



THE JOSEPH ROWNTREE CHARITABLE TRUST

**Trustees' Report and Financial Statements
31 December 2008**

THE JOSEPH ROWNTREE CHARITABLE TRUST
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2008

LEGAL AND ADMINISTRATIVE INFORMATION

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

Trustees Trustees who served during the year were:

Margaret Bryan (Vice Chair)
Helen Carmichael
Peter Coltman
Christine Davis
Andrew Gunn (retired 22 November 2008)
Paul Henderson
Ruth McCarthy (retired 22 November 2008)
Marion McNaughton (Chair)
Beverley Meeson (Second Vice Chair)
Emily Miles
Susan Seymour
David Shutt
Imran Tyabji

Michael Eccles sat in from September 2008 as a prospective Trustee.

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

Nasim Aslam (Racial Justice)
Lakhbir Bhandal (Racial Justice until June 2008)
Margo Boye Anawoma (Racial Justice until June 2008)
Rowan Carr (Racial Justice)
Cecilia Forrestal (Ireland until December 2008)
Pam Giddy (Power and Responsibility)
Donna Hornby (South Africa until October 2008)
Alyas Karmani (Racial Justice until June 2008)
David Maughan Brown (South Africa until October 2008)
Cathleen McDonagh (Ireland from July 2008)
Conal McFeely (Ireland from January 2008)
Geraldyn Mulqueen (Ireland until December 2008)
Shakeel Meer (Racial Justice)
Ntebo Ngozwana (South Africa until October 2008)
Hannah Pennock (South Africa until October 2008)
Brian Phillips (Peace until March 2008)
Paul Rogers (Peace)
Paddy Sloan (Ireland from January 2008)
Marlene Winfield (Power and Responsibility)

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Trust Secretary	Stephen Pittam
Principal Office	The Garden House Water End York YO30 6WQ Tel 01904 627810 Fax 01904 651990 Email enquiries@jrct.org.uk Web www.jrct.org.uk
Auditors	Barron & Barron Bathurst House 86 Micklegate York YO1 6LQ
Bankers	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ HSBC 13 Parliament Street York YO1 8XS
Solicitors	Bates Wells & Braithwaite 2-6 Cannon Street London EC4M 6YH
Investment Managers	RC Brown Investment Management Buchanans North Redcliff Backs Bristol BS1 6HN
Independent Investment Adviser	Peter Jones 21a Vincent Square London SW1P 2NA

Trustees are pleased to present their report together with the financial statements of the Trust for the year ended 31 December 2008.

Legal and administrative information set out on pages 1 and 2 forms part of this report.

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History and objects of the Trust

The Joseph Rowntree Charitable Trust is an independent, endowed foundation committed to funding radical change towards a better world. It was founded in 1904 by Joseph Rowntree who, in the original Trust Deed, gave the Trustees power to spend the Trust fund and its income on any object which is legally charitable. In a memorandum written at the same time he expressed a clear vision of how he hoped the fund would be used, while urging that “none of the objects which I have enumerated, and which under present social conditions appear to me to be of paramount importance, should be pursued after it has ceased to be vital and pressing ...”. Trustees undertake regular reviews to reassess how it is appropriate to interpret the Founder’s vision in today’s conditions. As Quakers, they share a belief in the equal worth of all members of the human race, whilst recognising and appreciating diversity. They also have a deep concern for peace and justice. Primarily through the informed and inspiring work of grantees, they seek to promote these values with the object making the world a more peaceful and just place. It is through this object that they seek to benefit the public.

Structure, governance and management

The Board of Trustees of up to fourteen individuals governs the Trust. They are all members of the Religious Society of Friends. Trustees are appointed by the Board of Trustees and retire at age seventy or after thirty years of service unless specifically asked to serve for longer. The Board regularly reviews the range of skills amongst Trustees. The Chair and two Vice Chairs are appointed by Trustees and serve a five year term, open for renewal for one further term.

When recruiting new Trustees the Board tries to be as transparent as possible, using advertisements in Quaker publications, encouraging applications from interested parties and referrals from those who want to recommend a name to us. It appoints using a Quaker nominations search group process. Recommendations for Trusteeship are confirmed by the Board. All new Trustees undergo a formal induction process - they are provided with a pack of information including recent accounts and a copy of the Trust Deed and are only appointed after “sitting in” on Trust business for a year and participating in a clearness process.

Most Trustees already have experience of charitable organisations on appointment. This is developed further through their work with the Trust. Trustees are also offered training. Where the Trustee body identifies skill gaps, outside professionals are engaged to give advice. A system of Trustee appraisals is in place. Robust internal procedures ensure that Trustees are fully informed of all developments within the Trust. The Trust is a member of a number of relevant associations, including the Association of Charitable Foundations and the European Foundation Centre.

The Trustees meet as a full Trust four times a year. They are given the opportunity to add items to the agendas of the Trust Quarterly Meetings and take the opportunity to meet without staff present. The Trustees are involved in the assessment of grants at all stages. The full Trust receives recommendations from subcommittees covering Peace, Power and Responsibility, Racial Justice, Ireland and, up to November 2008, South Africa. All committees are chaired by a

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Trustee and all of these committees include co-opted members with special expertise. Subject to certain safeguards, the committees have delegated powers to agree grants up to a set limit. Decisions on investments and on personnel and administration have been delegated to two internal committees.

