

CHARITY REGISTRATION NUMBER: 1186646

THE TERN TRUST
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
5 APRIL 2022

David Allen
Chartered Accountants
Dalmar House
Barras Lane Estate
Dalston
Carlisle
CA5 7NY

THE TERN TRUST

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THE TERN TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	Mr S H Henwood Dr G K Henwood
Charity Registration Number	1186646
Principal Office	David Allen Dalmar House Barras Lane Estate Dalston, Carlisle CA5 7NY
Independent Examiner	Alison Welton FCA David Allen Chartered Accountants Dalmar House Barras Lane Estate Dalston Carlisle CA5 7NY
Bankers	Coutts & Co 440 Strand Charing Cross London WC2R 0QS

THE TERN TRUST

TRUSTEES' REPORT

The trustees present the annual report together with the financial statements of the charity for the year ended 5 April 2022.

Trustees and officers

The trustees and officers serving during the year and since the year end were as follows:

Trustees

Mr S H Henwood

Dr G K Henwood

OBJECTIVES AND ACTIVITIES

Objects and aims

The trustees hold the capital and income of the trust fund upon trust to apply the income, and all or such parts of the capital, at such time or times and in such manner to, or for the benefit of such charities or such exclusively charitable purposes according to the laws of England and Wales in any part of the world as the trustees may in their discretion think fit.

Public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Use of volunteers

The charity has no voluntary, seconded or paid staff.

ACHIEVEMENTS AND PERFORMANCE

During the year donations totalling £18,500 (2021: £3,500) were made, with £8,500 (2021: £3,500) being made to The Lake District Foundation and £10,000 (2021: £Nil) being made to Disasters' Emergency Committee Ukraine appeal. Of the £8,500 donations made to The Lake District Foundation, the first donation of £2,500 was for the Big Green Challenge and the second donation of £6,000 was for the Lake District National Park Farm Survey.

The total income from quoted investments was £15,151 (2021: £8,377) during the year. The overall value of the investment portfolio at the year end was £857,756, with net gains on the revaluation and disposal of investments being £34,985 (2021: £134,955).

Overall, this resulted in net movement in funds of £171,787 (2021: £832,156).

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TRUSTEES' REPORT (CONTINUED)

FINANCIAL REVIEW

During the year, the trustees donated £48,909 (2021: £705,285) of shares to the charity. In addition the charity also received donations totalling £106,398 (2021: £Nil) from another charitable trust. These amounts were the main funding sources of the charity.

The charity holds a portfolio of UK and non-UK quoted investments. These are managed by Coutts & Co on the basis of a written statement summarising the trustees' investment policy.

Income from quoted investments amounted to £15,151 (2021: £8,377) for the year. Total investment income for the year, including bank interest of £38 (2021: £40), was £15,189 (2021: £8,417). Investment management fees amounted to £9,156 (2021: £8,399) for the year.

Governance costs include accountancy fees and independent examination fees and amounted to £6,038 (2021: £4,602) for the year.

The charity holds unrestricted funds at the year end of £1,003,943 (2021: £832,156).

Policy on reserves

As the charity carries out no direct charitable activities and does not generally make commitments to future giving, there is no need to retain reserves for this purpose. However, the trustees have allocated funds in the trust for payment of grants.

Investment policy and objectives

The investment portfolio is held with Coutts & Co and the following restrictions are placed on the nature of the investments held - no tobacco, no gambling, no high interest rate lending, no adult entertainment, no China. "No" means no direct investment and accepts that there may be occasions when investment in collective funds may include minor exposure to these areas.

The trustees review their investment policy annually.

PLANS FOR FUTURE PERIODS

Aims and key objectives for future periods

The trustees will continue to review grant applications and distribute these where they feel appropriate.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Nature of governing document

The Tern Trust was constituted by a deed dated 19 November 2019. The trust is an unincorporated charity.

The charity is registered with the Charity Commission under number 1186646 and was registered on 28 November 2019. The principal office of the charity is Dalmar House, Barras Lane Estate, Dalston, Carlisle, CA5 7NY.

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TRUSTEES' REPORT (CONTINUED)

Recruitment and appointment of trustees

The power of appointment of new trustees is vested in the settlors. During the year there have been no changes in trustees.

Arrangements for setting key management personnel remuneration

The trustees give their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in the notes to the financial statements

Major risks and management of those risks

The trustees have reviewed the risks to which they consider the charity is exposed and are taking action as they consider to be appropriate.

FINANCIAL INSTRUMENTS

Objectives and policies

The charity's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The trustees do not use financial derivatives, however some of the underlying investments will have the discretion to use derivatives to manage risk and the trustees rely on their expertise to manage these accordingly.

