

The Nostell Trust
Financial Statements
5 April 2022

HARRISON HOLT
Chartered Accountants and Statutory Auditor
High Park Farm
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The Nostell Trust
Financial Statements
Year ended 5 April 2022

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The Nostell Trust
Trustees' Annual Report
Year ended 5 April 2022

The trustees present their report and the financial statements of the charity for the year ended 5 April 2022.

The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and 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 published in October 2019.

Reference and administrative details

Registered charity name	The Nostell Trust
Charity registration number	518440
Principal office	The Estate Office East Newton Hall Farm Oswaldkirk York YO62 5YE
The trustees	Mr G G Winn-Darley Mrs M F Black Mr T A H Scott Ms A E Sharples (Retired 1 September 2022) Mr D E Smart (Appointed 1 September 2022)
Investment managers	Ruffer LLP 80 Victoria Street London SW1E 5JL
Company secretary	Mrs H Copley
Auditor	Harrison Holt Chartered Accountants and Statutory Auditor High Park Farm Kirkbymoorside York YO62 7HS
Bankers	National Westminster Bank plc 14 Market Place Brigg DN20 8EU
Solicitors	Currey & Co LLP 33 Queen Anne Street London W1G 9HY

The Nostell Trust

Trustees' Annual Report *(continued)*

Year ended 5 April 2022

Structure, governance and management

The Nostell Trust (the Charity) is a charitable trust and was registered under the Charities Act 1960, number 518440, on 6 February 1987. It is governed by the trust deed dated 24 June 1986.

The Nostell Trust was created by the Right Hon. 6th Baron St. Oswald (under his then name of the Honourable Charles Rowland Andrew Winn) on 24 June 1986 when cash of £100 was settled. On 3 July 1986 he assigned to the Charity a 99-year lease of the Stable Block at Nostell and made a further gift to the Charity of £1,200,000. On 20 December 2002, the Trustees transferred this lease to the National Trust for nil consideration.

The Charity consists of two separate funds, the Priory Fund and the Heritage Properties Fund.

New trustees

The power to appoint new Trustees is as follows:

- The power to appoint the successors to Mr G G Winn Darley and Mr T A H Scott and their successors is vested in the person entitled to the Barony of St Oswald.
- The power to appoint the successor to Ms A E Sharples and her successors is vested in the National Trust with the consent of the person entitled to the Barony of St Oswald.
- The power to appoint the successor to Mrs Mary Black and her successors is vested in the person entitled to the Barony of St Oswald and in the National Trust jointly.

After the year end, Ms A E Sharples indicated her intention to retire. It was agreed that the National Trust, with the consent of the Lord St. Oswald, would appoint Mr D E Smart in her place. The Deed of Appointment and Deed of Retirement dated 1 September 2022 gave effect to these changes.

New Trustees receive induction material and training and throughout their appointment receive additional training as appropriate. The new trustees have received suitable induction material.

The Trustees meet annually with additional meetings held to discuss issues as they arise.

There are no employees of the Charity. Administration services are provided by the Nostell Estate. These comprise maintaining the routine day to day accounting records of the Charity and secretarial services for the meetings of the Trustees. A fee of £500 (2021 - £500) was charged for these services.

Risk management

The Trustees have examined the major strategic, business and operational risks which the Charity faces and confirm that a system is in place for regular reports to be produced so that the necessary steps can be taken to lessen these risks.

The Trustees consider the potential variability of investment returns from the investment portfolio to constitute the Charity's major risk. They have employed the services of professional investment managers to advise them in an effort to mitigate the risk.

The Nostell Trust

Trustees' Annual Report *(continued)*

Year ended 5 April 2022

Objectives and activities

The main objects of the Charity are the preservation of Nostell Priory and its surrounding land, lakes and buildings, the protection of the ecological environment there and the education of the public in the architectural and historic merit of the buildings and the artistic merit of the contents.

The capital and income of the Priory Fund are, inter alia, to be utilised for the maintenance and enhancement of Nostell Priory and full details are set out in the trust deed. The capital and income of the Heritage Properties Fund may be appointed for the upkeep, maintenance and preservation of buildings designated as Nostell Heritage Properties. However, by unanimous decision, the Trustees may apply the Priory Fund for the purposes of the Heritage Properties Fund and vice versa.

