

THE JGW PATTERSON FOUNDATION
(A charitable company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2023

Registered company number 04388927
Registered charity number 1094086

ARMSTRONG WATSON
Chartered Accountants
Newcastle upon Tyne

THE JGW PATTERSON FOUNDATION
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2023

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THE JGW PATTERSON FOUNDATION
REFERENCE AND ADMINISTRATIVE DETAILS

31 MARCH 2023

Charity number: 1094086 **Company number:** 04388927

Trustees

S T Gilroy
Prof Sir A W Craft (Chairman)
D R Gold
Prof T E Cawston
J C Dias (resigned 17 May 2023)
Prof S C Clifford
Prof D A Young
Mr A G Dawson (appointed 1 March 2023)

Secretary

Mrs P Aitken

Website: <https://jgwpattersonfoundation.co.uk>

Registered office

The Cube
Barrack Road
Newcastle upon Tyne
NE4 6DB

Accountants

Armstrong Watson LLP
One Strawberry Lane
Newcastle upon Tyne
NE1 4BX

Bankers

Handelsbanken plc
Earl Grey House
75-85 Grey Street
Newcastle upon Tyne
NE1 6EF

Managing agent

Lambert Smith Hampton
Suite One
St Ann's Quay
Newcastle upon Tyne
NE1 3BD

Auditors

Stephenson Coates Audit
Limited
West 2
Asama Court
Newcastle Business Park
Newcastle upon Tyne
NE4 7YD

Solicitors

Sintons LLP
The Cube
Barrack Road
Newcastle upon Tyne
NE4 6DB

Investment advisers

LGT Wealth Management
14 Cornhill
London
EC3V 3NR

THE JGW PATTERSON FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2023 which are also prepared to meet the requirements for a directors' report and financial statements for Company Act purposes.

Reference and administrative details set out on page 1 form part of this report. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland – Charities SORP FRS 102 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, governance and management

Governing document

The charity is a company limited by guarantee, incorporated on 7 March 2002 and registered as a charity on 8 October 2002. It is governed by its memorandum and articles of association.

Appointment of trustees

The charity may by ordinary resolution appoint, and the trustees may co-opt, any person either to fill a vacancy or as an additional trustee, but a co-opted trustee holds office only until the next AGM. At each AGM, one third of the trustees retire by rotation. The trustees appoint one of their number to be the chairman of their meetings.

The trustees for the purpose of charity law, who are also directors for the purpose of company law, who served during the year and up to the date of this report are set out on page 1.

Induction and training of trustees

New trustees are briefed on the powers and responsibilities of the trustees and the sub-committees, the grant making process, investments and the recent financial performance of the charity.

Organisation

The charity is managed by the trustees, who meet quarterly. The number of trustees may not be less than three, but is not subject to any maximum. The quorum for the transaction of business is one third of the trustees or two trustees, whichever is greater. Investment and property sub-committees have been established, with three trustees sitting on each sub-committee.

Risk management

The trustees have carried out a detailed risk assessment to identify the major governance, financial, operational and compliance risks which the charity faces and this is reviewed each year. Procedures have been established to enable the trustees to monitor and mitigate those risks.

Objectives and activities

The aim of The JGW Patterson Foundation is to advance the education of the public by the provision of grants to fund research into rheumatology, cancer and the relief of arthritis and to disseminate the useful results thereof. The objects also include the provision of equipment or grants for equipment and / or caring services to assist with the relief of sickness caused by rheumatological problems, arthritis and / or cancer, such equipment or grants for equipment and / or caring services not normally being provided by the Local Health Authority. The objects are to be carried out in the areas covered by the NHS North East and North Cumbria Integrated Care Board.

In planning and carrying out the charity's activities for the year, the trustees have considered the guidance produced by the Charity Commission on public benefit and are confident that this is achieved through the grants made.

THE JGW PATTERSON FOUNDATION

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

Grant making policy

Under the terms of the charity's memorandum and articles of association, the trustees may expend the funds of the charity in such manner as they consider most beneficial for the achievement of the objects set out above.

