

COMPANY REGISTRATION NUMBER 357963

THE JOSEPH ROWNTREE REFORM TRUST LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2011

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THE JOSEPH ROWNTREE REFORM TRUST LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

| CONTENTS | PAGES |
|--|-----------------|
| Officers and professional advisers | 1 |
| The directors' report | 2 to 5 |
| Independent auditor's report to the members | 6 to 7 |
| Profit and loss account | 8 |
| Group statement of total recognised gains and losses | 9 |
| Note of historical cost profits and losses | 9 |
| Group balance sheet | 10 |
| Company balance sheet | 11 |
| Notes to the financial statements | 12 to 22 |

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Amanda C Cormack
Peadar Cremin
Christine J Day
Alison R Goldsworthy
Christopher J Greenfield
Andrew C Neal

Company secretary

Tina C Walker

Registered office

The Garden House
Water End
York
YO30 6WQ

Investment adviser

Cheviot Asset Management
90 Long Acre
London
WC2E 9RA

Auditor

Barron & Barron
Chartered Accountants
& Statutory Auditor
Bathurst House
86 Micklegate
York
YO1 6LQ

Bankers

Unity Trust Bank plc
Nine Brindleyplace
Birmingham
B1 2HB

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The Group's principal activity is investing in securities and real estate, the making of grants, and undertaking projects for political and other purposes in accordance with the terms of the Memoranda of Association.

DIRECTORS

The directors who served the company during the year were as follows

Amanda C Cormack
Peadar Cremin
Christine J Day
Christopher J Greenfield
Archibald J Kirkwood (Lord Kirkwood of Kirkhope)
Andrew C Neal
Pam Giddy - Resigned 30 June 2011

The company is limited by guarantee and therefore has no share capital. None of the directors held any shares in this company's subsidiaries in the current or preceding year.

RETIREMENT OF DIRECTORS

The following directors are to retire from the board in accordance with the Articles of Association and, being eligible, offer themselves for re-appointment.

Christine J Day
Andrew C Neal

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

GRANTS

During the year the company has given grants for the following political purposes

| | £ |
|--|----------------|
| Alliance Party of Northern Ireland | 5,250 |
| Hames MP, Duncan - The Office of | 350 |
| Liberal Democrats - Calderdale | 1,375 |
| Liberal Democrats - Cardiff | 400 |
| Liberal Democrats - Cotswolds | 500 |
| Liberal Democrats - Leeds City | 1,250 |
| Liberal Democrats - Winchester | 500 |
| Yes to Fairer Votes | 571,000 |
| York Campaign for Fairer Votes | 150 |
| | <u>580,775</u> |
| For other purposes: | |
| Action on Rights for Children (ARCH) | 8,312 |
| ASBO Concern | (3,000) |
| Black Mental Health UK | 5,000 |
| Booth, Phil | 18,750 |
| Brake MP, Tom - policing policy report | 5,000 |
| Campaign Against Arms Trade | 7,500 |
| Compass | 44,200 |
| Cornish National Minority Steering Group | 3,500 |
| Corporate Watch | 7,500 |
| Exeter CND | 500 |
| Farron MP, Tim - community politics report | 3,338 |
| For Our Daughters | 5,000 |
| Genewatch | 5,000 |
| Hope Not Hate Yorkshire | 40,000 |
| Irish Anti War Movement | 834 |
| Kent Environment & Community Network | 795 |
| Liberal Democrat Peers - constitutional reform | 17,500 |
| Network for Police Monitoring | 9,788 |
| Network for Progress Ltd | 5,000 |
| Object | 4,625 |
| Open Rights Group | 5,000 |
| Privacy International | 33,750 |
| Renewal/Compass | 5,000 |
| Social Liberal Forum | 4,197 |
| Spinwatch | 5,000 |
| Sukey org | 2,976 |
| UK Feminista | 6,250 |
| Unlock Democracy | 59,967 |
| Women Against Rape | 21,410 |
| | <u>332,692</u> |
| Total Grants paid | <u>913,467</u> |

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

Grants and project expenditure are recognised in the profit and loss account when paid. The directors have authorised a further £430,407 (2010 £633,112) for payment, which is not reflected in the accounts, as no binding agreement has been entered into.

Under an arrangement with the Trustees of the JRSST Charitable Trust, the company would reimburse the charitable trust in respect of any grants ultimately rejected by the Inland Revenue. There was no potential liability under this arrangement at 31 December 2011 (2010 £nil).

