

THE JOHN HORSEMAN TRUST

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2023

Charity Number 1077820

ARMSTRONG WATSON
Chartered Accountants
Newcastle upon Tyne

THE JOHN HORSEMAN TRUST
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2023

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THE JOHN HORSEMAN TRUST

REFERENCE AND ADMINISTRATIVE INFORMATION

31 MARCH 2023

| | |
|-----------------------------------|--|
| Trustees: | J R Horseman (Chair) M C S Horseman L C S Horseman G R Horseman W J Horseman |
| Registered charity number: | 1077820 |
| Correspondence address: | Acton Hall Cottage Felton Morpeth Northumberland NE65 9NU |
| Auditors: | Armstrong Watson Audit Limited One Strawberry Lane Newcastle upon Tyne NE1 4BX |
| Bankers: | Coutts and Co 440 Strand London WC2R 0QS |

THE JOHN HORSEMAN TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

The trustees have pleasure in presenting their report together with the audited financial statements of the charity for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out on pages 17 to 18 and comply with the charity's trust deed, 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 (FRS 102).

Structure, governance and management

Governing document

The John Horseman Trust (JHT) was formed by a declaration of trust on 5 May 1999, and as amended by supplemented deeds dated 17 September 1999 and 16 November 2009. It was registered as a charity on 15 October 1999. The trust deed establishes the objects and powers of the charity under which it is governed.

Both the initial donation from Mr J R Horseman and additional amounts donated since have been under terms which allow the trustees to either retain the amounts as capital or to spend them.

Management and governance arrangements

The trust deed provides for at least two trustees. The power of appointing new trustees and removing trustees is vested in the children of Moyra and John Horseman.

The chair of trustees is responsible for the induction of any new trustee, which involves awareness of a trustee's responsibilities, the governing document, administrative procedures, the history and philosophical approach of the charity. A new trustee receives copies of the previous year's annual report and accounts and a copy of the Charity Commission leaflet 'The Essential Trustee: What You Need to Know'.

Risk management

The trustees annually review the risks that the charity faces.

The trustees are aware of the risks associated with making grants. They continue to review procedures to reduce risk in this area.

Objectives and activities for the public benefit

Under the trust deed, the trustees shall hold the trust fund and its income upon trust to apply the same at such time or times and in such manner to or for the benefit of such exclusively charitable objects and purposes in any part of the world as the trustees may in their discretion think fit.

The trustees currently have a policy of supporting three types of charitable activity which are of practical utility and benefit for the environment, education and local communities.

The trustees confirm they have been given the general guidance provided by the Charity Commission on public benefit, including the guidance "Public benefit: running a charity (PB2)" and are confident that this is achieved through the grants made to charities.

THE JOHN HORSEMAN TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

Procedures and policy for grant making

The trustees identify projects and organisations they wish to support and the Trust has a policy of not making grants to people or organisations who apply speculatively.

A formal review meeting of grant applications by all trustees is held once a year. At other times two or more trustees hold informal meetings to make decisions on new grants and to review ongoing regular grants and their effectiveness. In general, these informal meetings occur approximately once per month.

Wherever possible, grants are made to organisations working in the appropriate field, which themselves hold charitable status and therefore have their own accountability procedures. Grants to other organisations, or to overseas non-profit organisations are made only when the Trust has personal contact and is able to verify the correct accountability for the use of the grant.

The Trust makes donations on an annual basis with the majority of donations going out in January. Other grants are made at different times during the year, either as one-off donations, or as annual grants, which as with the January donations are made on the basis of a 5 to 10 year plan.

The charities benefit more from this approach to grant making as it allows them to plan their finances. The trustees have also found that the feedback they receive is more thorough and the grants more effectively used.

Achievements and performance of the Trust

The aim of the trustees during the year 2022/23 has been to consolidate and grow the donation base. The trustees are pleased to report that they have achieved a 6% growth in the amount of money donated to mainly UK based charities. New charities have been taken on to the list of beneficiaries and many of the existing charities supported have seen an increase in their annual donation. The total figure for donations would have been larger had the trustees been confident about making a final stage donation to a large capital project. The charity in question failed to fulfil the trustees' reporting requirements, leaving the trustees in limbo with regard to updates until right at the end of the financial year. Having set this time limit and reasonable request for updates, it was with regret that the trustees decided not to make the final stage of the donation. This was the only disappointment in the JHT's giving schedule for 2022/23.

