

Charity number: 1001363

SIR JAMES KNOTT TRUST

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

SIR JAMES KNOTT TRUST

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SIR JAMES KNOTT TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY FOR THE YEAR ENDED 31 MARCH 2024

Trustees

I B Speke (Chair)
J A Baker-Cresswell
F J Sample
W J B Riddell

Trust secretary

J J Curry

Registered charity number

1001363

Principal office

Hadrian House, Higham Place, Newcastle Upon Tyne, Tyne and Wear, NE1 8AF

Independent auditor

Azets, Bulman House, Regents Centre, Gosforth, Newcastle upon Tyne, NE1 3DX

Bankers

HSBC Plc, Central Square South, Newcastle upon Tyne, NE13AZ

Investment managers

Newton Investment Management Limited, 160 Queen Victoria Street, London, EC4V 4LA

Custodian of investments

The Bank of New York Mellon, One Canada Square, London, EC14 5AL

SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Welcome to the 2024 Annual Report and Accounts of the Sir James Knott Trust

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 settled in Jersey, with his wife Lady Margaret, 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. In 1990, a substantial proportion of the fund was moved 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. Samares Investments Limited is a philanthropic organisation with historical links to this Trust and is based in Jersey. It holds the remainder of the endowment established by Sir James Knott. The Trust is grateful to Samares Investments Limited for continuing to provide significant donations to support the Trust's grant making activities.

GOVERNANCE AND MANAGEMENT

There have been no recent changes to the make-up of the governing body of the Trust. Full formal trustee meetings took place four times last year to review the strategy and 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, investments, 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 for 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.

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

SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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. Key operational risks relate to grant making. Applications for grants are assessed carefully to ensure full due diligence is conducted. Judgements on need, impact and merit are made. 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.

CONFLICT OF INTEREST

Trustees and staff are 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 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 grants of between £100 and £100,000 to 356 charitable organisations in the year to 31st March 2024. 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. The Trust purposefully invests in neighbourhood level organisations, those that know their community best, and what is needed to tackle the issues that hold them back. Trustees continue to recognise that the opportunities for charities to secure multi-year core funding are diminishing and so offer unrestricted grants over a longer period. Trustees understand that this is where a real difference can be made. We also appreciate that in the last few years, the running costs of charities have increased, often when demand for their services is rising. As a result average grant awards have been increasing. 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.

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 Awards celebrate and reward the achievements made by young people and the volunteers supporting them. The Trust also continues to support all the Sea Cadet Units in its area of benefit.