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors 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.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

AUDITOR

Barron & Barron are deemed to be re-appointed under section 487(2) of the Companies Act 2006

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

Signed by order of the directors



Tina C Walker
Company Secretary

Approved by the directors on 6 July 2012

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE JOSEPH ROWNTREE REFORM TRUST LIMITED

YEAR ENDED 31 DECEMBER 2011

We have audited the group and parent company financial statements ("the financial statements") of The Joseph Rowntree Reform Trust Limited for the year ended 31 December 2011 on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2011 and of the group's loss 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE JOSEPH ROWNTREE REFORM TRUST LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2011

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the parent company, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors 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 directors' report

Barron & Barron

~~GUY WARD~~ (Senior Statutory
Auditor)

For and on behalf of
BARRON & BARRON
Chartered Accountants
& Statutory Auditor

Bathurst House
86 Micklegate
York
YO1 6LQ

6 July 2012

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2011

| | Note | 2011 £ | 2010 £ |
|--|----------|------------------|--------------------|
| GROUP TURNOVER | 2 | 1,171,803 | 1,157,616 |
| Cost of sales | | 3,290 | (46,640) |
| GROSS PROFIT | | 1,175,093 | 1,110,976 |
| Administrative expenses | | (372,933) | (368,660) |
| OPERATING PROFIT | 3 | 802,160 | 742,316 |
| Grants paid | | (913,467) | (2,031,477) |
| | | (111,307) | (1,289,161) |
| Profit on sale of investments | | 75,437 | 152,475 |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (35,870) | (1,136,686) |
| Tax on loss on ordinary activities | 6 | (130,875) | (806) |
| LOSS FOR THE FINANCIAL YEAR | 7 | (166,745) | (1,137,492) |

All of the activities of the group are classed as continuing

The notes on pages 12 to 22 form part of these financial statements.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2011

| | 2011 | 2010 |
|---|--------------------|------------------|
| | £ | £ |
| Loss for the financial year attributable to the members of the parent company | (166,745) | (1,137,492) |
| Unrealised (loss)/profit on investments | (1,711,271) | 3,598,253 |
| Total gains and losses recognised since the last annual report | <u>(1,878,016)</u> | <u>2,460,761</u> |

NOTE OF HISTORICAL COST PROFITS AND LOSSES

| | 2011 | 2010 |
|--|----------------|------------------|
| | £ | £ |
| Reported loss on ordinary activities before taxation | (35,870) | (1,136,686) |
| Realisation of gains recognised in previous periods | 466,889 | 859,932 |
| Historical cost profit/(loss) on ordinary activities before taxation | <u>431,019</u> | <u>(276,754)</u> |
| Historical cost profit/(loss) for the year retained after taxation | <u>300,144</u> | <u>(277,560)</u> |

The notes on pages 12 to 22 form part of these financial statements.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

GROUP BALANCE SHEET

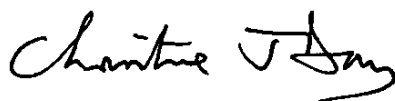
31 DECEMBER 2011

| | Note | 2011 £ | 2010 £ |
|---|------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 6,004,959 | 6,008,339 |
| Investments | 9 | 25,935,406 | 27,405,270 |
| | | <u>31,940,365</u> | <u>33,413,609</u> |
| CURRENT ASSETS | | | |
| Debtors | 10 | 94,821 | 39,089 |
| Cash at bank and in hand | | 548,154 | 875,528 |
| | | <u>642,975</u> | <u>914,617</u> |
| CREDITORS: Amounts falling due within one year | 11 | <u>(317,557)</u> | <u>(184,427)</u> |
| NET CURRENT ASSETS | | 325,418 | 730,190 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>32,265,783</u> | <u>34,143,799</u> |
| RESERVES | | | |
| Revaluation reserve | 16 | 18,520,862 | 20,699,022 |
| Trust capital account | 16 | 4,606,760 | 4,606,760 |
| Profit and loss account | 16 | 9,138,161 | 8,838,017 |
| MEMBERS' FUNDS | | <u>32,265,783</u> | <u>34,143,799</u> |

These financial statements were approved by the directors and authorised for issue on 6 July 2012, and are signed on their behalf by



Christopher J Greenfield
Director



Christine J Day
Director

Company Registration Number 357963

The notes on pages 12 to 22 form part of these financial statements.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