With the JHT now being located in the North East, the trustees have established some good connections with local charities and national ones which have outlets in Newcastle and Sunderland. Place2Be is an example of a nationwide charity, supported by the JHT for many years, offering pastoral support and counselling to children and young people. The annual donation from the Trust is being put to use by Place2Be in two primary schools in Sunderland. The trustees visited these schools and were delighted to see how engaged the pupils were with the programme being run by Place2Be. Another schools based charity working predominantly in the North and supported by the JHT is Shine Trust. A visit was made by the trustees to two Newcastle based schools operating a learning support programme for pupils. Magic Breakfast is a new charity for the JHT, emerging with real impact post Covid and making even more impact during the cost of living crisis. With poverty levels and food insecurity being higher than the national average in the North East, the trustees are very pleased to be in a position to offer donations to national charities such as Magic Breakfast and Fare Share, both of which can demonstrate the application of funds at a regional level.

THE JOHN HORSEMAN TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

Achievements and performance of the Trust *(continued)*

Extracurricular programmes in the areas of football, drama and music continue to be supported by the Trust through the Newcastle KICKS football programme, Tyneside Live Theatre, and the Sage Gateshead. Donations are made on the basis of need and charities have to show how they are addressing the needs of disadvantaged groups in the programmes offered. Visits have been made to all three charities to assess how this is being achieved.

Having successfully supported Farms for City Children for many years in their general fund, the trustees decided to increase the donation but apply it to one specific school's visit. Our Trust Administrator was able to visit during this week and found the children to be fully engaged and learning a lot about farming, the countryside and the environment. Go Beyond runs similar centres and the trustees have been able to keep in touch with their work through webinars and a visit has been arranged for autumn 2023. Following a residential trip by one of the trustees to Ufton Court, a donation was made to this residential centre to finance one week for a school's stay. Our Trust Administrator made a visit early on in 2023.

It has been very useful for the Trust to have our Trust Administrator being based in the West Country for visits and follow ups. Be Free Young Carers and GL11 Community Hub secured donations as a result of a visit, and Halo Trust and the University of Birmingham hosted our Trust Administrator for a follow up trip. The trustees cannot emphasise enough the importance of making visits to applicants and existing beneficiaries. During the year, two visits were made where the trustees observed practices that did not meet with their expectations, and no donation was made. It is for this reason that the geographic donation base for the JHT is increasingly focussed on the North East and the West Country. Whilst it is not practical for the trustees to visit every charity which either applies for a donation or is a beneficiary, the trustees hope during any given year to rotate visits to monitor and gain insights into the charities being supported.

The system the trustees have set up with terms and conditions laying out clearly the reporting expectations, exists to enable the trustees to operate best practice for compliance. The majority of charities in receipt of donations from the Trust comply with our request for an annual report, a six monthly update and a receipt within a month of the donation being received into their account. The trustees are disappointed to report that a few charities have not complied with the terms they signed up to. In these instances the charities concerned appear to find these conditions too onerous and "over zealous" in our application. The trustees have no compunction in stopping the donation with immediate effect. However good the cause, if the trustees have a hint of poor compliance or a dismissive attitude to donors, then the trustees cannot continue with donations. A maxim the trustees use is that the donation must be made with a "happy heart" and never with a sense of duty or obligation. The process of making donations can be rewarding and motivational for all parties involved. For the majority of donations made and renewed during this last financial year, the trustees can report that this had been very much the case.

Where appropriate the trustees and the Trust Administrator follow charities on the donor list on Facebook or Instagram. This provides very useful insight and information on the charities. If there are negative reports in the Press about a charity, the trustees do follow up to register concerns. Social media updates do not substitute for official reporting from charities supported by the Trust.

By laying out the Trust's compliance procedures so clearly in our Annual Report, the trustees hope that applicants to the Trust will gain an insight into how our charity works and know what they are signing up to. The trustees wish to state as they do every year, that the JHT does not extend donations to Community Interest Companies. The trustees do not make pledges, or support lobbying and have no plans to extend the donation base to any charities operating beyond the UK other than those concerns

JOHN HORSEMAN TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

Achievements and performance of the Trust *(continued)*

which have been successfully supported for many years such as Ripple Africa, Greenacres School in Uganda, Brooke Hospital or Cheetah Outreach. In each of these charities the reporting is excellent and the trustees are confident about the direct application of funds. An exception can be made as has been the case with the Halo Trust. In response to the war in Ukraine and the urgent need to clear mines, the trustees increased their annual donation with immediate effect. Our Trust Administrator was able to visit their head office in Wilton and obtain feedback through a video link to the mine clearance team.