The Trustees have referred to the Charity Commission's general guidance on public benefit when reviewing the Trust's aim and objectives and considering how future planned activities might contribute to these.

Powers delegated to staff

The day to day administration of the Trust, the processing of applications prior to consideration by Trustees and the liaison with grantees is delegated to the Trust Secretary who is supported by a small staff team.

Conflicts of interest and related parties

The Trust has a written conflict of interest policy for Trustees and staff which is strictly adhered to.

The Trust holds 49% of the ordinary share capital of Cober Hill Limited. A summary of transactions with Cober Hill Limited is set out in note 2 of the financial statements.

Risk management

Each year Trustees consider the major risks to which the charity is exposed and establish systems and procedures to manage them. A risk register has been established and is updated at least annually. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces.

Grant-making policy, aims and objectives

Trustees believe that they can best achieve their aim of making the world a more peaceful and just place, furthering the Trust's charitable purposes for the public benefit, by continuing to make grants to both individuals and organisations working in the fields chosen by the Trustees. These fields are Peace, Power and Responsibility, Quaker Concerns and Racial Justice. Some grants may cut across these areas.

Although the Trust has policies for all its chosen fields, it is not prescriptive in its grant making. Its programme areas are widely drawn and Trustees are open to persuasion about applications which fall outside these areas.

Consultations are sometimes held with grantees and other interested parties with the aim of developing the Trust's programme areas. The Trust is prepared to undertake its own initiatives when it becomes apparent through consultations with partners that it is well placed to do this.

Occasionally the Trust will initiate projects which Trustees directly manage themselves. The Visionaries for a Just and Peaceful World project falls into this category.

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The Trust makes grants for work in Britain. Outside Britain the Trust makes grants for work towards peace, justice and reconciliation in both political jurisdictions in the island of Ireland and, increasingly, in relation to influencing the policies of the European Union. In 2008 the Trust made its last grants in South Africa although it will continue to make payments under these grants until 2012.

Occasionally grantees are offered non-financial support such as consultancy on legal or organisational development matters, or assistance with media work.

Trustees try to maintain an adventurous approach to funding. Where appropriate they are willing to take risks and fund unpopular causes which do not fall neatly into one of the programme areas listed above. Trustees do not usually respond to public appeals.

Every ten years, in line with the Trust Deed, Trustees review their overall activities with a view to establishing whether or not the Trust's aims would be better served by spending the endowment over a short period and winding up the Trust.

Grant application process

The Trust has three grant making rounds each year.

The Trust is responsive to the information needs of potential and actual grantees.

It is listed in all the main directories and databases of grant-makers. A registration form can be downloaded from our website at www.jrct.org.uk.

The Trust provides guidelines to potential grantees about how to apply for grants, what the Trust will fund and what the grant conditions are. The grant application process is designed to be as straightforward and transparent as possible, drawing out the key information needed for a decision. Applications may be submitted via an online form or on paper.

Trustees often meet with and have dialogue with grant applicants.

Grant priorities and selection criteria

The Trust tries to support grant applicants whose work fits closely with the Trust's stated grant making criteria. Many Trust funded projects share the following features:

- the work is about tackling problems through radical solutions, and not about making the problems easier to live with
- there is a clear sense of objectives, and of how to achieve them
- the work is innovative and imaginative
- it is clear that the grant has a good chance of making a difference.

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The above grant priorities have been established for a number of years. Whilst they are regularly reviewed they are unlikely to change radically in the foreseeable future.

The Trustees will also keep under review the areas of work that the Trust will fund in order to most effectively meet the Trust's overall aim.

The Trust does not actively seek to raise additional funds.

Review of activities

During the year Trustees continued to be satisfied with the quantity and quality of grant applications received. In 2008 the Trust approved 118 (2007:115) new grants totalling £5,920,923 (2007: £4,606,220) net of cancelled grants and grants repaid and other grant adjustments. New loans made net of repayments totalled £59,410 (2007: £7,500).

An analysis is provided in notes 5 and 6 of the notes to the financial statements. Further information on grants awarded and what these are achieving can be obtained from our website at www.jrct.org.uk and our Triennial Report. The Trust's next Triennial Report covering the period 2006-2008 will be published in May 2009 and will be available on request from the Trust Office or from our website.

The following examples give a flavour of the types of projects funded in the year:

Peace (£1,061,857)

We are committed to a culture of peace and the creation of a peaceful world. To this end, we support work which:

- *promotes nonviolent conflict resolution, including work on the arms trade*
- *develops effective peacebuilding measures*
- *supports the right to conscientious objection to military service.*

The **British American Security Information Council (BASIC)** is promoting a major project 'Getting to Zero', designed to mobilise the intellectual and political capital required to drive practical and concrete steps towards global nuclear disarmament. BASIC also continues to provide information and analysis on other key transatlantic security concerns, including military action in Afghanistan, Iran's nuclear programme and the future of NATO. The Trust offered BASIC a grant of £160,000 over 2 years towards core costs.

www.basicint.org

Conciliation Resources (CR) provides 'practical and sustained assistance to people and groups in areas of armed conflict or potential violence'. The Trust made CR a grant of £40,000 over two years to support policy work in the UK.

www.c-r.org

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The **Trust for Research and Education on the Arms Trade (TREAT)** is an educational charity with links to the Campaign Against the Arms Trade. The Trust supported the costs of a research co-ordinator with a grant of £63,165 over three years.

www.treat-research.org.uk

Power & Responsibility (£1,210,410)

