

THE GALLAHER TRUST

REPORT OF THE TRUST PROTECTOR

Background

This is my seventh report as the Protector of the Gallaher Trust. It covers the year to 31 October 2024, which is the Trust's financial year end.

The Gallaher Trust was established in September 2017 with a legacy donation of £5,000,000 from Gallaher Limited (JTI). The objects of the Trust, and the legal basis for the distribution of the JTI legacy, are set out in a Trust Deed dated 4 September 2017.

The Gallaher Trust is an independent charity that works with its delivery partners to promote job creation, capacity and skills development among socially and economically disadvantaged communities and people in Ballymena and its surrounding area. It also supports programmes for better health, safety and accident reduction in the workplace, and the further education of adults.

The work of the Gallaher Trust is overseen by the Board of Directors of its Corporate Trustee, Gallaher Corporate Trustee Limited which is a company limited by guarantee. Although the Corporate Trustee is the sole trustee of the Gallaher Trust, the Directors discharge their duties mindful of their responsibility to act as if they had been individually appointed as trustees of the Trust.

Role of Protector

The Trust Deed, together with the governing documents of the Corporate Trustee, set out the powers, duties and provision for remuneration of the Protector. The Protector's principal duties are:

- to oversee the work of the Corporate Trustee;
- to ensure that, through the actions of its Directors, the Corporate Trustee administers the Trust in accordance with the terms of the Trust Deed;
- to protect the Trust's property; and
- to assist the Board of Directors (and the Director of Operations who administers the work of the Trust) on any matters pertaining to their decision making and the award of funding, as well as the maintenance of good corporate governance.

I have had the privilege of acting as Protector since the Trust's inception, and I am grateful to the Board of Directors and to the Trust's Director of Operations for their ongoing help and assistance to enable me to discharge my duties as Protector.

Work of the Trust

Over the last six years the Trust has committed approximately £2.8 million in support of a total of thirty projects, and it has already spent £1.8 million of its legacy, helping to create approximately 360 jobs, upskilling over 1,500 people and supporting over 1,600 disadvantaged adults. Through a programme of planned expenditure and the prudent investment of its legacy funds, the Trust expects to be in a position to continue its work for the next ten years.

Protector Issues

As Protector, I routinely attend the Corporate Trustee Board meetings, and I also provide ongoing advice and guidance as and when required to the Directors and the Director of Operations on the work of the Trust.

In my previous (sixth) Report, I noted the changes that had occurred in the Board's membership during 2023. I am pleased to report that the Board has continued to keep its membership under review and has done so with an ongoing regard to ensure a sufficient range of skills and diversity. I also note the Board's prudent intention to develop its membership both by direct appointment, and by co-option, which will facilitate its ongoing succession planning. In this context, I welcome Stephen Reynolds who joined the Board in the course of the year.

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REPORT OF THE TRUST PROTECTOR *(continued)*

Protector Issues *(continued)*

My remit as Protector allows me to bring matters to the attention of the Board. As the Trust has been operational for almost seven years, I asked the Board to consider holding a Strategy Planning Session to take stock of its work to date and its ambition for the future. This included reviewing the Trust's mission and purpose, its achievements to date, the challenges that it has faced in delivering on its objectives, and agreeing a strategic focus for its work over the next few years.

A Strategy Planning Session was held in March 2024, externally facilitated by Helen McKenna a Senior Lecturer at the Ulster University Business School, and I wish to record my thanks to Helen for her professionalism and enthusiasm for the task. The session covered a number key areas of the Trust's work, including

- Funding and Investment Strategies
- Selection and Evaluation of Delivery Partners, and Collaboration
- Targeting support for the unemployed and economically inactive
- Communications Strategy

In my view, this was one of the most important actions taken by the Board this year. The Directors fully engaged in the process, and the result was a number of positive outcomes, all of which will greatly support the ongoing and future work of the Trust.

A well run charity will have an effective internal administration and a clear external message. In this regard, the Trust is fortunate to have Greg McKinley as its Director of Operations. The papers and other materials available to the Board at its regular meetings are of a high quality, and include not only its Minutes but also comprehensive information on the Trust's activities, finances, project deliveries and new enquiries. The Trust's external communications, overseen by Jackie Logan and her colleagues at Naked PR, are an important part of ensuring that it engages effectively with its delivery partners and reaches those whom it can support.

The Board recognises the importance of ensuring that there is good public awareness of what it funds, and equally what it does not fund. The Trust's application process is clear, and it utilises an Expression of Interest enquiry so that anyone considering making a full application will be aware at an early stage if their request for funding would fail to meet the Trust's criteria. This represents good practice, particularly in the charitable sector where the resources available to potential applicants may well be limited, and avoids the frustration of unnecessary time-consuming applications that must inevitably be rejected.

I am also satisfied that internal procedures for the management of its award applications, and the review of its funded projects, remain robust.

Risk management remains a recurrent agenda item for all Trustee meetings, and the Board's approach to risk management is appropriate to the needs of the Trust.

Taken together, I am reassured that there is good governance by the Trust in the administration of its projects and its ongoing operations.

Financial Matters

I have separately considered the continuing investment, management and use of the endowment received from JTI. This has included receiving and reviewing with the Board the appointed investment manager's quarterly reports to the Directors, as well as the routine financial management information provided to the Directors. In the course of this year, the Board, in conjunction with its investment manager, reviewed and amended its existing investment strategy to take account of a number of factors, including the reducing time horizon of its investment portfolio, the relative performance of the different components of the portfolio, and the ongoing and future cash needs of the Trust. I am satisfied that this was an appropriate course of action and that the Trust's attitude to risk is prudent and suitable to the ongoing and longer term needs of the Trust.