Midway through the year the trustees received an application from the Snowdon Trust, a charity which supports disabled students progress their university careers with grants for equipment and assistance. The trustees offered a restricted grant to STEM subjects and were so impressed by the reporting and outcomes, that they doubled the grant. Snowdon Trust offers a blueprint in excellent reporting.

Christmas would not be complete without a trip to the Ebony Horse Club In Brixton, South London. Each year the young riders demonstrate their commitment to riding and working at the stables. It is always a very festive and jolly event.

The work of hospices continues to run through the donation profile of the JHT. Marie Curie benefited from the renewal of a three year commitment to support the emergency response nurses. South East Cancer Care and Lennox Children's Cancer Fund were added to the list. Our Trust Administrator visited the recently relocated and reorganised Lewis Manning Hospice in Bournemouth.

Another long running theme in the donation profile for the JHT has been community groups, outreach to rough sleepers and support for prisoners. The trustees made a visit to a local prison to participate in one of the six week workshops being offered to inmates by Prison Fellowship. This is a new charity on the donor list for the Trust. Prison Fellowship works with prisoners and their families and looks to offer hope for a future life after release from prison. Support for prisoners post release is greatly needed and an area the JHT has often looked to find charities to work with. The donation to Bede House in South London was renewed into an annual standing order and a new donation made to St Peter's refuge in Brighton.

The trustees have found it frustrating to have found so few tree planting projects to support this year. The trustees visited Westonbirt Arboretum and hope there will be opportunities in 2023/24. A grant was made to the London Wildlife Trust and a new three year commitment made to the Sill Education Centre in the Northumberland National Park. This excellent centre runs programmes for school children to access the open spaces of the national park and learn more about the environment.

Support for capital projects has not been an area of growth for the JHT this financial year. Inflation in building costs, rising interest rates, planning issues, all hold projects back and make the trustees reluctant to become involved in supporting projects which drag on. It is for this reason that the trustees do not support pledges. However there was one successful application for a small scale building project made by Oaks Community Church. The trustees saw evidence of solid existing fundraising and an achievable completion date for the project. The trustees were very pleased to finish the financial year on a positive note by making the last donation on the morning of 5 April to the completed church refurbishment project.

THE JOHN HORSEMAN TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

Financial review

The Trust's net assets decreased by £802,581 (2022: increased by £3,222,087) during the year to £27,293,870 (2022: £28,096,451), after grants of £455,991 (2022: £418,546) were made.

Donations of £1,000,000 (2022: £1,000,000), before attributable gift aid, were given to the Trust during the year by Mr J R Horseman.

The finances of The John Horseman Trust are in a healthy state. The charity has no borrowings and is not dependant on outside support to maintain its spending.

The trustees are satisfied with the position of the Trust at the balance sheet date.

Investment policy and performance

There are no restrictions in the trust deed on the trustees' power to invest.

After more than a decade offering borrowers credit at near zero percent interest rates, 2022 saw the end of generosity by the world's central banks. With a no questions asked credit policy, some kind of sense could be made of just about any investment and at any price, and there was no shortage of advisers, consultants and bankers willing to do just that. So we had a company selling oat milk valued at \$10 billion and another selling space travel in untried rockets valued at \$16 billion to name just a few. The descent from the heights of madness has been painful and is not finished yet; recently various regional banks in the United States announced that they are in the throes of being rescued after failed attempts at speculating in silicon valley.

It was not that the Federal Reserve in the United States or the Bank of England were rushing to acknowledge the inflationary risks that were approaching. At the end of April 2022, two months after the breakout of the war in Ukraine on 24 February 2022, interest rates were still just 0.5%. Shortages and price rises were becoming apparent and these were feeding into higher inflation figures. It was only by September that American interest rates had been increased to 3%, still a long way from the headline inflation figure of 8.2% at that time.

Since then, interest rates have been increased by a further 2% in the US and inflation has fallen to around 5% so the question is therefore whether this is the beginning of better times or an altogether more tricky period for investors. This would be characterised by higher inflation than we have been used to and interest rates which are wholly less friendly to borrowers. In other words, they remain higher for longer than investors currently believe. It has been said that forecasting is very difficult especially if it is about the future and this is as true now as ever. There are however reasons to be cautious.