Recognising the need within corporate and political institutions for greater accountability and openness, we want to encourage work that:

- *strengthens the democratic process*
- *enhances corporate accountability*
- *builds confidence in the way decisions are taken.*

Democratic Audit has developed a methodology for measuring democracy that is now used in almost 20 countries, including the UK. The allocation of new funds totalling £464,175 over three years will enable a new audit team to complete a fourth audit of the UK and to present a vision for the changes and policies necessary to re-energise our democracy and engage people as participants in the process.

www.democraticaudit.com

A grant of £74,650 over three years is supporting **Green Audit** to continue its work on scientific analysis of environmental risk. The emphasis of the work is on the health effects of ionising radiation and to influence changes at the governmental- science policy interface.

www.greenaudit.org

The Trust made a one year grant of £35,186 to enable the **Civil Liberties Trust** to undertake the initial research and groundwork for its *Common Values* campaign. The Civil Liberties Trust is one of several UK organisations supported by the Trust playing an active role in defending and promoting hard-won human rights legislation.

www.liberty-human-rights.org.uk

Quaker (£634,863)

The Trust seeks to support the spiritual life of the Religious Society of Friends, and the development of Quaker responses to the problems of our time.

The Trust supported two Yorkshire-based theatre companies to present plays about the lives of historical Quakers. **Plain Quakers** toured 'On Human Folly', a play about John Woolman and received £2,000. **Square Peg Productions** produced 'Pearl in the Sands' about the life of Margaret Asquith, performed at her home, Swarthmoor Hall and also received £2,000.

www.highflattsquakers.org.uk

www.squarepegproductions.co.uk

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Woodbrooke Quaker Study Centre has been offering adult education since 1903, and has had a long and close association with the Trust. The largest grant within this programme was £386,232 over four years, towards the educational programme.

www.woodbrooke.org.uk

Racial Justice (£815,010)

We seek to promote racial justice and equality of opportunity as a basis for a harmonious multi-racial, multi-ethnic society in the UK. We fund work addressing issues and policies that affect refugees and asylum seekers. Our programme operates at three levels: locally (within West Yorkshire), nationally (except Northern Ireland which is funded separately) and at a European level. In West Yorkshire, The Trust aims to promote the full participation of racially disadvantaged groups in community life. This includes members of black and minority ethnic communities and newly arrived communities.

The **Black Training and Enterprise Group (BTEG)** is a national organisation providing a voice to government for black and minority ethnic service providers. It advises government departments and non departmental public bodies and provides technical assistance support for voluntary and community organisations and public bodies. In 2008 it received an award of £60,000 over two years.

www.bteg.co.uk

Stop Hate UK aims to challenge all forms of hate crimes and provide support for victims of hate crimes through training, education, monitoring and supporting. A grant of £40,000 over two years is supporting a programme exploring young people's perception of identity, community, conflict and personal safety, and is working to promote a more positive relationship between young people and the police.

www.stophateuk.org

Leeds Gypsy and Traveller Exchange (GATE) aims to develop dialogue with service providers, promote positive understanding and appreciation of the traveller culture and to share skills and experiences among other UK communities. The Trust is supporting the development of a strong organisational structure with a grant of £39,808 over two years.

The Trust is a partner in the **European Programme on Integration and Migration (EPIM)**, a collaborative initiative within the **Network of European Foundations (NEF)**. EPIM, which has 12 European foundation members, advocates a European agenda that benefits migrants and host communities. Through a grants programme, it aims to strengthen the role of NGOs active on migration and integration issues across Europe. A grant of £80,000 (€107,000) over four years is supporting the programme.

www.epim.info

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Miscellaneous and Cross-Cutting (£688,966)

Joseph Rowntree encouraged future Trustees to be alert to new openings and opportunities. A review of our work has emphasised the importance of Miscellaneous and cross-cutting grants, and we expect to invest more resources in this area in future years.

Public Interest Research Centre (PIRC) is developing a new role of holding the space between the research world of climate science and the NGO world of campaigning organisations on climate change. PIRC was the first UK organisation to advocate for a Zero-Carbon Society, and is gaining a profile as the people to turn to for clear policy options to address the climate change crisis. The Trust is supporting this work with a grant of £46,692 over 12 months.

www.pirc.info

Grant support of £110,000 over three years is helping **The Equality Trust** to develop its arguments promoting the benefits of a more equal society. In the near future the work will build on Richard Wilkinson and Kate Pickett's forthcoming publication *The Spirit Level: Why More Equal Societies Almost Always Do Better*.

www.equalitytrust.org.uk

Cageprisoners is a Muslim human rights organisation working to raise awareness of the plight of the prisoners at Guantanamo Bay and other detainees who are being held 'beyond the law' in secret prisons around the world. A grant of £120,000 over three years is supporting core costs, and Cageprisoners' bridge-building work in the national and international debate about terrorism and human rights.

www.cageprisoners.com

Ireland (£1,051,512)

We aim to fund work which will support the ongoing development of a just and peaceful society in the island of Ireland:

- *enhancing civil liberties and human rights*
- *encouraging co-operation across religious, racial and political divides*
- *strengthening civil society.*

Northern Ireland Alternatives was offered a grant of £32,100 as a contribution to a three year Action for Community Transformation programme which will provide training in community engagement for young men who have been associated with loyalist paramilitary organisations.