COMPANY BALANCE SHEET

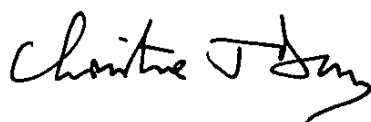
31 DECEMBER 2011

| | Note | 2011 £ | 2010 £ |
|---|------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 4,959 | 8,339 |
| Investments | 9 | 25,940,406 | 27,410,270 |
| | | <u>25,945,365</u> | <u>27,418,609</u> |
| CURRENT ASSETS | | | |
| Debtors | 10 | 1,297,731 | 1,584,557 |
| Cash at bank and in hand | | 462,185 | 827,105 |
| | | <u>1,759,916</u> | <u>2,411,662</u> |
| CREDITORS: Amounts falling due within one year | 11 | (54,107) | (32,960) |
| NET CURRENT ASSETS | | <u>1,705,809</u> | <u>2,378,702</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>27,651,174</u> | <u>29,797,311</u> |
| RESERVES | 15 | | |
| Revaluation reserve | 16 | 14,983,710 | 17,161,870 |
| Trust capital account | 16 | 4,606,760 | 4,606,760 |
| Profit and loss account | 16 | 8,060,704 | 8,028,681 |
| MEMBERS' FUNDS | | <u>27,651,174</u> | <u>29,797,311</u> |

These financial statements were approved by the directors and authorised for issue on 6 July 2012, and are signed on their behalf by



Christopher J Greenfield
Director



Christine J Day
Director

Company Registration Number 357963

The notes on pages 12 to 22 form part of these financial statements.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments, and in accordance with applicable UK accounting standards

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a group cash flow in the financial statements on the grounds that the company is small.

Turnover

Turnover represents investment income, interest receivable from short term loans, cash deposits and income from property.

Fixed assets

All fixed assets are initially recorded at cost.
Tangible fixed assets are stated at cost less depreciation.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office Equipment - Straight line over 5 years

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

Investment properties

Investment properties are shown at their open market value in accordance with SSAP 19 Accounting for Investment Properties. Changes in the market value of such properties arising from the annual revaluation are transferred to an investment revaluation reserve except where a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

No depreciation is provided on investment properties, which is a departure from the requirements of the Companies Act 2006. In the opinion of the directors these properties are held primarily for their investment potential and so their current value is of more significance than any measure of consumption, and to depreciate them would not give a true and fair view. The provisions of SSAP 19 have therefore been adopted in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified and the amount which might otherwise have been shown cannot be separately identified or quantified.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Financial instruments

a) Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit and loss account. Gains or losses on available-for-sale investments are recognised as a separate component of capital until the investment is disposed of or until its value is impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Investments are fair valued using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the balance sheet date.

b) Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

c) Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

Investments

Listed investments are stated at market value with the resulting difference between cost and market value transferred to the revaluation reserve annually. Where a fall in value to below cost occurs, then the deficit is taken to the profit and loss account if the diminution is considered permanent. Unlisted investments are accounted for on the same basis where a market value is readily available. Where no market value is available the investment is valued at cost, with an annual review by the directors for any permanent diminution in value.

Grants and trust projects

Grants and trust projects are included in the accounts when the expenditure has been incurred. Amounts authorised by the directors to which no binding commitments are made are noted in the directors' report.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

| | 2011 £ | 2010 £ |
|------------------------|------------------|------------------|
| Investment income | 677,943 | 672,745 |
| Interest receivable | 2,326 | 7,485 |
| Property rental income | 490,949 | 476,915 |
| Other income | 585 | 471 |
| | <u>1,171,803</u> | <u>1,157,616</u> |

3. OPERATING PROFIT

Operating profit is stated after charging:

| | 2011 £ | 2010 £ |
|------------------------------------|--------------|--------------|
| Depreciation of owned fixed assets | 2,843 | 3,813 |
| Loss on disposal of fixed assets | 537 | — |
| Auditor's remuneration | | |
| - as auditor | 5,500 | 5,250 |
| - for other services | <u>6,156</u> | <u>6,000</u> |

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

| | 2011 | 2010 |
|----------------|-----------|-----------|
| | No | No |
| Directors | 6 | 7 |
| Administration | 4 | 3 |
| | <u>10</u> | <u>10</u> |

The aggregate payroll costs of the above were

| | 2011 | 2010 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 154,549 | 156,980 |
| Social security costs | 17,609 | 16,369 |
| Other pension costs | 35,287 | 32,770 |
| | <u>207,445</u> | <u>206,119</u> |

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

| | 2011 | 2010 |
|-------------------------|----------|---------------|
| | £ | £ |
| Remuneration receivable | <u>-</u> | <u>26,860</u> |

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

| | 2011 | 2010 |
|---|----------------|------------|
| | £ | £ |
| Current tax | | |
| UK Corporation tax based on the results for the year at 26.49% (2010 - 28%) | 130,875 | 21,726 |
| (Over)/under provision in prior year | - | (20,920) |
| Total current tax | <u>130,875</u> | <u>806</u> |