Once inflation has broken out, it is remarkably difficult to contain because it has a circular or feedback character. If party A experiences a rise in costs, it will try to pass these increases to party B who in turn will pass them to party C. If the latter has dealings with A or B in reverse, the latter will experience a rise in costs and will again try to pass them on and so on. Only by breaking this circle by reducing the links or shrinking the economy, will the feedback be broken. As things stand, while the major economies are essentially stagnant in growth terms, it is not clear that the contributing factors have gone away.

THE JOHN HORSEMAN TRUST

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

Investment policy and performance *(continued)*

One of the main contributing factors to higher inflation is the remarkable rise in wage costs and the labour shortages most organisations are facing. Around 70% of the make up of CPI are wage costs. Again in the United States, unemployment is lower than at any time in the last fifty years at just 3.4% of the workforce. Many have withdrawn from the labour market particularly the over 50s, and others work a reduced week. Birth rates are falling, with younger workers not filling the places being left by retirees. Productivity gains which lower a company's costs are not occurring at anything like a pace to keep a lid on prices. Most recent figures show unit labour costs rising at an annual rate of 6.5%, a figure not unlike that in other western countries.

Another factor and one which was very difficult to foresee was that the rise in inflation did not go hand in hand with a general rise in commodity prices. Oil prices for example are now 23% lower than they were the day the war in Ukraine broke out, despite sanctions against Russia. I admit that we are surprised by this as we expected the measures to have had at least some impact on supply but it seems that they have had none at all. If demand does pick up for whatever reason such as an improvement in demand from China, this would have an unwanted impact on inflation.

In the charity's year end review last year, we pointed to the very favourable years experienced by markets and the beneficial impact this has had on the Trust's investments. As it became apparent that the period of low interest rates was drawing to a close, we were aware that any decline in advertising revenue, smartphone or laptop sales would have a detrimental effect on the large technology companies such as Alphabet (the owner of Google and YouTube), Meta, Microsoft, Amazon and Intel, where we had investments. We therefore decided to sell our holdings and take advantage of the high deposit rates on offer. Fortunately, many of these holdings were sold in the early part of the year before investors fully appreciated how events were playing out. Less than 20% of the Trust's assets are now devoted to equities, with the remainder in high yielding bonds and interest bearing Treasury Bills. The equities are largely made up of names which we believe can fare well in a more inflationary environment, which pay a reasonable dividend and which are underappreciated. For example we added a position in the French supermarket retailer, Carrefour during the year. It has a strong market position as a leading player in the French market and will benefit if inflation remains stubborn. It has a considerable growth opportunity as it rolls out a stronger internet presence and is benefiting from the rationalisation of its foreign operations, which have been a drag on profitability. Otherwise, the holdings which were bought during the previous financial year such as Enbridge and Archer Daniels remain in the fund. A majority of the assets are held in US dollars.

As we look forward, much will depend on how inflation and interest rates behave and whether attractively priced opportunities present themselves, but at this point it looks unwise to take too much on trust.

Reserves policy

The trust deed requires the trustees to use the income of the Trust in promoting its objects. The use of the Trust's reserves is therefore wholly at the discretion of the trustees, with no particular level of reserves required to be maintained.

THE JOHN HORSEMAN TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

Plans for future periods

The trustees plan to build on the steady growth in giving with existing partnerships and in exploring new relations in the charity sector. Mostly connections are made through online applications to our Trust Administrator, but sometimes the trustees choose to research potential beneficiaries through other sources. The trustees are pleased to have made a connection with another significant Trust in the North East and look forward to collaborating with them on ideas.

The reporting system set up by the trustees is well established and for most charities it does not present an undue administrative burden. Poor compliance with the terms and conditions set by the trustees and overseen by our Trust Administrator normally indicates underlying problems with beneficiaries, so the trustees intend to maintain reporting expectations.

With high interest rates set to remain in the UK for some time, the trustees do not expect to see any applications for infrastructure projects. Consequently, the large donations which have accompanied applications for such projects will not characterise the giving profile in forthcoming year. Community grants to support local people improve skills, well-being, education and the environment are the mainstay of The John Horseman Trust and it is in the area that the trustees will continue to direct their attention.