The 2006 Census recorded that there are 40,000 Africans now living in Ireland, although the number may be much higher. The **Africa Centre** in Dublin is developing a credible voice within Ireland for African communities, engaging with policy makers and actively promoting participation through a voter registration campaign. A JRCT grant of £120,000 over three years is supporting the employment of a co-ordinator and other core costs.

www.africacentre.ie

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The **Community Workers Co-operative** is launching a new journal on community work for the island of Ireland. The journal is aimed primarily at community development workers, and hopes to open up new opportunities for critical reflection. A grant of €8,000 (approx. £6,400) was offered to cover the costs of the first edition.

www.cwc.ie

South Africa (£458,305)

We support work that promotes a just and peaceful South Africa:

- *by addressing the problems of violent conflict on all levels of society*
- *by building a strong human rights culture*
- *through the reduction of rural poverty.*

Phoenix Zululand

Phoenix Zululand works in up to 12 prisons, offering innovative restorative justice programmes which help people reintegrate safely into their local community. This is difficult work and the group tackles it with enormous kindness as well as energy and vision. A grant of R473,000 (£33,110) over two years was made to support Conversations in Families and Family Conferencing.

www.phoenix-zululand.org

Sinani works with local communities in areas particularly affected by violence, through peace-building and poverty alleviation work. The organisation is a strong and positive player in areas troubled by violence, mostly in the KwaZulu-Natal Midlands. The Trust made a grant of R1,110,000 (£71,040) over three years, towards core costs.

www.survivors.org.za

In 2003 Trustees took the decision to close the programme over a five year period. As the Trust's grant-making in South Africa drew to a close, Trustees listened to grantees and heard the message that many needed to be stronger to weather the Trust's withdrawal. As well as individual capacity-building, many groups asked for fundraising training. R316,000 (£22,120) was made available to enable **CMDS** to provide a **fundraising course and development programme** for Trust grantees in South Africa. All grantees were invited to send representatives to a residential course and were provided with printed material. Trainers visited each participating organisation to help develop individual fundraising strategies.

Other Activities

In accordance with the Trust Deed, the Trustees carried out a decennial review in 2008 to consider whether the Trust should be wound up. In preparing for the review they considered within each programme those issues which they felt still needed addressing and which they would hope to pursue in the next ten years, while still being open to new and unforeseen initiatives which may lead to greater equality, justice and peace. They were not led to identify any factors, or embrace any significant area of work, which would justify spending down the Trust's capital at this point in time.

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In addition, they:

- Launched the restructured West Yorkshire Racial Justice programme which prioritises advocacy, community participation and the monitoring of policies and service provision for their effectiveness in tackling racial injustice
- Continued to develop a strategy for the Trust's engagement at the European level through the European Advisory Group.

Trustees also directly managed or contributed to specific projects to support their programmes and grantees. These included:

- Running a second Peace Leadership Programme, for people currently working on peace and security issues
- Exploring how communities in Northern England might be strengthened to address issues of race and local democracy
- Sponsoring (with the Joseph Rowntree Reform Trust) a Civil Society Summit to discuss prospects for progress on *The Governance of Britain* Green Paper
- Facilitating JUST West Yorkshire, an initiative aimed at promoting racial justice and achieving greater race equality in the region, to become independent of the Trust
- Repeating the survey carried out in 2007 on destitution in Leeds and publishing an update report entitled 'More Destitution in Leeds'
- Contributing to a consultation on Attitudinal Change and Refugees led by Heaven Crawley
- Contributing to the European Programme on Integration and Migration, a collaboration which aims to strengthen the role played by charitable trusts.

Monitoring and review

Regular contact is maintained with grantees. All grantees are asked to provide copies of their financial accounts for each year in which they have received funds from the Trust. For larger and multi-year grants an annual report is required and a member of our staff will usually visit the recipient. Grants are paid in quarterly instalments and are subject to regular review.

The Trust asks all grantees to complete a closing report on each grant. Grantees are given advance notice of this requirement, and the questions on which the closing report should be based, at the time of the grant offer. In the closing report, grantees are asked to comment on whether the objectives of the work changed over the period of the grant, what was achieved and what were the most successful and unsuccessful aspects of the initiative. The closing report also seeks feedback on the relationship between the Trust and the grantee.

Changes to grant-funded work are reported to Trustees through programme committees and Trust agendas. Annually, each programme committee reviews the work it carried out in the previous year. Committees are encouraged to review their overall programme from time to time, occasionally involving external evaluators, and every ten years the Trust reviews all of its work. In

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addition, the Trust Secretary provides an annual review of the activities of the Trust, which is considered at a Trust Quarterly Meeting.

The Trust constantly scans the political environment in which it operates for external assessment of the impact grantees have on influencing policy and standards of good practice.

Financial review

The Trust determines an annual grant distribution figure, related not to its investment income as recorded in the accounts, but to an estimate of the amount which can be spent each year without impairing the ability of the capital to sustain the same real level of spending indefinitely into the future. To the extent that actual investment income falls short of this, as it usually will, the excess is funded from capital growth.

The application of this policy aims to protect the real value of the Trust's capital whilst ensuring that the annual level of grant commitments and expenditure made by Trustees is maintained in real terms and is not subject to large fluctuations.