The Charity carries out its objects by making grants to the National Trust, which owns Nostell Priory and its surrounding land, lakes and buildings. The Charity receives from the National Trust applications for assistance in meeting the costs of maintaining Nostell Priory and of opening it to the public and for funding of projects at or within the area surrounding Nostell Priory. These applications are usually received annually, but can be more frequent. Applications are for both capital and revenue expenditure. The Trustees consider applications and approve those that they consider meet the Charity's objectives, for which funds are available, and (save in exceptional circumstances) do not unduly inhibit the Trustees' ability to approve future applications.

Public Benefit

The Trustees confirm that they have paid due regard to the Charities Commission guidance on public benefit in making distributions from the Charity.

The following summary demonstrates the benefit to the wider public from the grants made by the Trustees to the National Trust.

Nostell Priory and its surrounding area is opened to the general public by the National Trust throughout the year. The house was built in the mid 18th century to plans modified by James Paine, who was employed there for over 30 years from 1736, who was also responsible for some of the interiors. Robert Adam was commissioned to complete the interior, and he also designed part of the Stable Block, the lodges in the park and one wing of the house. Much of the furniture within the Priory was specifically designed for the property by Thomas Chippendale.

This remarkable property and its contents are owned by the National Trust which preserves and maintains it, and admits the public to it. It is clearly for the benefit of the wider public to preserve this historic building and its surrounding landscape, and to encourage public admission to it for the purposes of appreciation and education.

The Trustees of the Charity believe that the objects of the Charity can best be achieved by making grants to the National Trust to assist it in maintaining the property and to support the National Trust's property opening operation at Nostell.

Reserves policy

Trustees have a reserves policy which aims to maintain unrestricted funds, which are the free reserves of the Charity, at a minimum level. This is to allow sufficient funds to be available for necessary governance and support costs and to honour existing commitments to provide for grants to the National Trust. The level of free unrestricted reserves, being the current assets less the current liabilities at 5 April 2022, stood at a surplus of £99,377 (2021 - £24,570) which represented around 47 months (2021 - 16 months) of governance and support costs.

The Nostell Trust

Trustees' Annual Report *(continued)*

Year ended 5 April 2022

Achievements and performance

The charitable activities consist of the payment of grants to The National Trust. Exceptionally, The National Trust did not make any application for assistance during the year ended 5 April 2021.

The Trustees met in June 2021 and received reports from the team at the National Trust who indicated that they would not require any grant funding in the year to 5 April 2022. The most recent grant of £100,000 was paid in 2020 and that supported the activities of the National Trust in maintaining Nostell Priory. Of the total of £100,000, £54,000 was paid towards the costs of short term cyclical maintenance of the buildings and the remaining £46,000 was spent on maintaining the historic Dolls House and acquiring new signage.

Investment policy and performance

The investment strategy is set by the Trustees for a period of five years and takes account of recent demand for funds. The Trustees approved and signed a new Investment Policy with Ruffer LLP, the investment managers, on 22 February 2018.

The Trustees have concluded that the objects of the Nostell Trust can best be achieved by a policy aimed at preserving the real (i.e. adjusted for inflation) value of the trust fund in the longer term. They have taken advice from their investment managers and have decided to adopt the policy of making available for distribution each year 2% to 3% of the value of the trust fund, to be drawn from income and capital as the trustees think fit.

During the year, the Trustees resolved to reduce the complexity of the charity records by, on advice from the Investment Manager, deciding that their investment strategy was so closely aligned with that of the Ruffer Total Return C Income Fund, that all the charity investments were placed within this fund.

The Trustees hope that such an approach will enable them to maintain distributions averaging in the region of £100,000 to £140,000 annually.

The Trustees review the sustainability of distributions at this level annually with their investment advisers. If markets rise this may lead to incremental increases in the amount available for distribution to the National Trust. Likewise, if markets fall back, then the level of distributions may be slightly lower. If there is a substantial recession or bear market, the Trustees may reconsider whether to make any distributions from capital until markets recover.