The area of benefit is the North East of England, including Tyne and Wear, Northumberland, Durham, Middlesbrough, Sunderland, Stockton-on-Tees, Redcar and Cleveland and Cumbria.

Applications are invited from organisations and individuals within the relevant fields. The charity will support both clinical and laboratory research which is designed to further the understanding of disease, improve treatment, or promote best practice. Research grant applications are subject to peer review.

The trustees will consider these applications and grants will be made where it is thought most appropriate and effective. It is a condition of funding that the trustees receive regular reports on the use of the funds and the results of the research.

Achievements and performance

The charity has continued to support research that aims to understand the causes of arthritis in order to devise new and effective treatments and has awarded grants that aim to investigate mechanisms relevant to both osteoarthritis and rheumatoid arthritis. Some projects have led to further funding from National Bodies and Newcastle now hosts both Programme and Centre grants from Medical Research Council, Versus Arthritis (formerly Arthritis Research UK) and the Dunhill Medical Trust. Grants have also been made to charities that focus on arthritis patient care.

The cancer projects are mainly carried out in the Newcastle University Centre for Cancer. The overall aim of the Centre is to understand better the biology of cancer in order to tailor treatment to individuals, and to identify targets within the cancers where it might be possible to develop new cancer drugs. Medicinal chemistry is an integral part of many projects. Each year the charity gives small grants to local hospices for caring services and the provision of equipment to enhance the lives of patients whom they care for.

For both rheumatology and cancer, the charity funds short term pump-priming projects, many of which go on to attract major national funding. The charity also funds PhD students to encourage the best young graduates to develop a career in research. It has established two PhD arthritis studentships and three PhD cancer studentships in memory of Andrew Walker, Peter May and Philip Robson.

Most of our grants go to Newcastle University, but we have also funded Northumbria University and the University of Durham.

Total grants payable in the year amounted to £582,488 as shown in note 5 to the financial statements. Of this total, 34% was for research into rheumatology and arthritis, 52% for cancer research and the remaining 14% for hospices and cancer patient care.

Financial review

The principal sources of unrestricted income comprised rents, dividends and interest receivable amounting to £982,817 (2022: £954,172). Grants payable in the year were £582,488 (2022: £646,113), creating net income of £99,762 (2022: net expenditure of £17,206).

Reserves policy

It is the policy of the charity to maintain unrestricted funds not invested in fixed assets (the free reserves) at an appropriate level to cover any gap that may arise between investment income and grants payable and other expenditure. In recent years, the target level of reserves has been set at £100,000.

The free reserves at 31 March 2023 were £246,683 (2022: £146,921) which is higher than the target level. However, the pattern of grant making depends on the timing and quality of applications, and the start dates of the projects concerned. The trustees therefore consider this to be appropriate at the current time. The policy and reserves position will continue to be reviewed each financial year.

THE JGW PATTERSON FOUNDATION

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

Investment policy and performance

The memorandum and articles of association permit the charity to acquire and to charge or otherwise dispose of property and to invest funds in any manner as the trustees may see fit.

The charity has a detailed investment policy with the aim of achieving appropriately diversified investments. The managing agent advises on a property portfolio of £9.1 million, comprising approximately £2.0 million for residential and £7.1 million for commercial properties. External managers advise on an investment portfolio of approximately £8.6 million.

The total return for the year on the investment portfolio was -3.6% (2022: 6.9%) compared with the benchmark of -2.4% (2022: 9.6%).

Plans for future periods

New grant applications continue to be considered with reference to the charity's available income.

Responsibilities of the trustees

The trustees (who are also the directors of The JGW Patterson Foundation for the purposes of company law) 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).

Company law 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 charitable company and of the income and application of resources, including the income or expenditure, of the charitable company 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 UK 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charitable company 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 charitable company's auditor is 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 auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

On behalf of the trustees

D R Gold
Trustee
20 December 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE JGW PATTERSON FOUNDATION

Opinion

We have audited the financial statements of The JGW Patterson Foundation ('the charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, including the income and expenditure account, 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 UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company'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 *Companies Act 2006*.