Cash flow risk

The charity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Credit risk

The charity's principal financial assets are bank balances and cash and investments. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and anticipated donation levels.

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TRUSTEES' REPORT (CONTINUED)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with 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).

The law applicable to charities in England and 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 income and expenditure of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the trust deed. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The annual report was approved by the trustees of the charity on 18 January 2023 and signed on its behalf by:

.....
Mr S H Henwood
Trustee

THE TERN TRUST

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE TERN TRUST

I report to the trustees on my examination of the accounts of The Tern Trust for the year ended 5 April 2022, which are set out on pages 7 to 18.

Responsibilities and basis of report

As the charity trustees of The Tern Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the The Tern Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of The Tern Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

.....
ALISON WELTON FCA
Independent Examiner

Dalmar House
Barras Lane Estate
Dalston
Carlisle
CA5 7NY

18 January 2023

THE TERN TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2022

			Total 28 November 2019 to 5 April 2021 £
	Note	Unrestricted £	Total 5 April 2022 £
Income from:			
Donations and legacies	2	155,307	155,307
Investment income	3	15,189	15,189
Total income		170,496	170,496
Expenditure on:			
Raising funds	4	(9,156)	(9,156)
Charitable activities	5	(24,538)	(24,538)
Total expenditure		(33,694)	(33,694)
Gains on investments assets	13	34,985	34,985
Net movement in funds		171,787	171,787
Reconciliation of funds			
Total funds brought forward		832,156	832,156
Total funds carried forward	15	1,003,943	1,003,943
			Total 28 November 2019 to 5 April 2021 £
	Note	Unrestricted £	£
Income from:			
Donations and legacies	2	705,285	705,285
Investment income	3	8,417	8,417
Total income		713,702	713,702
Expenditure on:			
Raising funds	4	(8,399)	(8,399)
Charitable activities	5	(8,102)	(8,102)
Total expenditure		(16,501)	(16,501)
Gains/losses on investment assets		134,955	134,955
Net movement in funds		832,156	832,156
Reconciliation of funds			
Total funds carried forward	15	832,156	832,156

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2022 and 2021 is shown in note 15.

THE TERN TRUST

BALANCE SHEET AS AT 5 APRIL 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	13	857,756	765,323
Current assets			
Cash at bank and in hand		151,473	71,134
Creditors: Amounts falling due within one year	14	<u>(5,286)</u>	<u>(4,301)</u>
Net current assets		<u>146,187</u>	<u>66,833</u>
Net assets		<u>1,003,943</u>	<u>832,156</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		<u>1,003,943</u>	<u>832,156</u>
Total funds	15	<u>1,003,943</u>	<u>832,156</u>

From the funds received into the trust last period, the trustees earmarked £60,000 for the payment of grants and £643,599 for capital purposes. During this financial year the trustees earmarked an additional £55,000 for capital purposes.

The financial statements on pages 7 to 18 were approved by the trustees, and authorised for issue on 18 January 2023 and signed on their behalf by:

.....
Mr S H Henwood
Trustee

THE TERN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

1 ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Basis of preparation

The Tern Trust meets the definition of a public benefit entity under FRS 102. The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts.

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

Going concern

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

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income

Voluntary income including donations and gifts that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Donations and legacies

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

Investment income

Investment income is accounted for in the period in which the charity is entitled to receipt.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including independent examination, strategic management and trustees' meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the period end.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022 (CONTINUED)

2 INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Donations and legacies;			
Donation from The Forbes Trust	106,398	106,398	-
Donations from individuals	48,909	48,909	705,285
	<u>155,307</u>	<u>155,307</u>	<u>705,285</u>

3 INVESTMENT INCOME

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Interest receivable and similar income;			
Interest receivable on bank deposits	38	38	40
Income from listed investments	15,151	15,151	8,377
	<u>15,189</u>	<u>15,189</u>	<u>8,417</u>

4 EXPENDITURE ON RAISING FUNDS

a) Investment management costs

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Other investment management costs;			
Amounts payable to investment managers	9,156	9,156	8,399
	<u>9,156</u>	<u>9,156</u>	<u>8,399</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022 (CONTINUED)

5 EXPENDITURE ON CHARITABLE ACTIVITIES

	Note	Unrestricted funds General £	Total 2022 £	Total 2021 £
Grant funding of activities	7	18,500	18,500	3,500
Governance costs	6	6,038	6,038	4,602
		<u>24,538</u>	<u>24,538</u>	<u>8,102</u>

	Activity undertaken directly £	Activity support costs £	2022 £	2021 £
Grant funding of activities	<u>18,500</u>	<u>6,038</u>	<u>24,538</u>	<u>8,102</u>

£24,538 (2021: £8,102) of the above expenditure was attributable to unrestricted funds and £Nil (2021: £Nil) to restricted funds.