Statement of trustees' responsibilities

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

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

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 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 JOHN HORSEMAN TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

Statement of trustees' responsibilities *(continued)*

In so far as the board of trustees is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the board of trustees has taken all the steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

Signed on behalf of the trustees

J R Horseman
Trustee
6 November 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE JOHN HORSEMAN TRUST
YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of The John Horseman Trust, for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the report of the trustees, 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 we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE JOHN HORSEMAN TRUST
YEAR ENDED 31 MARCH 2023**

Other information *(continued)*

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 8 and 9, 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 to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE JOHN HORSEMAN TRUST
YEAR ENDED 31 MARCH 2023**

Auditor's responsibilities for the audit of the financial statements *(continued)*

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:

Based on our understanding of the Trust, discussions with the trustees and those charged with governance, we considered that the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Charities SORP (FRS 102), the Charities Act 2011, the Charities (Account and Reports) Regulations 2008 and UK tax legislation.

As part of the engagement team discussion about the susceptibility of the Trust's financial statements to material misstatement due to fraud, we did not identify any areas with an increased risk.

Our audit procedures were designed to respond to identified risks, including non-compliance with laws and regulations and fraud, which may have a material effect on the financial statements. Our audit procedures included but were not limited to:

- enquiry of the trustees and review of any relevant correspondence with legal advisers regarding any instances of non-compliance with laws and regulations and any actual, suspected or alleged fraud;
- communicating identified laws and regulations and the risks of fraud with our engagement team and remaining alert to any indications of non-compliance or fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the minutes of the board of trustees;
- review of accounting estimates for management override and bias;
- analytical procedures to identify any unusual transactions;
- identifying and testing journal entries.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE JOHN HORSEMAN TRUST
YEAR ENDED 31 MARCH 2023

Use of the audit report

This report is made solely to the charity's trustees as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an independent auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Armstrong Watson Audit Limited
One Strawberry Lane
Newcastle upon Tyne
NE1 4BX

27 November 2023

Armstrong Watson Audit Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor under Section 1212 of the Companies Act 2006.

THE JOHN HORSEMAN TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

| | Note | 2023 Unrestricted fund £ | 2022 Unrestricted fund £ |
|---|------|-----------------------------------|-----------------------------------|
| Income from: | | | |
| Donations | 2 | 1,250,000 | 1,250,000 |
| Investments | 3 | 442,766 | 309,975 |
| Total income | | <u>1,692,766</u> | <u>1,559,975</u> |
| Expenditure on: | | | |
| Charitable activities | 5 | 475,983 | 429,693 |
| Other | 6 | (451,820) | (3,868) |
| Total expenditure | | <u>24,163</u> | <u>425,825</u> |
| Net (losses) gains on investments | | <u>(2,471,184)</u> | <u>2,087,937</u> |
| Net (expenditure) income and net movement in funds | | (802,581) | 3,222,087 |
| <i>Reconciliation of funds</i> | | | |
| Total funds brought forward | | <u>28,096,451</u> | <u>24,874,364</u> |
| Total funds carried forward | | <u>27,293,870</u> | <u>28,096,451</u> |

The notes on pages 17 to 23 form part of these financial statements

THE JOHN HORSEMAN TRUST

BALANCE SHEET

AS AT 31 MARCH 2023

| | Note | 2023 £ | 2022 £ |
|--|------|------------|------------|
| Fixed assets | | | |
| Investments | 8 | 13,923,263 | 19,768,553 |
| Current assets | | | |
| Debtors | 9 | 250,000 | 250,000 |
| Cash at bank | | 13,136,351 | 8,083,661 |
| | | 13,386,351 | 8,333,661 |
| Liabilities | | | |
| Creditors: Amounts falling due within one year | 10 | (15,744) | (5,763) |
| Net current assets | | 13,370,607 | 8,327,898 |
| Net assets | | 27,293,870 | 28,096,451 |
| Funds of the charity | | | |
| Unrestricted income fund | | 27,293,870 | 28,096,451 |
| Total charity funds | 11 | 27,293,870 | 28,096,451 |

These financial statements were approved by the trustees on 6 November 2023 and were signed on their behalf by:-