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 charitable company 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 charitable company's ability to continue as a going concern for a period of at least 12 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 trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE JGW PATTERSON FOUNDATION

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we required for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 4, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 controls 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE JGW PATTERSON FOUNDATION

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

We obtained an understanding of the legal and regulatory framework applicable to both the charitable company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the trustees and other management. The most significant identified that directly affect the financial statements include financial reporting legislation (including related companies' legislation), the Charities Act 2011 and UK taxation legislation. The charitable company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Health and Safety, Employment Law and Data Protection regulations, recognising the nature of the charitable company's activities.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- making enquiries of trustees and Key Management Personnel as to where they consider there to be susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override, including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with the *Companies Act 2006*, Chapter 3, Part 16. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Oswald (Senior statutory auditor)
For and on behalf of Stephenson Coates Audit Limited
Statutory Auditors

Date: 20 December 2023

West 2 Asama Court
Newcastle Business Park
Newcastle upon Tyne

THE JGW PATTERSON FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Note	Unrestricted funds £	Endowment Fund £	Total 2023 £	Total 2022 £
Income from:					
Investments	3	982,817	-	982,817	954,172
Total income		982,817	-	982,817	954,172
Expenditure on:					
Raising funds	4	242,456	66,531	308,987	343,390
Charitable activities	6	640,599	-	640,599	700,152
Total expenditure		883,055	66,531	949,586	1,043,542
Net losses on investments:					
Losses on revaluation of investments	8	-	(535,547)	(535,547)	(63,322)
Realised losses on disposal of investments		-	(140,093)	(140,093)	(104,991)
		-	(675,640)	(675,640)	(168,313)
Net income (expenditure) and net movement in funds		99,762	(742,171)	(642,409)	(257,683)
Reconciliation of funds					
Total funds brought forward		146,921	18,845,402	18,992,323	19,250,006
Total funds carried forward		246,683	18,103,231	18,349,914	18,992,323

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derives from continuing activities.

The notes on pages 12 to 18 form part of these financial statements.

THE JGW PATTERSON FOUNDATION

SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	£
Gross income	982,817	954,172
Total expenditure	(883,055)	(971,378)
Net income (expenditure) for the year	<u>99,762</u>	<u>(17,206)</u>

All income and expenditure derives from continuing activities.

Total income of £982,817 (2022: £954,172) comprises unrestricted income only. A detailed analysis of income by source is provided in the statement of financial activities.

Detailed analysis of expenditure is provided in the statement of financial activities and notes 4 to 7.

The summary income and expenditure account is derived from the statement of financial activities on page 8 and excludes all income and expenditure on the Endowment Fund. The statement of financial activities, together with the notes on pages 12 to 18, provides full information on the movements during the year on all funds of the charity.

THE JGW PATTERSON FOUNDATION

BALANCE SHEET

Company number: 04388927

AS AT 31 MARCH 2023

	Note	2023	2022
		£	£
Fixed assets			
Investments	8	17,701,219	18,447,096
Current assets			
Debtors	9	475,181	423,994
Cash at bank		373,506	498,658
		<u>848,687</u>	<u>922,652</u>
Creditors: amounts falling due within one year	10	<u>(199,992)</u>	<u>(377,425)</u>
Net current assets		648,695	545,227
Total assets less current liabilities		<u>18,349,914</u>	<u>18,992,323</u>
Creditors: amounts falling due after more than one year	11	-	-
Net assets		<u>18,349,914</u>	<u>18,992,323</u>
Funds of the charity			
Endowment Fund	11	18,103,231	18,845,402
Unrestricted income funds	11	246,683	146,921
Total charity funds		<u>18,349,914</u>	<u>18,992,323</u>

The financial statements were approved by the trustees of The JGW Patterson Foundation on 20 December 2023 and were signed on their behalf by:

D R Gold
Trustee

The notes on pages 12 to 18 form part of these financial statements.