6 ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

Governance costs

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Independent examiner fees			
Examination of the financial statements	1,380	1,380	1,200
Other fees paid to examiners	4,658	4,658	3,102
Legal fees	-	-	300
	<u>6,038</u>	<u>6,038</u>	<u>4,602</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022 (CONTINUED)

7 GRANT-MAKING

Analysis of grants

	Grants to institutions	
	2022	2021
	£	£
Analysis		
Grants issued	<u>18,500</u>	<u>3,500</u>

The support costs associated with grant-making are £Nil (5 April 2021 - £Nil).

Below are details of material grants made to institutions.

	2022	2021
Name of institution	£	£
Lake District Foundation	8,500	3,500
Disasters' Emergency Committee - Ukraine Appeal	<u>10,000</u>	<u>-</u>
	<u>18,500</u>	<u>3,500</u>

8 NET INCOMING/OUTGOING RESOURCES

Net incoming resources for the year include:

	2022	2021
	£	£
Independent examination of the financial statements	<u>1,380</u>	<u>1,200</u>

9 TRUSTEES REMUNERATION AND EXPENSES

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

10 STAFF COSTS

The average head count of employees during the year was Nil (2021: Nil).

No employee received emoluments of more than £60,000 during the year

THE TERN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022 (CONTINUED)

11 INDEPENDENT EXAMINER'S REMUNERATION

	2022 £	2021 £
Examination of the financial statements	<u>1,380</u>	<u>1,200</u>
Other fees to examiners		
All other services	<u>4,658</u>	<u>3,102</u>

12 TAXATION

The charity is a registered charity and is therefore exempt from taxation.

13 FIXED ASSET INVESTMENTS

	2022 £	2021 £
Other investments	<u>857,756</u>	<u>765,323</u>

THE TERN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022 (CONTINUED)

13 FIXED ASSET INVESTMENTS (continued)

Other investments

	Listed investments £	Total £
Cost or Valuation		
At 6 April 2021	765,323	765,323
Revaluation	24,523	24,523
Additions	465,184	465,184
Disposals	<u>(397,274)</u>	<u>(397,274)</u>
At 5 April 2022	<u>857,756</u>	<u>857,756</u>
Net book value		
At 5 April 2022	<u>857,756</u>	<u>857,756</u>
At 5 April 2021	<u>765,323</u>	<u>765,323</u>

Valuations are prepared on the basis of the middle market price at the close of business on the valuation date, for certain securities the price may be last trade or bid price.

The total unrealised gains for the period are £24,523 (2021: £62,568) and the total realised gains are £10,462 (2021: £72,387), resulting in a net gain on investments of £34,985 (2021: £134,955).

THE TERN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022 (CONTINUED)

14 CREDITORS: amounts falling due within one year

	2022 £	2021 £
Accruals	<u>5,286</u>	<u>4,301</u>

15 FUNDS

	Balance at 6 April 2021 £	Income £	Expenditure £	Other recognised gains/(losses) £	Balance at 5 April 2022 £
Unrestricted funds					
General	<u>832,156</u>	<u>170,496</u>	<u>(33,694)</u>	<u>34,985</u>	<u>1,003,943</u>

	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 5 April 2021 £
Unrestricted funds				
General	<u>713,702</u>	<u>(16,501)</u>	<u>134,955</u>	<u>832,156</u>

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds General £	Total funds at 5 April 2022 £
Fixed asset investments	857,756	857,756
Current assets	151,473	151,473
Current liabilities	<u>(5,286)</u>	<u>(5,286)</u>
Total net assets	<u>1,003,943</u>	<u>1,003,943</u>

THE TERN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022 (CONTINUED)

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

	Unrestricted funds General £	Total funds at 5 April 2021 £
Fixed asset investments	765,323	765,323
Current assets	71,134	71,134
Current liabilities	(4,301)	(4,301)
Total net assets	<u>832,156</u>	<u>832,156</u>

17 ANALYSIS OF NET FUNDS

	At 6 April 2021 £	Financing cash flows £	At 5 April 2022 £
Cash at bank and in hand	<u>71,134</u>	<u>80,339</u>	<u>151,473</u>
Net debt	<u>71,134</u>	<u>80,339</u>	<u>151,473</u>

	At 28 November 2019 £	Financing cash flows £	At 5 April 2021 £
Cash at bank and in hand	<u>-</u>	<u>71,134</u>	<u>71,134</u>
Net debt	<u>-</u>	<u>71,134</u>	<u>71,134</u>

18 RELATED PARTY TRANSACTIONS

There were no related party transactions in the year.

19 COVID-19

During the year there has been an ongoing impact from the COVID-19 pandemic. The trustees have considered the impact on the charity and have addressed these areas.