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Conclusion

I am pleased to report that the management and governance of the Trust remain strong and that it is well positioned to ensure the successful delivery of its charitable objectives.

Michael Wilson

Michael Wilson

2nd January 2025

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TRUSTEE REPORT

The Trustee is pleased to present its annual report together with the financial statements of the charity for the year ending 31 October 2024. The trustee has adopted the provisions of the Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP – FRS102), in preparing the annual report and financial statements of the charity.

Trustee

The trustee who held office during the year was as follows:

- Gallaher Corporate Trustee Limited

It is the directors of Gallaher Corporate Trustee Limited who act as the de facto Trustees of the Charity and are considered the key management personnel of the Trust. All the Trustees provide their services on a voluntary basis, and none received any form of remuneration or reimbursement of expenses.

The Trust has an induction programme for new Trustees who are advised of their legal obligations as Trustees, briefed on the governance and structure of the Trust and provided with an overview of the Trust's performance in meeting its charitable purposes.

All the directors of the corporate trustee commit to a Code of Conduct and are required to disclose all relevant interests, register them with the Board and in accordance with the Trust's policy withdraw from discussion / decisions where a perceived or actual conflict of interest arises.

Objectives and Activities (and how they deliver public benefit)

The Objects of the Trust are to make awards for charitable purposes for:

- a) the advancement, for the public benefit, of local organisations in Ballymena and its environs with a view to job creation
- b) the development, for the public benefit, of the capacity and skills of the members of socially and economically disadvantaged communities including but not limited to the assistance of disadvantaged adults in Ballymena and its environs in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society;
- c) the advancement, for the public benefit, of knowledge and training regarding health, safety and accident reduction in the workplace; and
- d) the further education of adults in Ballymena and its environs including but not limited to those attending institutions for further education in Northern Ireland.

Volunteers

The Trust operates as a funding body to promote the activities listed above. Aside from the directors of the corporate trustee, who provide their services on a voluntary basis, volunteers are not required.

Achievements and performance

In the financial period, the Trust provided funding in excess of £410,000, which brings the total since commencement to £1,855,892. In total the Trust has committed to funding of up to £2,784,597, resulting in a forward commitment of up to £928,705 as at the balance sheet date. This is directed toward providing skills and training for local organisations and the community, in addition to providing funds for local organisations to promote employment and growth. It is anticipated that this will increase further for the incoming year.

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TRUSTEE REPORT *(continued)*

Financial review

The Trust was founded with £5,000,000 legacy donation from Gallaher Limited, received in December 2017. The majority of this legacy has been placed in an investment portfolio, maintained by investment managers. At the year end, the Trust is in a financially stable position, with net assets of approximately £4.2M.

Investment income for the period amount to £125,867 which was in line with expectation. Gains, losses and revaluations of the share portfolio resulted in a surplus of £509,789. After the deduction of expenditure of £505,450 a net surplus of £130,206 was reported for the year.

During the year the Trustees agreed to the recommendation made by the Investment Managers to reduce the level of risk in the investment portfolio. The reasons for doing so were:

- a desire to reduce volatility and increase liquidity as the Trust enters the next phase of cash requirements,
- the current rates of return of fixed income assets as compared to prior years,
- the reduced time horizon of the Portfolio moving forward, and
- the proposed future increase in the withdrawal rate.

Structure, governance and management

The charity is a charitable trust governed by its Trust Deed, created on 1st November 2016.

The sole trustee is the company, The Gallaher Corporate Trustee Limited. Its directors are appointed in line with the provisions of the Trust Deed.

A Trust Protector has been appointed to oversee the governance of the Trust.

Reference and administrative details

Registered charity name:	The Gallaher Trust
Trustee	Gallaher Corporate Trustee Limited
Charity Commission registration number:	NIC106498
Registered office:	22-30 Broadway Avenue Ballymena, BT43 7AA

Funds held as custodian trustee on behalf of others

The charity does not hold any funds on behalf of others.

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TRUSTEE REPORT *(continued)*

Statement of trustee's responsibilities

The trustee is responsible for preparing the financial statements in accordance with applicable law and regulations.

Charity law requires the trustee to prepare financial statements for each financial year. Under that law the trustee has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Charity law the trustee must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including income and expenditure for that period. In preparing these financial statements, the trustee is required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP-FRS102;
- 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 statement; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the trust's transactions and disclose with reasonable accuracy at any time the financial position of the trust and enable it to ensure that the financial statements comply with the Charities Act (Northern Ireland) 2008. It is also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director of the Trustee, at the date the Trustee's Report is approved:

- so far as the director is aware, there is no relevant audit information of which the charity's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the trust's auditors are aware of that information.

Risk management

The Trust places a high degree of value in ensuring that it has appropriate risk management procedures in place. The key control in this respect is ensuring that the Trustees have full visibility of all financial, operational and governance matters. All financial and operational matters are presented to the Trustees for approval and review to ensure that they are at all times consistent with the Trust's objectives. The appointment of the Trust Protector introduces a further level of governance control, who ensures that the Trustees operate within the desired framework of the Trust Deed.

Auditors

A resolution to appoint auditors will be proposed at the Annual General Meeting.

Approved by the Board as at 7th February 2025 and signed on its behalf by:

James Perry

James Perry

Director of corporate trustee