THE JGW PATTERSON FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	£
Cash flows from operating activities:		
Net cash used in operating activities (a)	<u>(1,178,205)</u>	<u>(1,078,040)</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments	982,817	954,172
Sale of property		
Purchase of investments	(1,800,120)	(1,899,246)
Proceeds from sale of investments	1,593,140	2,096,091
Net cash provided by investing activities	<u>775,837</u>	<u>1,151,017</u>
Change in cash in the year ended 31 March 2023	(402,368)	72,977
Cash at 1 April 2022	942,970	869,993
Cash at 31 March 2023 (b)	<u>540,602</u>	<u>942,970</u>
 (a) Reconciliation of net expenditure to net cash flow from operating activities		
Net expenditure for the year ended 31 March 2023 (as per the statement of financial activities)	(642,409)	(257,683)
Adjustments for:		
Losses on investments	675,640	168,313
Dividends, interest and rents from investments	(982,816)	(954,172)
Increase in debtors	(51,187)	(104,241)
(Decrease) / increase in creditors	(177,433)	69,743
Net cash used in operating activities	<u>(1,178,205)</u>	<u>(1,078,040)</u>
 (b) Analysis of cash at 31 March 2023		
Cash with Allied Irish Bank Plc - current account	361,330	486,583
Cash with Cambridge & Counties Bank Limited - 95 day notice account	12,176	12,075
	<u>373,506</u>	<u>498,658</u>
Cash held by investment adviser	167,096	444,312
	<u>540,602</u>	<u>942,970</u>

THE JGW PATTERSON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1. Legal status of the charity

The charity is a company limited by guarantee and has no share capital. It is registered in England and Wales. The address of the registered office is The Cube, Barrick Road, Newcastle upon Tyne, NE4 6DB. The liability of each member in the event of winding up is limited to £10.

2. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policy notes. They have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland - Charities SORP FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The JGW Patterson Foundation meets the definition of a public benefit entity under FRS102.

The financial statements are prepared in sterling which is the functional and presentational currency of the charity.

b) Preparation of the financial statements on a going concern basis

The charity has reviewed its cash flow forecasts and there is a reasonable expectation that it has adequate resources to continue in operational existence for at least the next twelve months and on this basis the charity is considered to be a going concern.

c) Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees' are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements made by the trustees that have a significant effect on the amounts recognised in the financial statements are in respect of the fair value of investment properties and listed investment valuations.

d) Fund accounting - Endowment Fund

Unrestricted income fund

The income fund is credited with the investment income arising from the charity's investments and is charged with grants made by the charity, costs of raising funds and support and governance costs. Any surplus on the income fund is carried forward and available for future grants.

Endowment fund

This represents donations made by Mr JGW Patterson during his lifetime and a legacy from his estate following his death. Although the Endowment Fund is expendable at the trustees' discretion, a grant made out of capital would normally involve the sale of investments and would only be made in exceptional circumstances.

THE JGW PATTERSON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies *(continued)*

e) Fixed asset investments:

Listed investments

Investments are a form of basic financial instrument and are initially recognised at cost and subsequently measured at their fair value as at the balance sheet date using the closing quoted market value using the bid price. 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.

Investment properties

The charity classifies land and buildings as investment properties when they are held to earn rentals or for capital appreciation, or both. Investment properties are initially measured at cost which comprises the purchase price and any directly attributable expenditure. Investment properties are subsequently remeasured to fair value (which for this purpose is market value) at each reporting date with changes in the fair value recognised in the statement of financial activities.

f) Cash at bank

Cash at bank includes a current account and a 95 day notice business savings account.

g) Creditors and provisions

Creditors and provisions are recognised where the charity 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 obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

h) Financial instruments

With the exception of investments described above, the charity 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 charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

Income from charitable activities includes income from rents and service charges which are recognised on a straight-line basis over the term of the lease.

THE JGW PATTERSON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies *(continued)*

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.

Expenditure on raising funds comprises those costs relating to financing, managing and maintaining the investment properties and certain legal and professional fees.