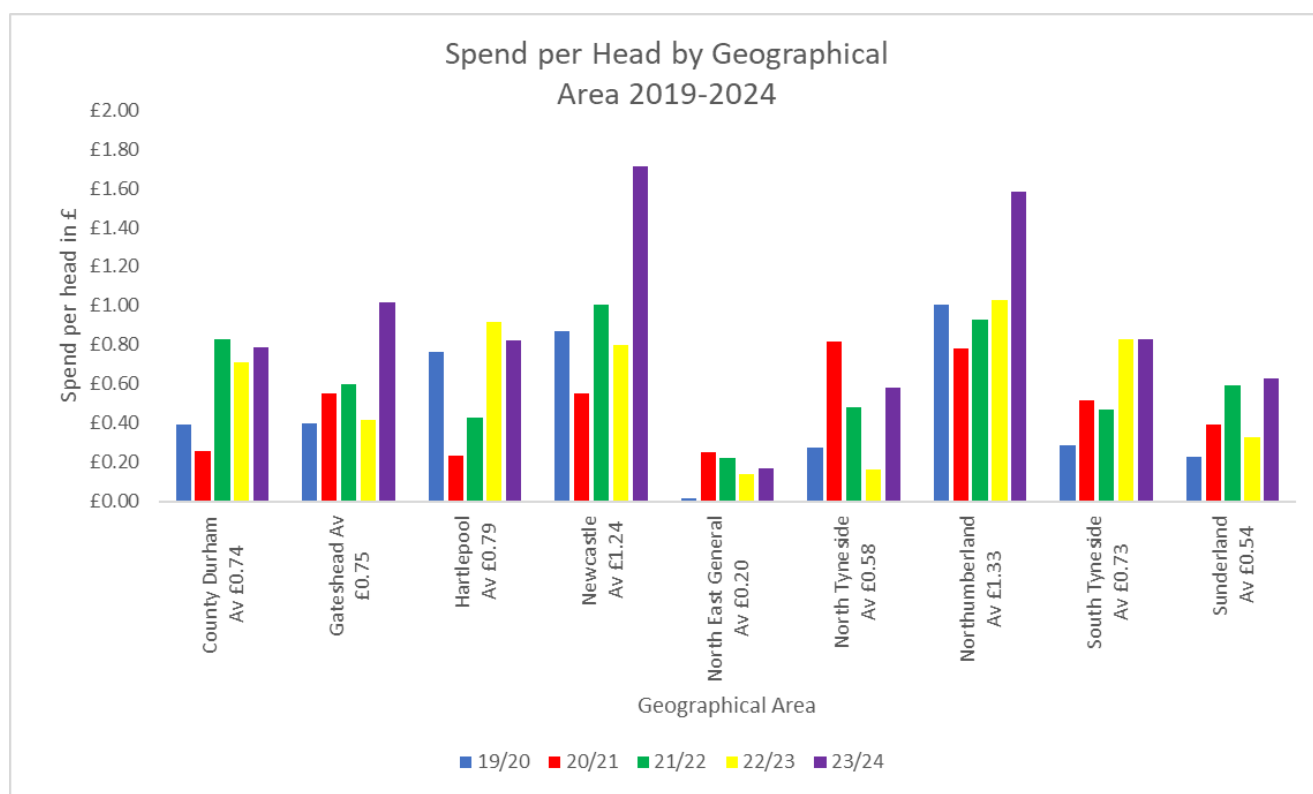
SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

ACHIEVEMENTS AND PERFORMANCE

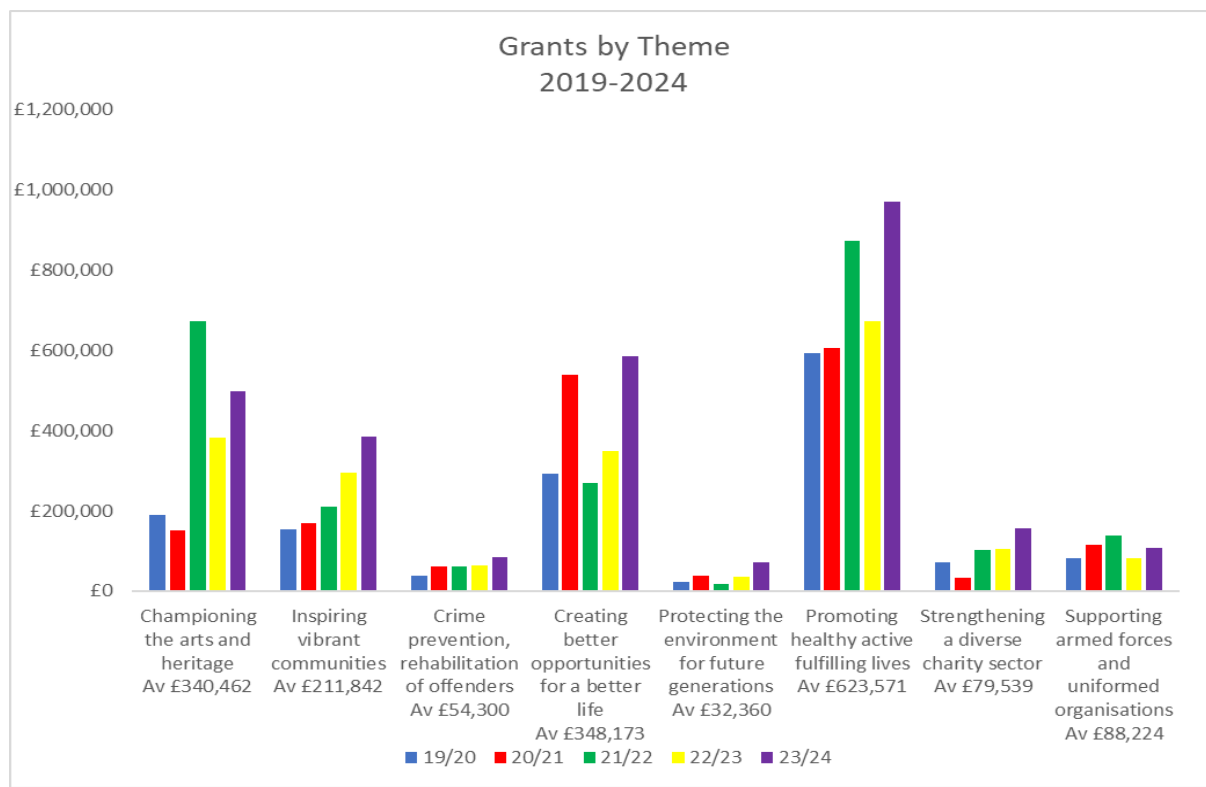
In 2023/24 The Trust made grants in the North East totalling £2,869,725. This is the highest value of grants ever paid out in one year in the Trust's history. There is not a single area of the Trust's geographical area of benefit that gains less than £0.54 spend per head of population from the Trust.