The Trustees recognise that, whilst it is in the best interests of all concerned that they should formulate a policy for future distributions, they nevertheless retain all the discretions given to them by the Trust Deed. Accordingly, they will consider any proposals for funding that the National Trust put to them, and may deviate from their policy if in their absolute discretion they decide this is merited. The Trustees would consider with very great care any request to distribute additional capital, and would weigh up the benefits of the works to be funded by such a distribution against the loss of future income and potential capital growth which would result from it.

Investment report

Ruffer LLP started managing (on a discretionary basis) the Charity's main portfolio in August 2012. For the period from 1 April 2021 to 31 March 2022, the portfolio produced a total annualised positive return of 6.7% (2021 - total positive return of 9.3%) with a cumulative total return (allowing for withdrawals) since August 2012 of +78.2% (2021 +71.5%).

The total value of the Charity's investment assets, including cash, held by Ruffer was £5,600,920 (2021 - £5,352,884) as at 5 April 2022.

The Nostell Trust

Trustees' Annual Report *(continued)*

Year ended 5 April 2022

Achievements and performance *(continued)*

The Investment Managers' report to the Trustees on the managed discretionary portfolio was as follows:

"For the 12 month period ending 5 April 2022, the portfolio appreciated by +6.7% (2021 - 23.9%) (net of all fees). Over the same period, the FTSE All-Share recorded a performance of +12.4% on a total return basis. Our objective at Ruffer is to build portfolios that deliver positive returns irrespective of whether markets are doing well or badly. The last 12 months was an eventful one for markets, dominated by a number of themes including higher-than-expected inflation and the persistence of the Covid-19 pandemic. Faced with these challenges, investors have experienced levels of volatility across asset classes not seen in a generation. The portfolio was able to navigate this volatility and uncertainty, whilst satisfying our objectives of preserving and growing your capital in all market conditions.

As the vaccination drive continued to pick up speed across most of the developed world in Q2 2021, economic growth and the reflation narrative dominated markets. Those companies that had survived the pandemic would have the opportunity to increase earnings as pent-up spirits and bulging savings accounts were unleashed back to normality. Bond yields climbed and cyclical equities outperformed their growth counterparts. The summer brought with it the first murmurs of concern about inflation. The US saw its largest monthly jump in core CPI since 1981, pushing up expectations and inciting questions as to when central banks may take away the punch bowl. More hawkish tones coming from the Federal Reserve's June meeting, alongside the emergence of the Delta variant, spooked investors: equity markets wobbled, the reflation trade ground to a halt, and bond yields retreated.

As we moved into September, inflation began to have a noticeable impact on both financial markets and everyday life. Amidst pictures of queues at petrol stations reminiscent of the 1970s, as well as global concerns over possible shortages and supply chain disruption ahead of the key holiday season, stock and bond markets both lost some of their lustre. Bond yields picked up as inflation concerns led to talk of tapering and earlier than expected interest rate rises. To add to these fears, news started to break predicting the likely demise of Chinese property developer, Evergrande. Talk of contagion and comparisons to the GFC added to previous fears of a clampdown by the Chinese government.

Against this unsettling background, the portfolio held up well. Higher bond yields hurt our index-linked bonds but, as happened in Q1 2021, interest rate options offset much of the fall. On the equity side, rising yields were supportive for the financials held in the portfolio and energy stocks performed well as the wider economy strengthened. The portfolio's positive performance in September stood in stark contrast to traditional balanced equity-bond portfolios, which suffered their worst month since March 2020.

October and November saw the first signs of panic that central bankers were behind the curve in tackling inflation. The Reserve Bank of Australia was forced to abandon its policy of yield curve control and the Bank of Canada stopped its quantitative easing programme. The Bank of England started hinting towards a rate rise and the Chair of the Federal Reserve, Jerome Powell, admitted it was 'time to retire the word transitory'.

This marked the beginning of a new market dynamic. We had moved from a question of whether inflation is transitory to whether central banks have the willingness and the ability to bring this lingering, sticky inflation back down. At the end of October, we increased our allocation to the credit protection strategies that worked so well at the start of the pandemic. On top of this, we added to equity option protection and deliberately brought the portfolio's equity weight down to just under 40%. We moved to ensure that, if inflation does not react as central banks hope and they have to go harder with their liquidity withdrawal, we had the protections in place to withstand the likely equity market tantrum. Looking further ahead, we also upped our weighting of the longest-dated inflation linked bonds by taking part in the issuance of a new 2073 UK linker. If the inflation genie is well and truly out of the bottle, these instruments are perfectly primed.