Charitable expenditure comprises all costs of activities in furtherance of the objects of the charity.

Grants payable are recorded once the charity has made an unconditional commitment to pay the grant which is communicated to the beneficiary or the grant has been paid, whichever is the earlier. 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 represents expenditure incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

Where support costs relate to more than one activity, they are allocated on the basis of time spent.

3. Investment income

	Unrestricted funds	Endowment Fund	Total 2023	Total 2022
	£	£	£	£
Rent receivable	731,597	-	731,597	738,290
Interest receivable on cash deposits	1,840	-	1,840	117
Dividends and interest receivable	249,380	-	249,380	215,765
	982,817	-	982,817	954,172

4. Raising funds:

Investment management costs	Unrestricted funds	Endowment Fund	Total 2023	Total 2022
	£	£	£	£
Property management fees	54,223	-	54,223	44,085
Property repairs and maintenance	112,944	-	112,944	143,267
Property rates and water	3,752	-	3,752	28,554
Property insurance	32,694	-	32,694	39,630
Irrecoverable rent arrears	15,183	-	15,183	(362)
Investment management fees	7,002	63,014	70,016	75,721
Legal fees	16,658	-	16,658	8,480
Accountancy fees	-	3,517	3,517	4,015
	242,456	66,531	308,987	343,390

THE JGW PATTERSON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

5. Grants	Number of grants	Total 2023 £	Number of grants	Total 2022 £
Analysis of grants				
Rheumatology and arthritis research	5	197,379	6	269,600
Cancer research	8	305,408	6	253,738
Hospice and cancer patient care	7	79,700	12	122,775
	20	582,488	24	646,113

5. Grants (continued)

Recipients of institutional grants	Number of grants	Total 2023 £	Number of grants	Total 2022 £
Newcastle University	12	482,632	12	525,504
Newcastle Centre Pharmacology Group	1	27,750	-	-
Tynedale Hospice at Home	1	20,000	1	15,000
Butterwick Hospice	1	20,000	2	15,000
St Teresa's Hospice	1	10,000	-	-
Macmillan Cancer Support	1	10,000	-	-
Teenage Cancer Trust	1	7,700	-	-
Alice House Hospice	1	7,000	1	6,000
Tom's Trust	1	5,000	-	-
Durham University	-	(7,595)	-	-
Marie Curie Hospice	-	-	2	25,000
St Cuthberts Hospice Durham	-	-	1	20,081
St Oswald's Hospice	-	-	1	15,000
HospiceCare North Northumberland	-	-	1	12,000
Eden Valley Hospice	-	-	1	6,500
Hospice at Home West Cumbria	-	-	1	5,194
Willow Foundation	-	-	1	3,000
University of Sunderland Middleton	-	-	-	(2,166)
	20	582,488	24	646,113

THE JGW PATTERSON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

6. Total expenditure	Unrestricted funds	Endowment Fund	Total 2023	Total 2022
	£	£	£	£
Charitable activities:				
Grants payable (note 5)	582,488	-	582,488	646,113
Support costs:			-	
Legal fees	12,872	-	12,872	11,750
Accountancy fees	7,035	-	7,035	8,030
Administrative support	9,000		9,000	9,000
Website costs	276		276	216
	<u>611,671</u>	<u>-</u>	<u>611,671</u>	<u>675,109</u>
Governance costs:				
Bank charges	125	-	125	250
Trustees' indemnity insurance	6,783	-	6,783	5,019
Legal fees	3,218	-	3,218	2,937
Audit fee	4,498	-	4,498	3,020
Accountancy fees	14,304	-	14,304	13,817
	<u>28,928</u>	<u>-</u>	<u>28,928</u>	<u>25,043</u>
Total expenditure on charitable activities	<u>640,599</u>	<u>-</u>	<u>640,599</u>	<u>700,152</u>

7. Trustees' remuneration and related party transactions

The trustees did not receive any emoluments during the year and were not paid or reimbursed for any expenses.