The number of applications was 446, and the total value of requests was over £5.8m. The Trust is well networked and is visible to applicants. The success rate for applicants to the Trust is high, with 64% of applicants receiving funding.



SIR JAMES KNOTT TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**



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 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 internal and external benchmarks. The Investment Manager provides the Trust with quarterly financial reports and presents to the full body of Trustees twice yearly.

The Trust’s capital improved after what has been a turbulent few years for the financial markets. At the end of the year the portfolio capital value of the fund was £71,578,883. The income generated from investments was £2,156,339. Trustees continue to monitor the performance of the Investment Manager actively and expect volatile markets to continue.

SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

RESERVES POLICY

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 to cover administrative costs and to ensure there are funds available to respond to current and future applications. The level of cash reserves on 31st March 2024 was £787,847. The balance of unrestricted reserves mitigates against the volatility of the investment markets and on-going commitments of the Trust. During the year £1.45m of cash reserves was moved to a liquidity fund with Newton Investment Management.

PRINCIPAL FUNDING AND EXPENDITURE

The Trust is reliant on the income from its investments to make grants and to cover the costs in doing so. Gross investment income for the year was £2,156,339, investment management and custody fees of £292,323 were paid in accordance with the current fee structure. These charges are expensed against the unrestricted gains and losses of investment assets.

This year the Trust received an increased donation of £831,743 from Samares Investment Management, and a donation of £100,000 from College Valley. The Trustees would like to record their gratitude for the donations that will be put towards grant making in the North East.

Support and governance costs were £173,269. Grants awarded amounted to £2,869,725. Total expenditure exceeded income by £227,745 before adjustments for investment gains of £4,831,201.

PLANS FOR THE FUTURE

The summer of 2024 marks the centenary of Sir James Knott establishing the Endowed Trust, a book commemorating this will be launched in celebration of this legacy. 'Deeds not Words' written by Ian Ronayne charts the remarkable philanthropic legacy of Sir James Knott. In its one hundredth year, the Trust anticipates a greater number of applications from organisations requesting larger amounts. The Trust is planning to increase grant making to a level of £3m in 2024/25. The Trust will continue to provide grants to charities so that they may be strong vibrant organisations providing effective services to people in the North East. Trustees will 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.