J R Horseman
Trustee

The notes on pages 17 to 23 form part of these financial statements

THE JOHN HORSEMAN TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 | 2022 |
|---|-------------------|--------------------|
| | £ | £ |
| Cash flows from operating activities: | | |
| Net cash provided by operating activities | <u>1,235,818</u> | <u>825,360</u> |
| Cash flows from investing activities: | | |
| Dividends and interest from investments | 442,766 | 309,975 |
| Purchase of investments | (13,247,670) | (2,768,782) |
| Proceeds from sale of investments | 16,621,776 | 646,377 |
| | <u>3,816,872</u> | <u>(1,812,430)</u> |
| Net cash provided by (used in) investing activities | | |
| Change in cash in the year ended 31 March 2023 | 5,052,690 | (987,070) |
| Cash at 1 April 2022 | 8,083,661 | 9,070,731 |
| | <u>13,136,351</u> | <u>8,083,661</u> |
| Cash at 31 March 2023 | | |
| | <u>13,136,351</u> | <u>8,083,661</u> |
| Reconciliation of net income to net cash flow from operating activities | | |
| Net (expenditure) income for the year ended 31 March 2023 (per statement of financial activities) | (802,581) | 3,222,087 |
| Adjustments for: | | |
| Losses (gains) on investments | 2,471,184 | (2,087,937) |
| Dividends and interest from investments | (442,766) | (309,975) |
| Increase in creditors | 9,981 | 1,185 |
| | <u>1,235,818</u> | <u>825,360</u> |
| Net cash provided by operating activities | | |
| | <u>1,235,818</u> | <u>825,360</u> |

THE JOHN HORSEMAN TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless stated otherwise. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Trust constitutes a public benefit entity as defined by FRS 102.

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 Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the Trust.

b) Preparation of financial statements on a going concern basis

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

c) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and have not been designated for other purposes.

d) Fixed asset investments

Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date, using mid-market prices from the appropriate stock exchange or bid price from the relevant fund manager, or last traded price where applicable.

Gains or losses arising on revaluation or disposal are recognised in the statement of financial activities in the funds in which the investments are held.

e) Cash at bank

Cash at bank includes a current account, a 90 day notice account and three foreign currency current accounts.

f) Foreign currency

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date.

THE JOHN HORSEMAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (*continued*)

g) Creditors and provisions

Creditors and provisions are recognised where the Trust has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligations can be measured or estimated reliably.

h) Financial instruments

With the exception of investments described above, the Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially measured at transaction value and subsequently measured at their settlement value.

i) Income recognition

All income is included in the statement of financial activities when the Trust has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

The following specific policies are applied to particular categories of income:

Donations are included in full in the statement of financial activities when receivable. Such income is only deferred when the donor specifies that the donation must only be used in future accounting periods, or the donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income such as dividends and interest are included when receivable.

j) Expenditure recognition

Expenditure is recognised as soon as there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis, inclusive of any VAT which cannot be recovered.

Grants payable are recorded once the Trust has made an unconditional commitment to pay the grant which is communicated to the beneficiary or the grant has been paid, whichever is earliest. Grants offered subject to conditions which have not been met at the balance sheet date are noted as a commitment, but not provided as expenditure.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Support costs are allocated on the basis of time spent on each activity as shown in note 5 to the financial statements.

2 Income from donations

| | 2023 | 2022 |
|--------------|-------------|-------------|
| | £ | £ |
| J R Horseman | 1,000,000 | 1,000,000 |
| Gift Aid | 250,000 | 250,000 |
| | <hr/> | <hr/> |
| | 1,250,000 | 1,250,000 |

THE JOHN HORSEMAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

| 3 Income from investments | 2023 | 2022 |
|-----------------------------------|-------------|-------------|
| | £ | £ |
| Dividends and interest receivable | 442,766 | 309,975 |

4 Grants

During the year, institutional grants were made for the following charitable purposes:-