The Nostell Trust

Trustees' Annual Report *(continued)*

Year ended 5 April 2022

Achievements and performance *(continued)*

As we moved into 2022, investors faced the prospect of much tighter financial conditions led by the US Federal Reserve. There were signs that higher inflation was embedding itself across the US economy, notably the labour market, and would not necessarily ease once supply chain disruptions abate. With interest rates close to zero and consumer price inflation having finally broken 7%, US policymakers were coming to the realisation that conditions had been too accommodative for too long. Investors would be forced to adapt to a world where the Fed shows greater willingness to withstand financial market volatility in combatting inflation.

The anticipation of rising rates provided a difficult backdrop for our inflation-linked bonds during January, but this headwind was once again offset by the positive contribution from interest rate options. These options remain a key portfolio component and allow us to manage interest rate sensitivity during volatile periods for bond markets. Global equities offered little respite for investors, recording their worst monthly return (-4.5%) since March 2020. The declines were even greater for the technology focused Nasdaq composite (-9.0%), confirming our fears that the faster growing and more speculative parts of the equity market would be most acutely impacted by a rising cost of capital. On a historical basis, inflation above 3% sees the correlation between bonds and equities turn positive and January provided a brief taste of the challenges conventional portfolios will encounter as monetary conditions tighten.

The portfolio remained resilient throughout, with performance driven most notably by more cyclically exposed equities. These included our energy names, which continued to rally as oil prices reached a seven year high, and financials, which benefited from the rise in yields and supported their position as an offset to the inflation-linked bonds. Rather than allow these to become outsized positions in the portfolio, we took profits towards the end of January to ensure total equities remained under 40%.

During February and March events in Ukraine dominated market sentiment. This war is first and foremost a human tragedy and our thoughts are with the people of Ukraine. It is truly awful to see such events unfolding. The portfolio has been broadly flat since the invasion began, with the chief drivers of performance being derivative protection, gold and energy exposure. Geopolitical risk is unpredictable, and we did not look to position the portfolio in anticipation of specific events. Instead, we aim to always hold protective assets which help us to weather market volatility in environments such as this.

Where do we go from here? Like Covid, we believe the war in Ukraine has accelerated existing trends that had been building such as deglobalisation and more volatile inflation. Human behaviour has ensured that rising prices are already embedded into things like wages, housing and food prices as well as the more volatile elements of inflation like energy. In short, central banks are a long way behind the curve and perhaps deliberately so. The fact that what many believed to be the ultimate safe haven investment, the US 10-year government bond has produced a return after inflation of -20% in the past two years should give us pause for thought.

The portfolio is carrying less equity exposure than it was at the start of the year, and we retain a balance between inflation-proofed assets, equities and crash protection. We believe this is the right mix for the road ahead to allow us to firstly protect, and then grow, our clients' assets as turbulence lies ahead. The message to investors: portfolios will need to be steered on this journey, requiring new skills, new ways of constructing portfolios and imaginative thinking. The easy, passive and almost free ride is coming to an end. It is time to flick the switch off autopilot.

RUFFER LLP
June 2022"

The Nostell Trust

Trustees' Annual Report *(continued)*

Year ended 5 April 2022

Financial review

The funds of the Charity at 5 April 2022 amounted to £5,700,297 (2021 - £5,377,454). These funds generate income and capital gains which are used to meet the objects of the Charity.

Net expenditure before investment gains and losses amounted to £49,750 (2021 - £46,470). Realised and unrealised gains on the investments amounted to £273,093 (2021 - £776,779). The funds of the Charity increased by £322,843 (2021 - increased by £730,309) over the year.

Plans for future periods

The charity will continue to hold an annual meeting to review the performance of the portfolio and what funds may be made available to The National Trust for the preservation of Nostell Priory and its contents and to support their operation at that property.