Total incoming resources, principally from investments, in 2008 were £5,745,026 (2007: £5,005,245) of which £5,714,559 (2007: £4,952,717) was generated from investments. £590,615 (2007: £456,077) was spent on generating funds, £6,676,846 (2007: £5,356,595) was allocated to charitable activities, £52,749 (2007: £70,904) was spent on the governance of the Trust, and £9,374 (2007: £14,687) was spent on pensions in respect of two former employees (outside of the normal pension scheme).

The value of the Trust's net assets fell to £117m (2007; £191m) over the year following the decrease in the stock market in 2008. Nevertheless the Trustees consider that the Trust's financial position as at 31 December 2008 will allow it to fulfil its obligations to existing grant holders and continue to fund new work at similar levels to recent years.

Ethical investment policy and performance

Trustees have unrestricted powers of investment. The long-term investment policy is the pursuit of the maximum possible total return, taking income and capital growth together, subject to securing an adequately diversified portfolio of investments. In practice, this means holding a portfolio, which is usually almost fully invested in UK and overseas shares. There is convincing evidence from history and from analysis of the way economic growth impacts on company profits to support this strategy.

We continue to operate an ethical investment policy, aiming to ensure that, as far as possible, the Trust's income is earned in ways which are compatible with the Trust's Quaker values and its grant making policies.

Trustees adopted the following statement to express both the investment aims and the ethical concerns underpinning the Investment Policy:

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We aim to invest in companies

- With integrity in their dealings, whose products or services are of benefit to humankind, with minimal harmful impacts and with an emphasis on meeting basic needs rather than luxuries. We do not however automatically rule out companies whose activities might be considered largely frivolous if their customers are not predominantly the privileged in society.
- whose profits in the long term grow at least in line with the economies in which they operate.

We recognise that there can be conflicts between these aims.

We expect our portfolio to have the following characteristics:

- To be relatively concentrated, e.g. by making significant investments in companies which fit these policies well.
- To avoid companies materially involved in:
 - (a) armaments
 - (b) brewing/distilling and retailing of alcohol as a main activity
 - (c) gambling
 - (d) tobacco manufacture and retailing as a major activity
 - (e) building, owning or supporting new generation nuclear power stations
 - (f) other activities which are felt to harm society more than they benefit it.
- To have regard to the way companies conduct their businesses in all the markets in which they operate as well as what their business is. This includes:
 - (a) employment conditions
 - (b) equal opportunities policy and practice
 - (c) enabling all employees to make the fullest possible contribution to a company's progress
 - (d) environmental impact while accepting some companies in extractive industries
 - (e) attitudes to customers
 - (f) openness in reporting to stakeholders
 - (g) attitude to the communities in which they operate
 - (h) promotion of human rights especially in countries with oppressive regimes
 - (i) following best current practice in corporate governance

We, and our investment managers, will usually be limited to investing in companies listed on a stock exchange.

We recognise that a proper diversification of the portfolio may entail holding

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companies in market sectors where no company comes up to standards we would ideally like to see.

Hence, we expect to see our portfolios constructed having regard to:-

- (a) Our aim that in the long term the performance of the entire portfolio should at least match that of the FTSE All-Share Index.
- (b) Investment overseas being undertaken with the primary purpose of making that aim more likely to be achieved.

It follows that our normal base position is to be fully invested in equities. Cash should only be held for tactical reasons or to protect the fund value in a failing market.

Trustees are advised by the Ethical Investment Research Service (EIRIS), which uses a number of published sources, together with questionnaires and follow up correspondence, to obtain information about companies in the portfolio or being considered for it.

While on some issues (for instance, the manufacture of arms) a firm position is taken, on others the degree of a company's involvement in a questionable area is taken into account, along with indications of improving practices and strongly positive features of its activities.

Trustees will also enter into correspondence with companies to gather more information including plans to change its practices. This may include the possible disposal of businesses within the company group which conflict with the ethical policy, but more commonly is concerned with policies for the conduct of its business, e.g. the environmental management systems or employment practices.

RC Brown Investment Management manages a portfolio, which at 31 December 2008 represented 85% of the Trust's investments, holding both UK and European stocks. The Trust also holds a small number of investments where Trustees themselves take decisions about purchases and sales (15%).

The investment managers have discretion, within strategic guidelines, over the proportion of the fund held in different sectors, and the selection of individual stocks, having regard to the Trust's investment policy and its more detailed ethical criteria. In rare cases they may be instructed to sell holdings where shares in the portfolio are found to conflict with the policy, perhaps because a company starts a new venture.

The return on the whole portfolio gross of investment management fees for the year was -34.9% which compares with -29.9% for, the FTSE All-Share Index. In pursuing the Trust's long term investment policy as discussed above, Trustees recognise the limitations of comparing performance to a benchmark and therefore only regard the FTSE All Share Index as a guide.

The Trustees have reviewed the Trust's investment performance over 2008. They accept that one consequence of the Trust's investment strategy is that the value of

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the portfolio is likely to be highly volatile. Nevertheless they are keeping the Trust's investment performance and spending policy under review. Meanwhile they are satisfied that the Trust is able to continue with its anticipated grant programme in 2009.

Reserves policy

Trustees may spend capital and accumulate unspent income. They consider that the Trust's financial position as at 31 December 2008 will enable it to fulfil its obligations to existing grant holders and continue to fund new work at similar levels to recent years.