| | 2023 | 2022 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| AGE UK Merton | 3,000 | 3,000 |
| Bede House Association | 5,000 | 5,000 |
| Be Free Young Carers | 3,000 | - |
| Big Issue Foundation | 2,000 | 2,000 |
| Braille Chess Association | 1,000 | - |
| Brooke Hospital for Animals | 5,000 | 5,000 |
| Cheetah Outreach, South Africa | 5,062 | 5,586 |
| Crisis Newcastle | - | 1,000 |
| Ebony Horse Club | 5,000 | 5,000 |
| Epic Restart Foundation | 5,000 | - |
| ExeAccess | - | 30,020 |
| FareShare | 10,000 | 10,000 |
| Farms for City Children | 11,469 | 5,000 |
| Francis House Children's Hospice | 5,000 | 2,000 |
| GL11 Community Project | 5,000 | - |
| Go Beyond | 5,000 | 2,000 |
| Greenacres Education Trust, Uganda | 5,000 | 5,000 |
| Grove Adventure Playground | 5,000 | 5,300 |
| Halo Trust | 5,000 | 10,000 |
| Heel and Toe Children's Charity | 10,000 | 10,000 |
| Integrated Neurological Services | 5,000 | 5,000 |
| Kids in Kathmandu, Nepal | 5,000 | 5,000 |
| Lennox Children's Cancer Fund | 5,000 | - |
| Leonard Cheshire Disability | 5,000 | 5,000 |
| Lewis Manning Hospice | 5,000 | 5,000 |
| Link Age Southwark | 3,000 | 4,000 |
| Live Theatre | 5,000 | - |
| Liverpool Cares | 3,000 | - |
| London City Mission | 2,000 | 1,000 |
| London Wildlife Trust | 5,000 | - |
| Loughborough Junction Action Group | - | 300 |
| Maggs Day Centre | - | 5,000 |
| Magic Breakfast | 10,000 | - |
| Marie Curie Cancer Care | 25,000 | 19,000 |
| Mind | - | 5,000 |
| National Numeracy | 5,000 | - |
| Carried forward | 178,531 | 160,206 |

THE JOHN HORSEMAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

4 Grants (continued)

| | 2023 | 2022 |
|--|-------------|-------------|
| | £ | £ |
| Brought forward | 178,531 | 160,206 |
| Newcastle United Foundation | 10,000 | 10,000 |
| North Music Trust (Sage Gateshead) | 15,000 | 25,000 |
| Northumberland National Park | 10,000 | - |
| Northumberland Wildlife Trust Limited | - | 1,000 |
| Pallion Action Group | 5,000 | - |
| Parochial Church (St Michael's PCC) | 2,500 | - |
| Pelton Youth & Community Centre | 5,000 | 5,000 |
| Place2Be | 10,000 | 10,000 |
| Polka Theatre | 5,000 | 5,000 |
| Prison Fellowship | - | 3,600 |
| Rape Crisis Tyneside and Northumberland | 5,400 | - |
| Redthread | 5,000 | 5,000 |
| Ripple Africa, Malawi | 6,020 | 5,040 |
| Royal National Lifeboat Institution | - | 9,000 |
| Royal Marines Charity | 5,000 | 3,000 |
| Royal Zoological Society for Scotland | 5,000 | - |
| Salvation Army | 5,000 | - |
| SE Cancer Help Centre | 3,000 | - |
| Shine | 10,000 | 5,000 |
| Shooting Star Chase | 3,000 | 3,000 |
| Snowdon Trust | 20,000 | - |
| St Christopher's Hospice | 5,000 | 5,000 |
| St George's Hospital | 10,000 | - |
| St Martin-in-the-Fields | 5,000 | 5,000 |
| St Michaels and All Angels, Felton | - | 2,200 |
| St Michael's Hospice | 3,000 | 3,000 |
| St Peters Church | 5,000 | - |
| Stewardship | 3,000 | 3,000 |
| Streatham Common Co-operative | - | 12,500 |
| Streatham Youth and Community Trust | 5,000 | 5,000 |
| Surfers Against Sewage | 2,000 | - |
| The Cowshed | 10,000 | 5,000 |
| The Oaks Community Church | 23,000 | - |
| The North Northumberland Hospice | 4,000 | 3,000 |
| The Together Trust | 5,500 | - |
| The Woodland Trust | - | 75,000 |
| The Worth Foundation | 3,000 | - |
| Thomley Hall Centre Limited | - | 5,000 |
| Tiyeni Fund | 6,500 | - |
| Umbrella Derby & Derbyshire | 5,000 | 5,000 |
| Ufton Court | 12,540 | - |
| University of Birmingham - Access to Birmingham scheme | 35,000 | 35,000 |
| Voice 21 | 5,000 | 5,000 |
| | <hr/> | <hr/> |
| | 455,991 | 418,546 |
| | <hr/> | <hr/> |