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 and Wales requires the charity trustees to prepare financial statements for each 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 applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 adequate 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 applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' annual report was approved on 27 June 2022 and signed on behalf of the board of trustees by:

MR G G WINN-DARLEY

Trustee

The Nostell Trust

Independent Auditor's Report to the Trustees of The Nostell Trust

Year ended 5 April 2022

Opinion

We have audited the financial statements of The Nostell Trust (the 'charity') for the year ended 5 April 2022 which comprise the statement of financial activities, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 5 April 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;
- 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.

The Nostell Trust

Independent Auditor's Report to the Trustees of The Nostell Trust *(continued)*

Year ended 5 April 2022

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the 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 in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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.

The Nostell Trust

Independent Auditor's Report to the Trustees of The Nostell Trust *(continued)*

Year ended 5 April 2022

Auditor's 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.

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:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, UK financial reporting standards as issued by the Financial Reporting Council, and UK employment law and tax law.
- We obtained an understanding of how the charity complies with these requirements by discussions with management.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and obtaining additional corroborative evidence as required.

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The Nostell Trust

Independent Auditor's Report to the Trustees of The Nostell Trust *(continued)*

Year ended 5 April 2022

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

High Park Farm
Kirkbymoorside
York
YO62 7HS

HARRISON HOLT
Chartered Accountants and Statutory Auditor

4 February 2023

The Nostell Trust
Statement of Financial Activities
Year ended 5 April 2022

		2022		2021
	Note	Unrestricted funds £	Total funds £	Total funds £
Income and endowments				
Investment income	4	87,944	87,944	22,572
Total income		<u>87,944</u>	<u>87,944</u>	<u>22,572</u>
Expenditure				
Expenditure on raising funds:				
Investment management costs	5	(13,095)	(13,095)	(47,349)
Expenditure on charitable activities	6	(25,099)	(25,099)	(21,693)
Total expenditure		<u>(38,194)</u>	<u>(38,194)</u>	<u>(69,042)</u>
Net gains on investments	9	273,093	273,093	776,779
Net income and net movement in funds		<u>322,843</u>	<u>322,843</u>	<u>730,309</u>
Reconciliation of funds				
Total funds brought forward		5,377,454	5,377,454	4,647,145
Total funds carried forward		<u>5,700,297</u>	<u>5,700,297</u>	<u>5,377,454</u>

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 14 to 21 form part of these financial statements.

The Nostell Trust
Statement of Financial Position
5 April 2022

	Note	2022 £	£	2021 £
Fixed assets				
Investments	13		5,600,920	5,352,884
Current assets				
Debtors	14	52,148		3,327
Cash at bank and in hand		52,474		39,078
		<u>104,622</u>		<u>42,405</u>
Creditors: amounts falling due within one year	15	<u>(5,245)</u>		<u>(17,835)</u>
Net current assets			<u>99,377</u>	<u>24,570</u>
Total assets less current liabilities			<u>5,700,297</u>	<u>5,377,454</u>
Net assets			<u>5,700,297</u>	<u>5,377,454</u>
Funds of the charity				
Unrestricted funds			<u>5,700,297</u>	<u>5,377,454</u>
Total charity funds	16		<u>5,700,297</u>	<u>5,377,454</u>

These financial statements were approved by the board of trustees and authorised for issue on 27 June 2022, and are signed on behalf of the board by:

MR G G WINN-DARLEY
Trustee

The notes on pages 14 to 21 form part of these financial statements.

The Nostell Trust
Notes to the Financial Statements
Year ended 5 April 2022

1. General information

The charity is a public benefit entity and a registered charity in England and Wales and is unincorporated. The address of the principal office is The Estate Office, East Newton Hall Farm, Oswaldkirk, York, YO62 5YE.

2. Statement of compliance

The charity constitutes a public benefit entity as defined by FRS 102. 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the 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 issued in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

3. Accounting policies

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain financial assets and liabilities and investment portfolios measured at fair value through income or expenditure.

The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £1.

Going concern

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

With respect to the next reporting period, the most significant areas of uncertainty that affect the carrying values of assets held by the Trust are the level of investment return and the performance of investment markets (see the investment policy and performance section of the trustees' annual report and the Fair value of assets and liabilities Note 19 for more information).

The Nostell Trust

Notes to the Financial Statements *(continued)*

Year ended 5 April 2022

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

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

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions which carry the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are those regarding the level of investment return and the performance of investment markets.