Future plans

The Trust plans to:

- Continue to support grant applicants whose work fits closely within the Trust's stated grant-making criteria. The Trust welcomes applications from charities not funded before which meet the grant priorities and selection criteria set out above
- Keep under review the areas of work that the Trust will fund in order to most effectively meet the Trust's overall aim
- Establish, develop, evaluate and review the Trust's programme areas and, if necessary, prepare to withdraw from them
- Continue to operate its ethical investment policy.

In the next year the Trust will specifically:

- Co-sponsor with the Ariadne human rights funder's network an event to consider how best to protect and promote the Human Rights Act in the UK
- Work with the Woburn Place Collaborative on a study into Models of Trustee Engagement amongst UK foundations
- Arrange an in-house seminar for Trustees on the impact of the financial crisis in relation to the Trust's core interests
- Organise the 'Leading Change' initiative – providing training for development workers in West Yorkshire
- Commission a third report into destitution in Leeds
- Lay on events at the Quaker Yearly Meeting Gathering in York.

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RESPONSIBILITIES OF THE TRUSTEES

Law applicable to charities in England and Wales requires Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit 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;
- Make judgements and 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 operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charity's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by Trustees on 13 March 2009 and signed on their behalf by:

Marion McNaughton
Chair of Trustees



THE JOSEPH ROWNTREE CHARITABLE TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE JOSEPH ROWNTREE CHARITABLE TRUST
YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of The Joseph Rowntree Charitable Trust for the year ended 31 December 2008 on pages 19 to 31 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 22 to 23

This report is made solely to the charity's Trustees, as a body, in accordance with Section 44 of the Charities Act 1993. 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.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITOR

The responsibilities of the Trustees for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Trustees on pages 15 to 16.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993, and whether the information given in the Trustees Annual Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

THE JOSEPH ROWNTREE CHARITABLE TRUST

OPINION

In our opinion the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Charities Act 1993.



BARRON & BARRON
Chartered Accountants
& Registered Auditors

Bathurst House
86 Micklegate
York
YO1 6LQ

13 March 2009

THE JOSEPH ROWNTREE CHARITABLE TRUST
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
31 DECEMBER 2008

	Notes	2008 Total Unrestricted Funds £000	2007 Total Unrestricted Funds £000
Incoming resources			
<i>Incoming resources from generated funds</i>			
Investment income	3	5,715	4,953
Voluntary income: donations		30	50
Other incoming resources		-	2
Total incoming resources		5,745	5,005
Resources expended			
<i>Costs of generating funds</i>			
Investment management costs	4	591	456
<i>Charitable activities</i>			
Grant-making:			
Grants approved	5	5,921	4,606
Net loans made	6	59	8
Grant related support costs	7	697	743
Total cost of grant-making	8	6,677	5,357
<i>Governance costs</i>	9	52	70
<i>Other resources expended</i>		9	15
Total resources expended		7,329	5,898
Net outgoing resources before other recognised gains and losses		(1,584)	(893)
Other recognised gains and losses			
Realised and unrealised gains and losses on investment assets		(73,033)	(1,723)
Realised and unrealised gains and losses on exchange		478	7
Net movement in funds		(74,139)	(2,609)
Reconciliation of funds			
Total funds brought forward		191,136	193,745
Total funds carried forward		116,997	191,136

THE JOSEPH ROWNTREE CHARITABLE TRUST

The statement of financial activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared. All of the above amounts relate to continuing activities.

The accompanying notes are an integral part of this statement of financial activities.

THE JOSEPH ROWNTREE CHARITABLE TRUST
BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 Total Unrestricted Funds £000	2007 Total Unrestricted Funds £000
Fixed assets			
Tangible assets	12	-	-
Investments	13	125,692	198,616
Total fixed assets		125,692	198,616
Current assets			
Debtors	14	22	53
Cash balances		92	153
Total current assets		114	206
Liabilities			
Creditors falling due within one year	15	(4,981)	(4,765)
Net current liabilities		(4,867)	(4,559)
Total assets less current liabilities		120,825	194,057
Creditors: amounts falling due after more than one year	16	(3,828)	(2,921)
Net assets		116,997	191,136
Represented by:			
Unrestricted Fund		116,997	191,136
Total charity funds		116,997	191,136

The financial statements were approved by the Board of Trustees on 13 March 2009 and signed on their behalf by:

Marion McNaughton

Marion McNaughton
Chair of Trustees

The accompanying notes are an integral part of this balance sheet.

THE JOSEPH ROWNTREE CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2008

1. Accounting policies

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Charities Act 1993.

1.2 Cash flow statement

The Trust has taken advantage of the exemption in FRS1 and has not prepared a cash flow statement.

1.3 Fund accounting

The Unrestricted Fund can be spent on any purpose within the Trust's objects at the discretion of Trustees.

1.4 Incoming resources

All incoming resources are included in the statement of financial activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Dividends are brought to account on the dates they fall due for payment. Interest is fully accrued at the balance sheet date.

1.5 Resources expended

Resources expended are included in the statement of financial activities on an accrual basis, inclusive of any VAT which cannot be recovered. Grants and loans payable are accounted for when a legal or constructive obligation arises. A constructive obligation arises where the other party has a reasonable expectation of receipt.

1.6 Costs of generating funds

The costs of generating funds consist of investment management fees, custodian fees, professional fees, ethical investment advice and other direct costs together with an allocation of staff costs, overhead costs and depreciation, based on an estimate of staff time spent on generating funds.

1.7 Charitable activities

Trustees consider that grant-making is the Trust's primary charitable activity.