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

Accountancy fees of £24,856 (2022: £25,862) were payable to Joseph Miller and Armstrong Watson LLP the charity's accountant's. Mr D R Gold was a partner in Joseph Miller until the merger with Armstrong Watson LLP and is now a partner in that firm.

£28,721 of legal and professional fees were payable to Sintons LLP, the charity's solicitors. Mr A G Dawson is a designated LLP member of that firm.

Payment of professional charges is permitted under paragraph 5(1) of the charity's memorandum of association.

THE JGW PATTERSON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

8. Fixed asset investments

	2023	2022
	£	£
Investments at fair value comprised:		
i) Listed investments	8,440,124	8,575,284
Cash available for reinvestment by investment advisers	167,095	444,312
ii) Investment properties	9,094,000	9,427,500
	<hr/> 17,701,219	<hr/> 18,447,096
i) Listed investments		
At 1 April 2022	8,575,284	7,992,342
Additions at cost	1,800,120	1,890,846
Disposals at carrying value	(1,553,233)	(1,949,082)
Unrealised (losses) gains on revaluation	(382,047)	641,178
	<hr/> 8,440,124	<hr/> 8,575,284
At 31 March 2023		
Historical cost at 31 March 2023	<hr/> 6,336,081	<hr/> 5,701,475
ii) Investment properties		
At 1 April 2022	9,427,500	10,375,600
Additions at cost	-	8,400
Disposals at carrying value	(180,000)	(252,000)
Unrealised loss on revaluation	(153,500)	(704,500)
	<hr/> 9,094,000	<hr/> 9,427,500
At 31 March 2023		
Historical cost at 31 March 2023	<hr/> 8,887,242	<hr/> 9,289,536

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 equivalent to the market value using the bid price.

The investment properties were valued by the trustees at 31 March 2023, at market value for existing use. However, there remains significant uncertainty in the UK property market which has inevitably increased the degree of judgement involved in the property valuations at 31 March 2023.

9. Debtors

	2023	2022
	£	£
Other debtors:		
Rents due	183,315	194,861
Funds held by managing agent	209,615	195,800
Grants repayable	-	-
Dividends and interest receivable	16,942	11,893
Prepayments and accrued income	65,309	21,440
	<hr/> 475,181	<hr/> 423,994

THE JGW PATTERSON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

10. Creditors: amounts falling due within one year	2023	2022
	£	£
Trade creditors	17,827	8,377
Value added tax	7,857	49,805
Accruals	75,506	69,667
Grants payable	-	129,115
Other creditors	2,575	2,575
Deferred lease premium	-	5,833
Deferred income	96,227	112,053
	<u>199,992</u>	<u>377,425</u>

Deferred income comprises rental income receivable in advance of the period to which it relates.

11. Analysis of net assets between funds	Fixed asset investments £	Net current assets (liabilities) £	Total 2023 £	Total 2022 £
Endowment Fund	17,701,219	402,012	18,103,231	18,845,402
Unrestricted income funds	-	246,683	246,683	146,921
	<u>17,701,219</u>	<u>648,695</u>	<u>18,349,914</u>	<u>18,992,323</u>

Analysis of net assets between funds - previous year

	Fixed asset investments £	Net current assets (liabilities) £	Total 2022 £	Total 2021 £
Endowment Fund	18,447,096	398,306	18,845,402	19,085,879
Unrestricted income funds	-	146,921	146,921	164,127
	<u>18,447,096</u>	<u>545,227</u>	<u>18,992,323</u>	<u>19,250,006</u>

12. Grant commitments	2023	2022
	£	£
Commitments payable in under 1 year	123,762	278,842
Commitments payable in over 1 year	21,533	42,612
Amount of commitments as at 31 March 2023	<u>145,295</u>	<u>321,454</u>

These grant commitments are not provided as liabilities in the financial statements. The amounts represent future amounts of research grants offered at the balance sheet date, which are subject to ongoing reviews and are payable out of future income, or are for research projects which have been agreed to commence after the balance sheet date.