The Trust values the partnerships forged with other funders through networking with the North East Trusts Group, the North East Funders Forum, VONNE, and the Association of Charitable Foundations.

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.

SIR JAMES KNOTT TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

FUNDRAISING

The Trust does not conduct any fundraising, use professional fundraisers, or subscribe to any scheme of fundraising regulation.

TRUSTEES REMUNERATION

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

SALARIES

The Trust employs two members of staff. Salaries were benchmarked within the last 3 years and are reviewed annually.

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.

SIR JAMES KNOTT TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

TRUSTEES' RESPONSIBILITIES STATEMENT

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

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

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

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. 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.

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.

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

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.

This report was approved by the Trustees on 16th July 2024 and signed on their behalf by:

B Speke

Ben Speke 29 Jul 2024 15:38:37 BST (UTC +1)

I B Speke
Chair

THE SIR JAMES KNOTT TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE SIR JAMES KNOTT TRUST

Opinion

We have audited the financial statements of The Sir James Knott Trust (the 'Charity') for the year ended 31 March 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 March 2024 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; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

THE SIR JAMES KNOTT TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE SIR JAMES KNOTT TRUST

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 (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of Trustees

As explained more fully in the statement of trustees' responsibilities, 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 they 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE SIR JAMES KNOTT TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE SIR JAMES KNOTT TRUST

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

Reappointment of auditor

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.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

THE SIR JAMES KNOTT TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE SIR JAMES KNOTT TRUST



Simon Brown 29 Jul 2024 15:38:38 BST (UTC +1)

**Simon Brown BA ACA DChA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services**

29 July 2024...

**Chartered Accountants
Statutory Auditor**

Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

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.

THE SIR JAMES KNOTT TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2024

Current financial year

	Notes	Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	Total 2024 £	Total 2023 £
<u>Income and endowments from:</u>						
Donations and legacies	3	100,000	831,743	-	931,743	510,624
Investments	4	2,156,339	-	-	2,156,339	2,199,338
Other income	5	35,000	-	-	35,000	11,000
Total income		2,291,339	831,743	-	3,123,082	2,720,962
<u>Expenditure on:</u>						
Raising funds	6	292,323	-	-	292,323	286,017
Charitable activities	7	2,226,761	831,743	-	3,058,504	2,153,664
Total expenditure		2,519,084	831,743	-	3,350,827	2,439,681
Net gains/(losses) on investments	12	4,430,752	-	400,449	4,831,201	(1,398,920)
Net movement in funds		4,203,007	-	400,449	4,603,456	(1,117,639)
Net movement in funds		4,203,007	-	400,449	4,603,456	(1,117,639)
Fund balances at 1 March 2023		58,285,890	-	9,565,119	67,851,009	68,968,648
Fund balances at 31 March 2024		62,488,897	-	9,965,568	72,454,465	67,851,009

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 17 to 28 form part of these financial statements.

THE SIR JAMES KNOTT TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Prior financial year

	Notes	Unrestricted funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total 2023 £
<u>Income and endowments from:</u>					
Donations and legacies	3	-	510,624	-	510,624
Investments	4	2,199,338	-	-	2,199,338
Other income	5	11,000	-	-	11,000
Total income		2,210,338	510,624	-	2,720,962
<u>Expenditure on:</u>					
Raising funds	6	286,017	-	-	286,017
Charitable activities	7	1,643,040	510,624	-	2,153,664
Total expenditure		1,929,057	510,624	-	2,439,681
Net gains/(losses) on investments	12	(1,200,890)	-	(198,030)	(1,398,920)
Net movement in funds		(919,609)	-	(198,030)	(1,117,639)
Fund balances at 1 March 2022		59,205,499	-	9,763,149	68,968,648
Fund balances at 31 March 2023		58,285,890	-	9,565,119	67,851,009