Grants approved represent grants approved net of cancelled grants and grants repaid and other grant adjustments.

Net loans made present new loans approved net of loans repaid.

Grant related support costs include the direct costs of grant making together with an allocation of staff costs, overhead costs and depreciation, based on an estimate of staff time spent on grant making.

THE JOSEPH ROWNTREE CHARITABLE TRUST

1.8 Governance costs

Governance costs comprise of all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit fees, legal fees and other direct costs together with an allocation of staff costs, overhead costs and depreciation, based on an estimate of staff time spent on governance.

1.9 Other costs

Other costs comprise of pension payments in respect of two former employees.

1.10 Tangible fixed assets and depreciation

Fixed assets are used for administrative purposes, the benefits of which are not directly available for the beneficiaries of the Trust, are fully depreciated in the year in which expenditure on them is incurred.

1.11 Fixed asset investments

Listed investments are shown in the Balance Sheet at the middle market closing value at the 31st December, or in overseas markets at prices determined according to the custom of each market. Unlisted investments are shown in the Balance Sheet based on the value of the shares as determined by independent accountants or the boards of the companies themselves. All gains and losses, both realised and unrealised, are taken to the statement of financial activities as they arise.

1.12 Pensions

The Trust contributes to a contributory funded defined benefits scheme for core employees which provides a pension based on 1/80 for pre 31 March 2008 service and 1/60 for post 1 April 2008 service. The option of commuting pension for a lump sum is available to all members. In addition there is a 1/160 pension for surviving partners and dependent children. The assets of the scheme are held by North Yorkshire Pension Fund and are invested in accordance with the Trust's ethical investment policy. The contributions made by the Joseph Rowntree Charitable Trust as the employer are affected by the surplus or deficit in the scheme but the Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. The Trust therefore accounts for the contributions to the scheme as if it were a defined contribution scheme in accordance with paragraph 9(b) of FRS 17. Any available information about the existence of a surplus or deficit in the scheme and the implications of that surplus or deficit for the Trust is disclosed in the notes to the accounts.

During the year Trust also directly provided pensions for two former employees.

THE JOSEPH ROWNTREE CHARITABLE TRUST

2. Related party transactions and Trustees' remuneration

Trustees received no remuneration or benefits (2007: £nil) in the year. Trustees were reimbursed £19,153 (2007: £18,106) in expenses to cover the cost of travel and subsistence to meetings for and on behalf of the Trust plus the cost of sundry other expenses including telephone, fax and stationery. 13 Trustees (2007: 13) together with a Trustee who was sitting in as a prospective Trustee received reimbursement.

One Trustee received compensation totalling £268 for earnings lost as a result of undertaking work as a Trustee (2007: £nil).

The Trust owns 49% of the ordinary share capital of Cober Hill Limited. During the year an interest free loan made to Cober Hill Limited in 1989 totalling £343,110 was written off. During the year the Trust made another interest free loan to Cober Hill Limited of £25,000 which was repaid before the year end. The Trustees also agreed to extend a further interest free loan facility of up to £50,000. This facility had not been drawn on at the year end although provision has been made for it in these accounts.

3. Investment income

	2008 £000	2007 £000
Dividends from listed investments		
European equities	1,262	1,194
UK equities	3,624	3,300
UK unit trusts	-	-
Dividends from unlisted investments		
UK equities	375	340
Interest on cash deposits	254	112
Underwriting commission	192	-
Bank interest	8	7
	5,715	4,953

4. Investment Management Costs

	2008 £000	2007 £000
Investment management fees	467	315
Custodian fees	40	52
Professional fees	5	5
Ethical investment advice	15	17
Other direct costs	5	7
Staff costs	50	47
Overhead costs	9	12
Depreciation	-	1
	591	456

THE JOSEPH ROWNTREE CHARITABLE TRUST

5. Analysis of grants approved

5.1 Grants approved

	2008 Total £000	2007 Total £000
Trustee approvals	6,065	4,904
Grants withdrawn and repaid	(227)	(285)
Grants amended	83	(13)
Net grants approved	5,921	4,606

Included within grant amendments are exchange differences arising on the payment of grants totalling £42,060 (2007: £(76,832)).

5.2 Analysis of grants approved by programme area

	Grant size				2008 Total £000	2007 Total £000
	Over £100,000 £000	£50,000 to £100,000 £000	£15,000 to £49,999 £000	Less than £15,000 £000		
Peace	804	63	178	17	1,062	798
Power & Responsibility	566	260	316	68	1,210	1,119
Quaker	523	54	47	11	635	245
Racial Justice	227	400	245	(57)	815	831
Miscellaneous	120	325	178	66	689	505
Ireland	415	369	187	81	1,052	700
South Africa	-	444	113	(99)	458	408
	2,655	1,915	1,264	87	5,921	4,606

5.3 Analysis of grants approved between individuals and institutions

	2008 £000	2007 £000
Grants approved for individuals	284	288
Grants approved for institutions	5,637	4,318
	5,921	4,606

The grant commitments disclosed in notes 15 and 16 represent the future years' instalments of multi-year grant commitments.

Some information about the types of project and entities funded is given in the Trustees' Report. Further information on grants is available on the Trust's website at www.jrct.org.uk.