THE JOHN HORSEMAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

| | | |
|--|---------------------|---------------------|
| 5 Total expenditure: | 2023 | 2022 |
| | Unrestricted | Unrestricted |
| | fund | fund |
| | £ | £ |
| i) Charitable activities: | | |
| Grants payable (see note 4) | 455,991 | 418,546 |
| Support costs: | | |
| Travel and subsistence | 565 | 1,386 |
| Administration | 11,703 | 2,433 |
| Bank charges | 2,480 | 2,564 |
| | <hr/> | <hr/> |
| | 470,739 | 424,929 |
| ii) Governance costs | | |
| Audit and accountancy | 5,244 | 4,764 |
| | <hr/> | <hr/> |
| Total expenditure on charitable activities | <hr/> | <hr/> |
| | 475,983 | 429,693 |
| 6 Other | | |
| | 2023 | 2022 |
| | £ | £ |
| Gains on foreign exchange retranslation | 451,820 | 3,868 |
| | <hr/> | <hr/> |

7 Trustees' and key management personnel remuneration and expenses

During the year, no trustees or any persons connected by business to them, have received any remuneration from the charity.

The Trust considers its key management personnel to be the trustees.

The aggregate amount of expenses reimbursed to the trustees during the year was £565 (2022: £388). The number of trustees reimbursed for expenditure relating to travel and subsistence was 2 (2022: two reimbursed).

THE JOHN HORSEMAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

8 Investments

| <i>Listed investments</i> | 2023 | 2022 |
|---|--------------|-------------|
| | £ | £ |
| Market value at 1 April 2022 | 19,768,553 | 15,558,211 |
| Additions at cost | 13,247,670 | 2,768,782 |
| Disposals at carrying value | (18,090,832) | (850,000) |
| Unrealised (loss) gain on revaluation | (1,002,128) | 2,291,560 |
| | <hr/> | <hr/> |
| Market value at 31 March 2023 | 13,923,263 | 19,768,553 |
| | <hr/> | <hr/> |
| Historical cost at 31 March 2023 | 13,574,619 | 14,738,021 |
| | <hr/> | <hr/> |
| Listed investments at market value comprised: | | |
| UK equity shares | 2,960,685 | 4,712,341 |
| Overseas equity shares | 2,642,478 | 11,737,822 |
| UK bonds | 2,711,786 | 3,318,390 |
| Overseas bonds | 5,608,314 | - |
| | <hr/> | <hr/> |
| | 13,923,263 | 19,768,553 |
| | <hr/> | <hr/> |

All investments are carried at their fair value. Investments in equities and fixed interest securities are all traded in quoted public markets. The basis of fair value for quoted investments is the mid market value from the appropriate stock exchange or bid price from the relevant fund manager, or last traded price where applicable.

9 Debtors

| | 2023 | 2022 |
|----------------------|-------------|-------------|
| | £ | £ |
| Gift aid recoverable | 250,000 | 250,000 |
| | <hr/> | <hr/> |

10 Creditors: amounts falling due within one year

| | 2023 | 2022 |
|----------------|-------------|-------------|
| | £ | £ |
| Grants payable | 10,500 | - |
| Accruals | 5,244 | 5,763 |
| | <hr/> | <hr/> |
| | 15,744 | 5,763 |
| | <hr/> | <hr/> |

11 Analysis of net assets between funds

| | 2023 |
|---|-------------|
| | £ |
| Fixed asset investments | 13,923,263 |
| Current assets | 13,386,351 |
| Current liabilities | (15,744) |
| | <hr/> |
| | 27,293,870 |
| | <hr/> |
| <i>Analysis of net assets between funds - previous year</i> | 2022 |
| | £ |
| Fixed asset investments | 19,768,553 |
| Current assets | 8,333,661 |
| Current liabilities | (5,763) |
| | <hr/> |
| | 28,096,451 |
| | <hr/> |

THE JOHN HORSEMAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

| 12 Commitments | 2023 | 2022 |
|---|-------------|-------------|
| | £ | £ |
| Commitments payable in 1 year | 83,000 | 141,500 |
| Commitments payable in over 1 year | 250,000 | 263,000 |
| | <hr/> | <hr/> |
| Amount of commitments as at 31 March 2023 | 333,000 | 404,500 |
| | <hr/> | <hr/> |

In addition, at the year end, the charity had annual grant commitments of £211,020 (2022: £181,140).

These grant commitments are not provided as liabilities in the financial statements. The amounts represent future amounts of grants offered at the balance sheet date, which are subject to ongoing reviews and are payable out of future income.