THE SIR JAMES KNOTT TRUST

BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	2024		2023	
		£	£	£	£
Fixed assets					
Tangible assets	14		10,731		1,670
Investments	15		71,578,883		65,573,838
			<u>71,589,614</u>		<u>65,575,508</u>
Current assets					
Debtors	16	229,529		177,789	
Cash at bank and in hand		787,847		2,175,944	
		<u>1,017,376</u>		<u>2,353,733</u>	
Creditors: amounts falling due within one year	17	<u>(152,525)</u>		<u>(78,232)</u>	
Net current assets			<u>864,851</u>		<u>2,275,501</u>
Total assets less current liabilities			<u><u>72,454,465</u></u>		<u><u>67,851,009</u></u>
Capital funds					
Endowment funds - general	19		9,965,568		9,565,119
Income funds					
Unrestricted funds			<u>62,488,897</u>		<u>58,285,890</u>
			<u><u>72,454,465</u></u>		<u><u>67,851,009</u></u>

The financial statements were approved by the Trustees on 16th July 2024 and signed by I B Speke.

B Speke

Ben Speke 29 Jul 2024 15:38:37 BST (UTC +1)

Trustee

THE SIR JAMES KNOTT TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024		2023	
		£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	24		(2,361,366)		(1,866,750)
Investing activities					
Purchase of tangible fixed assets		(9,226)		(1,873)	
Proceeds from disposal of tangible fixed assets		-		2,111	
Purchase of investments		(11,436,781)		-	
Proceeds from disposal of investments		10,262,937		312,284	
Investment income received		2,156,339		2,199,338	
Net cash generated from investing activities			973,269		2,511,860
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(1,388,097)		645,110
Cash and cash equivalents at beginning of year			2,175,944		1,530,834
Cash and cash equivalents at end of year			787,847		2,175,944

THE SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

Charity 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 Hadrian House, Higham Place, Newcastle upon Tyne, NE1 8AF.

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.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charity's [governing document], the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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). The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

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.

1.4 Income

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from grants is recognised when there is evidence of entitlement to the grant, receipt is probable and its amount can be measured reliably.

THE SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

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

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.

1.5 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.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Furniture and fittings	15% Reducing Balance
Computer Equipment	30% Reducing Balance.

THE SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies (Continued)

1.7 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.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.9 Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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.

1.10 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.

1.11 Retirement benefits

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.

1.12 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.

THE SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies (Continued)

1.13 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.

2 Critical accounting estimates 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.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Restricted funds
	2024	2024	2024	2023
	£	£	£	£
Donations and gifts	100,000	831,743	931,743	510,624

4 Investments

	Unrestricted funds	Unrestricted funds
	2024	2023
	£	£
Dividends income	2,133,754	2,162,066
Tax reclaimed on dividend income	-	30,509
Interest receivable	22,585	6,763
	2,156,339	2,199,338

THE SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

5 Other income

	Unrestricted funds	Unrestricted funds
	2024 £	2023 £
Other income	35,000	11,000

Other income relates to grants being returned to the charity.

6 Raising funds

	Unrestricted funds	Unrestricted funds
	2024 £	2023 £
Investment management	292,323	286,017
	<u>292,323</u>	<u>286,017</u>

7 Charitable activities

	2024 £	2023 £
Charitable costs	15,510	-
Grant funding of activities	2,869,725	1,970,781
Share of support costs (see note 8)	162,965	169,640
Share of governance costs (see note 8)	10,304	13,243
	<u>3,058,504</u>	<u>2,153,664</u>
Analysis by fund		
Unrestricted funds	2,226,761	1,643,040
Restricted funds	831,743	510,624
	<u>3,058,504</u>	<u>2,153,664</u>