THE JOSEPH ROWNTREE CHARITABLE TRUST

6. Analysis of net loans made

6.1 Net loans made

	2008 Total £000	2007 Total £000
Trustee approvals	98	11
Loans repaid	(39)	(3)
Net loans made	59	8

6.2 Analysis of net loans made by programme area

	£50,000 to £100,000 £000	£15,000 to £49,999 £000	Less than £15,000 £000	2008 Total £000	2007 Total £000
Peace	-	-	(6)	(6)	-
Racial Justice	-	-	(5)	(5)	5
Miscellaneous	50	-	(3)	47	5
Ireland	-	23	-	23	(2)
	50	23	(14)	59	8

6.3 Analysis of net loans made between individuals and institutions

All the loans were made to and repaid by institutions.

The loans commitments disclosed in notes 15 and 16 represent the future years' instalments of multi-year loan commitments.

7. Grant related support costs

7.1 Grant related support costs broken down by expenditure type

	2008 £000	2007 £000
Direct costs	108	234
Staff costs	439	415
Overhead costs	146	87
Depreciation	4	7
	697	743

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7.2 Grant related support costs broken down by programme area

	2008 £000	2007 £000
Peace	82	84
Power & Responsibility	114	89
Quaker	46	53
Racial Justice	265	325
Miscellaneous	63	55
Ireland	68	76
South Africa	59	61
	697	743

8. Total cost of grant making broken down by programme area

	2008 £000	2007 £000
Peace	1,138	882
Power & Responsibility	1,324	1,208
Quaker	681	298
Racial Justice	1,075	1,161
Miscellaneous	799	565
Ireland	1,143	774
South Africa	517	469
	6,677	5,357

9. Governance costs

	2008 £000	2007 £000
Auditors' remuneration	7	7
Other direct costs	9	11
Staff costs	32	43
Overhead costs	4	9
Depreciation	-	-
	52	70

All costs are apportioned on the basis of staff time.

The auditors' remuneration constituted an audit fee of £7,216 (2007: £6,991).

THE JOSEPH ROWNTREE CHARITABLE TRUST

10. Support costs analysed by resource category

	Inv'tm't manage't costs £000	Grant- making £000	Gov'e costs £000	Other costs £000	2008 Total £000	2007 Total £000
Direct costs	532	108	16	-	656	648
Staff costs	50	439	32	9	530	520
Overhead costs	9	146	4	-	159	108
Depreciation	-	4	-	-	4	8
	591	697	52	9	1,349	1,284

11. Analysis of staff costs

	2008 £000	2007 £000
Salaries and wages	421	411
Social security costs	34	33
Professional health indemnity insurance	3	12
Other pension costs	72	64
Total	530	520

The average number of full time equivalent employees during the year was 10 (2007: 10) with all employee time involved in providing support to investment management, support to the governance of the charity or support services to charitable activities.

The last actuarial valuation of the Trust's pension scheme was carried out at 31 March 2007. At that valuation date a deficit of £584,200 was identified as attaching to that portion of the fund attributable to the Trust. Trustees had previously agreed to make good the deficit on the pension fund over a 30 year period starting on 1 April 2005, - 30 years being the maximum period allowed by the Pension Fund Committee of North Yorkshire Pension Fund. Following on from this the deficit identified at 31 March 2007 will be made good over a 27 year period starting on 1 April 2008.

The number of employees who received emoluments in excess of £60,000 is as follows:

	2008	2007
£70,000-£79,999	-	1
£80,000-£89,999	1	-

The number of higher paid employees to whom retirement benefits accrued under the defined benefits scheme was one.

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12. Tangible fixed assets

	Office Premises £000	Office Equipment £000	Fixtures & Fittings £000	Total £000
Cost				
As at 1 January 2008	466	114	1	581
Additions in year	-	4	-	4
Disposals in year	-	(10)	-	(10)
...As at 31 December 2008	466	108	1	575
Depreciation				
As at 1 January 2008	466	114	1	581
Charged in year	-	4	-	4
Disposals in year	-	(10)	-	(10)
...As at 31 December 2008	466	108	1	575
Net Book Value at 31 December 2008	-	-	-	-
Net Book Value at 31 December 2007	-	--	-	-

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

13. Fixed asset investments

	2008 £000	2007 £000
Movement in fixed asset investments		
Market value at 1 January 2008	198,616	200,770
Add: additions to investments at cost	40,379	40,647
Disposals at carrying value	(35,711)	(37,025)
Add: net gain/(loss) on revaluation	(72,116)	(11,360)
Movement in cash deposits	(5,476)	5,584
Market value as at 31 December 2008	125,692	198,616
Investments at market value comprised:		
Listed investments		
European Equities	29,035	54,205
UK Equities	80,400	120,515
UK Unit Trusts	3,938	6,233
Unlisted investments		
UK Equities	8,552	8,420
Cash deposits	3,767	9,243
Total	125,692	198,616

The Trustees consider that there were no material individual investment holdings in the year that require disclosure.

A copy of the full list of investments is available on request.

THE JOSEPH ROWNTREE CHARITABLE TRUST

14. Analysis of debtors

	2008 £000	2007 £000
Accrued interest	2	23
Other debtors	4	3
Prepayments and accrued income	16	27
Total	22	53

15. Analysis of creditors falling due within one year

	2008 £000	2007 £000
Grants payable	4,795	4,643
Loans Payable	48	-
Accruals	23	25
Other creditors	115	97
Total	4,981	4,765

16. Amounts falling due after more than one year

	2008 £000	2007 £000
Grants payable	3,803	2,921
Loans payable	25	-
Total	3,828	2,921