market value as at the year end.

The historic cost of the investment portfolio was £48,711,932.

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 16 Debtors

	2022	2021
	£	£
Prepayments	15,418	5,096
Accrued income	222,082	133,504
Other debtors	10,300	6,394
	<u>247,800</u>	<u>144,994</u>

#### 17 Creditors: amounts falling due within one year

	2022	2021
	£	£
Other taxation and social security	1,890	2,697
Other creditors - grants payable	3,000	-
Accruals	92,387	90,877
	<u>97,277</u>	<u>93,574</u>

#### 18 Commitments

##### Operating lease commitments

At 31 March 2022 the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	£	£
Within 1 year	<u>15,120</u>	<u>15,120</u>

##### Grant commitments

At 31 March 2022 the charity had commitments as follows:

Commitments in respect of grants approved for projects where the conditions have not yet been met and therefore which have not been accrued in the financial statements but will form part of future grants expenditure:

	2022	2021
	£	£
Payable next year	507,643	424,200
Payable in 2 years	260,246	124,000
Payable in 3 years	22,000	7,000
	<u>789,889</u>	<u>555,200</u>

The charity has received a commitment from Samares Investments Limited to fund £250,451 of these future payments (2021: £187,500).

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 19 Funds

	Balance at 1 April 2021 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 March 2022 £
<b>Unrestricted funds</b>					
General	54,126,738	2,161,580	(2,069,357)	4,986,538	59,205,499
<b>Restricted funds</b>	-	782,728	(782,728)	-	-
<b>Endowment funds</b>					
Endowment funds	8,939,572	-	-	823,577	9,763,149
<b>Total funds</b>	<u>63,066,310</u>	<u>2,944,308</u>	<u>(2,852,085)</u>	<u>5,810,115</u>	<u>68,968,648</u>
	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
<b>Unrestricted funds</b>					
General	44,170,889	1,470,782	(1,671,658)	10,156,725	54,126,738
<b>Restricted funds</b>	-	487,453	(487,453)	-	-
<b>Endowment funds</b>					
Endowment funds	7,268,290	-	-	1,671,282	8,939,572
<b>Total funds</b>	<u>51,439,179</u>	<u>1,958,235</u>	<u>(2,159,111)</u>	<u>11,828,007</u>	<u>63,066,310</u>

The specific purposes for which the funds are to be applied are as follows:

The Endowment Fund arose on the creation of the trust, being the capital element of monies transferred from the Sir James Knott 1920 Settlement. The Trustees are restricted to only distributing the income arising from this fund.

On 1 April 1993 the investments representing the Sir James Knott 1920 Settlement were transferred to the main fund at market value.

Each year an amount reflecting the gains earned by the main fund on the investments representing the Sir James Knott 1920 Settlement is allocated to the endowment fund.

#### RESTRICTED FUNDS

Samares Grant Reimbursed - During the year, Samares Investment Limited provided funding to the Trust in relation to grants of £782,728 awarded. The key grants made were as follows: Sage Gateshead - £50,000, Beamish Museum - £100,000, Samling Institute for Young Artists - £40,000, Disability North - £25,000, Children North East - £25,000, St Vincent de Paul - £30,000, The NET North Shields - £24,000, NE RAF Association - £30,448, St George's Church Fatfield - £30,000, YMCA North Tyneside - £30,000 and Oasis Aquilla - £33,453. In addition 13 grants were awarded to branches of sea cadets in the North east amounting to £52,000.

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 20 Analysis of net assets between funds

	<b>Unrestricted funds General £</b>	<b>Endowment funds Permanent £</b>	<b>Total funds at 31 March 2022 £</b>
Tangible fixed assets	2,249	-	2,249
Fixed asset investments	57,521,893	9,763,149	67,285,042
Current assets	1,778,634	-	1,778,634
Current liabilities	<u>(97,277)</u>	<u>-</u>	<u>(97,277)</u>
Total net assets	<u>59,205,499</u>	<u>9,763,149</u>	<u>68,968,648</u>
	<b>Unrestricted funds General £</b>	<b>Endowment funds Permanent £</b>	<b>Total funds at 31 March 2021 £</b>
Tangible fixed assets	3,103	-	3,103
Fixed asset investments	52,844,745	8,939,572	61,784,317
Current assets	1,372,464	-	1,372,464
Current liabilities	<u>(93,574)</u>	<u>-</u>	<u>(93,574)</u>
Total net assets	<u>54,126,738</u>	<u>8,939,572</u>	<u>63,066,310</u>

## Sir James Knott Trust

### Notes to the Financial Statements for the Year Ended 31 March 2022

#### 21 Analysis of net funds

	At 1 April 2021 £	Financing cash flows £	At 31 March 2022 £
Cash at bank and in hand	<u>1,227,470</u>	<u>303,364</u>	<u>1,530,834</u>
Net funds	<u>1,227,470</u>	<u>303,364</u>	<u>1,530,834</u>
	At 1 April 2020 £	Financing cash flows £	At 31 March 2021 £
Cash at bank and in hand	<u>1,280,662</u>	<u>(53,192)</u>	<u>1,227,470</u>
Net funds	<u>1,280,662</u>	<u>(53,192)</u>	<u>1,227,470</u>

#### 22 Related party transactions

During the year the charity made the following related party transactions:

##### **Samares Investments Limited**

Samares Investments Limited is a philanthropic organisation with historical links to this Trust, based in Jersey. Note 18 sets out details of grants received by the Sir James Knott Trust from Samares Investments Limited in respect of payments to be made for charitable purposes in the North East. At the balance sheet date the amount due from Samares Investments Limited was £4,000 (2021 - £Nil).

The Trust made grants to other charities with which Trustees have an association totalling £5,000 (2021 - £5,000).