THE SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

8 Support costs

	Support costs	Governance costs	2024	Support costs	Governance costs	2023
	£	£	£	£	£	£
Staff costs	86,138	-	86,138	75,476	-	75,476
Depreciation	165	-	165	341	-	341
Rent and rates	4,284	-	4,284	20,951	-	20,951
Insurance	421	-	421	406	-	406
Motor and Travel	4,022	-	4,022	2,368	-	2,368
Office costs	962	-	962	-	-	-
IT and repairs	9,605	-	9,605	14,161	-	14,161
Legal, professional and consultancy fees	49,656	-	49,656	45,684	-	45,684
Bank Charges	148	-	148	213	-	213
Sundry expenses	7,564	-	7,564	7,928	-	7,928
Loss on sale of tangible fixed assets	-	-	-	2,112	-	2,112
Audit fees	-	9,400	9,400	-	12,742	12,742
Governance costs	-	904	904	-	501	501
	<u>162,965</u>	<u>10,304</u>	<u>173,269</u>	<u>169,640</u>	<u>13,243</u>	<u>182,883</u>
Analysed between Charitable activities	<u>162,965</u>	<u>10,304</u>	<u>173,269</u>	<u>169,640</u>	<u>13,243</u>	<u>182,883</u>

9 Auditor's remuneration

Fees payable to the Charity's auditor and associates:	2024	2023
	£	£
Audit of the Charity's annual accounts	9,400	12,742
	<u>9,400</u>	<u>12,742</u>

10 Trustees Remuneration And Expenses

None of the Trustees remuneration and expenses (or any persons connected with them) received any remuneration or benefits from the Charity during the year.

11 Employees

The average monthly number of employees during the year was:

	2024	2023
	Number	Number
Support	1	1
Administration	1	1
Total	<u>2</u>	<u>2</u>

THE SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

11 Employees (Continued)

Employment costs	2024 £	2023 £
Wages and salaries	77,366	68,320
Social security costs	3,166	2,256
Other pension costs	5,606	4,900
	<u>86,138</u>	<u>75,476</u>

There were no employees whose annual remuneration was more than £60,000.

12 Net gains/(losses) on investments

	Unrestricted funds 2024 £	Endowment funds general 2024 £	Total Unrestricted funds 2024 £	Endowment funds general 2023 £	Total 2023 £
Gain/(loss) on revaluation of investments	<u>4,430,752</u>	<u>400,449</u>	<u>4,831,201</u>	<u>(1,200,890)</u>	<u>(1,398,920)</u>

13 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

14 Tangible fixed assets

	Leashold Improvements £	Furniture and fittings £	Computer Equipment £	Total £
Cost				
At 1 March 2023	-	2,084	13,806	15,890
Additions	9,000	226	-	9,226
At 31 March 2024	<u>9,000</u>	<u>2,310</u>	<u>13,806</u>	<u>25,116</u>
Depreciation and impairment				
At 1 March 2023	-	428	13,792	14,220
Depreciation charged in the year	-	165	-	165
At 31 March 2024	<u>-</u>	<u>593</u>	<u>13,792</u>	<u>14,385</u>
Carrying amount				
At 31 March 2024	<u>9,000</u>	<u>1,717</u>	<u>14</u>	<u>10,731</u>
At 31 March 2023	<u>-</u>	<u>1,656</u>	<u>14</u>	<u>1,670</u>

THE SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

15 Fixed asset investments

	Listed investments £	Unlisted investments £	Total £
Cost or valuation			
At 1 March 2023	62,943,725	2,630,113	65,573,838
Additions	9,978,781	1,458,000	11,436,781
Valuation changes	4,228,522	-	4,228,522
Disposals	(8,950,470)	(709,788)	(9,660,258)
At 31 March 2024	<u>68,200,558</u>	<u>3,378,325</u>	<u>71,578,883</u>
Carrying amount			
At 31 March 2024	<u>68,200,558</u>	<u>3,378,325</u>	<u>71,578,883</u>
At 31 March 2023	<u>62,943,725</u>	<u>2,630,113</u>	<u>65,573,838</u>

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

The historic cost of the investment portfolio was 2024: £52,079,493 (2023: £50,687,641).