Income tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Fund accounting

Unrestricted funds 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.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted 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 cost 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.

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

The Nostell Trust

Notes to the Financial Statements *(continued)*

Year ended 5 April 2022

3. Accounting policies *(continued)*

Resources expended *(continued)*

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.

- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.

- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities to which they relate on a reasonable, justifiable and consistent basis.

Investments

Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If fair value cannot be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

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 amortised cost with the exception of fixed assets investments which are subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

4. Investment income

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Income from listed investments	87,942	87,942	22,540	22,540
Bank interest receivable	–	–	33	33
(Losses)/gains on currency movements	2	2	(1)	(1)
	<u>87,944</u>	<u>87,944</u>	<u>22,572</u>	<u>22,572</u>

The Nostell Trust

Notes to the Financial Statements *(continued)*

Year ended 5 April 2022

5. Investment management costs

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Portfolio management	13,095	13,095	47,349	47,349

The investment manager charges a quarterly portfolio management fee. In addition to these fees (shown above as portfolio management fees), the contract notes raised by the investment manager for the purchase and sale of investments included commission charges, compliance charges and PTM levy charges. These contract charges are included as part of the purchase cost of investments, or a reduction of the sale proceeds.

6. Expenditure on charitable activities by activity type

	Support costs £	Total funds 2022 £	Total fund 2021 £
Governance costs	25,099	25,099	21,693

7. Analysis of support costs

In the current and previous year, all the support costs were analysed as governance costs as follows:

	2022 £	2021 £
Administration fees	500	500
Total Auditors' fees	4,745	4,586
Legal and other professional fees	19,850	16,602
Bank charges	4	5
	25,099	21,693

8. Analysis of grants

No grants were paid or requested by the National Trust in the current or previous year.

9. Net gains on investments

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Gains/(losses) on listed investments	270,342	270,342	743,214	743,214
Gains/(losses) on other investment assets	2,751	2,751	33,565	33,565
	273,093	273,093	776,779	776,779

The Nostell Trust

Notes to the Financial Statements *(continued)*

Year ended 5 April 2022

10. Auditors remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>4,745</u>	<u>4,586</u>

11. Staff costs

There are no employees of the Charity. Administration services are provided by Nostell Estate. These comprise maintaining the accounting records of the Charity and secretarial services for meetings of the Trustees. A fee of £500 (2021 - £500) was charged for these services.

12. Trustee remuneration and expenses

The Trustees did not receive, and were not entitled to receive, any remuneration in the current or previous year. None of the Trustees were reimbursed for any travel expenses in the current or previous year.

13. Investments

	Cash or cash equivalents £	Listed investments £	Total £
Cost or valuation			
At 6 April 2021	349,027	5,003,857	5,352,884
Additions	–	6,403,505	6,403,505
Disposals	(349,027)	(6,047,724)	(6,396,751)
Fair value movements	–	241,282	241,282
	<u>–</u>	<u>5,600,920</u>	<u>5,600,920</u>
At 5 April 2022	<u>–</u>	<u>5,600,920</u>	<u>5,600,920</u>
Carrying amount			
At 5 April 2022	<u>–</u>	<u>5,600,920</u>	<u>5,600,920</u>
At 5 April 2021	<u>349,027</u>	<u>5,003,857</u>	<u>5,352,884</u>

All investments shown above are held at valuation.

Listed investments

The aggregate market value of listed investments is £5,600,920 (2021: £5,003,857).

Financial assets held at fair value

Valuation

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open ended investment companies are at the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the charity is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

The Nostell Trust

Notes to the Financial Statements *(continued)*

Year ended 5 April 2022

13. Investments *(continued)*

At the year end, the following investments represented more than 5% of the value of the investment portfolio:

	2022	2022
	£	%
Ruffer Total Return C Income Fund	<u>5,600,920</u>	<u>100%</u>

The investments are allocated between the Priory Fund and the Heritage Properties Fund in the ratio of 3:1.

Unrealised and realised gains on investments are apportioned between the Priory Fund and the Heritage Properties Fund in the ratio 3:1.