16 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Other debtors	17,608	6,756
Prepayments and accrued income	211,921	171,033
	<u>229,529</u>	<u>177,789</u>

17 Creditors: amounts falling due within one year

	Notes	2024 £	2023 £
Deferred income	18	20,000	-
Trade creditors		14,896	130
Other creditors		38,617	156
Accruals		79,012	77,946
		<u>152,525</u>	<u>78,232</u>

THE SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

18 Deferred income

	2024 £	2023 £
Other deferred income	20,000	-

Deferred income is included in the financial statements as follows:

	2024 £	2023 £
Deferred income is included within:		
Current liabilities	20,000	-
Movements in the year:		
Deferred income at 1 March 2023	-	-
Resources deferred in the year	20,000	-
Deferred income at 31 March 2024	20,000	-

19 Endowment funds

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.

	Balance at 1 March 2022 £	Revaluations gains and losses £	Balance at 1 March 2023 £	Revaluations gains and losses £	Balance at 31 March 2024 £
Permanent endowments					
Permanent endowment fund	9,763,149	(198,030)	9,565,119	400,449	9,965,568
	9,763,149	(198,030)	9,565,119	400,449	9,965,568

THE SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

20 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds		
	Incoming resources £	Resources expended £	Balance at 1 March 2023 £	Incoming resources £	Resources expended £	Balance at 31 March 2024 £
Samares	510,624	(510,624)	-	831,743	(831,743)	-
	<u>510,624</u>	<u>(510,624)</u>	<u>-</u>	<u>831,743</u>	<u>(831,743)</u>	<u>-</u>

THE SIR JAMES KNOTT TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

21 Analysis of net assets between funds	Unrestricted funds		Restricted funds		Endowment funds		Total Unrestricted funds		Restricted funds		Endowment funds		Total	
	2024	£	2024	£	2024	£	2024	£	2023	£	2023	£	2023	£
Fund balances at 31 March 2024 are represented by:														
Tangible assets	10,731		-		-		10,731		-		-		-	1,670
Investments	61,613,315		-		9,965,568		71,578,883		-		9,565,119		65,573,838	
Current assets/(liabilities)	864,851		-		-		864,851		-		-		2,275,501	
	62,488,897		-		9,965,568		72,454,465		-		9,565,119		67,851,009	

THE SIR JAMES KNOTT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

22 Grant commitments	2024	2023
	£	£
At 31 March 2024 the Charity had grant commitments as follows:		
Committed for but not provided in the financial statements:		
Payable next year	1,223,157	864,103
Payable in 2 years	606,417	475,000
Payable in 3 years	-	5,000
	<u>1,829,574</u>	<u>1,344,103</u>

The charity has received a commitment from Samares Investments Limited to fund £404,012 of these future payments (2023: £340,124).

23 Related party transactions

Samares Investments Limited is a philanthropic organisation with historical links to this Trust, based in Jersey. Note 20 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 £20,000 (2023 - £7,500).

The Sir James Knott Trust is a related party with College Valley, by having common Trustees. During the year, The Sir James Knott Trust received a donation of £100,000 (2023 - £Nil).

The Trust made grants to other charities with which Trustees have an association totalling £15,000 (2023 - £15,000).

24 Cash generated from operations	2024	2023
	£	£
Surplus/(deficit) for the year	4,603,456	(1,117,639)
Adjustments for:		
Investment income recognised in statement of financial activities	(2,156,339)	(2,199,338)
(Gain)/loss on disposal of investments	(4,831,201)	1,398,920
Depreciation and impairment of tangible fixed assets	165	341
Movements in working capital:		
(Increase)/decrease in debtors	(51,740)	70,011
Increase/(decrease) in creditors	54,293	(19,045)
Increase in deferred income	20,000	-
Cash absorbed by operations	<u>(2,361,366)</u>	<u>(1,866,750)</u>