14. Debtors

	2022	2021
	£	£
Prepayments and accrued income	<u>52,148</u>	<u>3,327</u>

15. Creditors: amounts falling due within one year

	2022	2021
	£	£
Accruals and deferred income	<u>5,245</u>	<u>17,835</u>

16. Analysis of charitable funds

Unrestricted funds

	At 6 April 2021	Income £	Expenditure £	Gains and losses £	At 5 April 2022
Heritage Property Fund	1,344,363	21,986	(9,549)	68,273	1,425,073
Priory Fund	4,033,091	65,958	(28,645)	204,820	4,275,224
	<u>5,377,454</u>	<u>87,944</u>	<u>(38,194)</u>	<u>273,093</u>	<u>5,700,297</u>
	At 6 April 2020	Income £	Expenditure £	Gains and losses £	At 5 April 2021
Heritage Property Fund	1,161,785	5,643	(17,260)	194,195	1,344,363
Priory Fund	3,485,360	16,929	(51,782)	582,584	4,033,091
	<u>4,647,145</u>	<u>22,572</u>	<u>(69,042)</u>	<u>776,779</u>	<u>5,377,454</u>

The Heritage Property Fund and the Priory Fund are Designated Funds. The capital and income of the Priory Fund are, inter alia, to be utilised for the maintenance and enhancement of Nostell Priory and full details are set out in the trust deed. The capital and income of the Heritage Properties Fund may be appointed for the upkeep, maintenance and preservation of buildings designated as Nostell Heritage Properties. However, by unanimous decision, the Trustees may apply the Priory Fund for the purposes of the Heritage Properties Fund and vice versa.

The Nostell Trust

Notes to the Financial Statements *(continued)*

Year ended 5 April 2022

17. Analysis of net assets between funds

	Unrestricted Funds £	Total Funds 2022 £
Investments	5,600,920	5,600,920
Current assets	104,622	104,622
Creditors less than 1 year	(5,245)	(5,245)
Net assets	5,700,297	5,700,297

	Unrestricted Funds £	Total Funds 2021 £
Investments	5,352,884	5,352,884
Current assets	42,405	42,405
Creditors less than 1 year	(17,835)	(17,835)
Net assets	5,377,454	5,377,454

18. Fair value of assets and liabilities

Exposure to liquidity risk

The liquidity risk exposure of the charity not being able to meet short term financial demands is mitigated by the Charity Secretary receiving, checking and reconciling monthly bank statements for the charity's main bank account and also checking the amount and timing of any pending liabilities.

Exposure to credit risk

The main debtor of the charity is the accrued investment income on the portfolio assets held by the Charity. The risk of loss arising from the investment manager failing to pay over the income generated by the investment portfolio is considered low as the investment manager is a regulated institution and the income is paid monthly to the charity's bank account.

Exposure to market risk

Investments represent the majority of the charity's net assets. The risk of a financial loss arising from an investment due to changes in the market are mitigated by the active management of the investment portfolio by a professional investment manager and the diversification of the investment portfolio based on an investment policy approved by the trustees.

Changes in fair values of debtors, creditors & investments due to credit risk There have been no changes in the fair values of basic financial instruments (debtors, creditors and investments) attributable to changes in credit risk.

19. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2022 £	2021 £
Financial assets measured at fair value through income and expenditure		
Financial assets measured at fair value through income and expenditure	5,600,920	5,003,857

The Nostell Trust

Notes to the Financial Statements *(continued)*

Year ended 5 April 2022

19. Financial instruments *(continued)*

Financial assets measured at fair value through income and expenditure comprise fixed assets investments.

20. Related parties

During the year, The Nostell Trust paid legal and professional fees to Currey & Co. LLP amounting to £19,850 (2021 - £16,602). Mrs M F Black, a Trustee, is an equity partner in Currey & Co. LLP. There were no balances due to Currey & Co. LLP at 5 April 2022 or 2021. The power to make these payments is contained in the Trust Deed.

Nostell Estate provides administration services to the charity and a charge of £500 (inclusive of VAT) was accrued by the Charity for the current year (2021 - £500). Lord St Oswald, the settlor of the Charity and an individual who has the power to appoint trustees, is sole principal of Nostell Estate. The accrued balance due to Nostell Estate at 5 April 2022 was £500 (2021 - £500).