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

6. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26.49% (2010 - 28%)

| | 2011 £ | 2010 £ |
|---|-----------|-------------|
| Loss on ordinary activities before taxation | (35,870) | (1,136,686) |
| Loss on ordinary activities by rate of tax | (9,503) | (318,273) |
| Non deductible expenses | 249,136 | 570,197 |
| Adjustments to previous periods | - | (20,920) |
| Dividends and distributions received | (173,952) | (188,369) |
| Chargeable disposals | (19,986) | (42,693) |
| Capital allowances | (1,451) | (2,370) |
| Depreciation add back | 895 | 1,068 |
| Capital gains | 91,335 | 39,299 |
| Capital losses brought forward | - | (29,993) |
| Marginal relief | (5,599) | (7,140) |
| Total current tax (note 6(a)) | 130,875 | 806 |

7. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was £434,866 (2010 - £1,193,777).

8. TANGIBLE FIXED ASSETS

| Group | Investment Properties £ | Office Equipment £ | Total £ |
|----------------------------|-------------------------------|--------------------------|------------------|
| COST OR VALUATION | | | |
| At 1 January 2011 | 6,000,000 | 30,948 | 6,030,948 |
| Disposals | - | (12,520) | (12,520) |
| At 31 December 2011 | 6,000,000 | 18,428 | 6,018,428 |
| DEPRECIATION | | | |
| At 1 January 2011 | - | 22,609 | 22,609 |
| Charge for the year | - | 2,843 | 2,843 |
| On disposals | - | (11,983) | (11,983) |
| At 31 December 2011 | - | 13,469 | 13,469 |
| NET BOOK VALUE | | | |
| At 31 December 2011 | 6,000,000 | 4,959 | 6,004,959 |
| At 31 December 2010 | 6,000,000 | 8,339 | 6,008,339 |

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

8. TANGIBLE FIXED ASSETS *(continued)*

| Company | Office Equipment £ |
|----------------------------|-----------------------|
| COST OR VALUATION | |
| At 1 January 2011 | 30,948 |
| Disposals | (12,520) |
| At 31 December 2011 | <u>18,428</u> |
| DEPRECIATION | |
| At 1 January 2011 | 22,609 |
| Charge for the year | 2,843 |
| On disposals | (11,983) |
| At 31 December 2011 | <u>13,469</u> |
| NET BOOK VALUE | |
| At 31 December 2011 | <u>4,959</u> |
| At 31 December 2010 | <u>8,339</u> |

The leasehold property at 303/323 Kings Road was valued by the directors on 31 December 2011 at £6,000,000 on the basis of Open Market Value. The historic cost of this property to the group is £2,462,854.

Should all the properties, held at the year end, be sold at the carrying values in the accounts a tax charge of £436,635 (2010 £525,853) would result.

9. INVESTMENTS

| Group | Unlisted Investments £ | Listed Investments £ | Total £ |
|----------------------------|------------------------------|----------------------------|-------------------|
| COST OR VALUATION | | | |
| At 1 January 2011 | 3,274,950 | 24,130,320 | 27,405,270 |
| Additions | - | 2,480,610 | 2,480,610 |
| Disposals | (37,500) | (2,201,703) | (2,239,203) |
| Revaluations | 243,121 | (1,954,392) | (1,711,271) |
| At 31 December 2011 | <u>3,480,571</u> | <u>22,454,835</u> | <u>25,935,406</u> |
| NET BOOK VALUE | | | |
| At 31 December 2011 | <u>3,480,571</u> | <u>22,454,835</u> | <u>25,935,406</u> |
| At 31 December 2010 | <u>3,274,950</u> | <u>24,130,320</u> | <u>27,405,270</u> |

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

9. INVESTMENTS *(continued)*

| | Country of incorporation | Holding | Proportion of voting rights and shares held | Nature of business |
|--------------------------------|-----------------------------|-----------------|--|--------------------|
| Subsidiary undertakings | | | | |
| All held by the company | | | | |
| JRRT (Properties) Limited | England | Ordinary shares | 100% | Property Letting |
| JRRT (Investments) Limited | England | Ordinary shares | 100% | Investment |
| Other undertakings | | | | |
| All held by the company | | | | |
| visionOntv Limited | England | Ordinary shares | 26% | TV and Media |

| Company | Shares in Group Undertakings £ | Unlisted Investments £ | Listed Investments £ | Total £ |
|--------------------------|---|------------------------------|----------------------------|-------------------|
| COST OR VALUATION | | | | |
| At 1 January 2011 | 5,000 | 3,274,950 | 24,130,320 | 27,410,270 |
| Additions | - | - | 2,480,610 | 2,480,610 |
| Disposals | - | (37,500) | (2,201,703) | (2,239,203) |
| Revaluations | - | 243,121 | (1,954,392) | (1,711,271) |
| At 31 December 2011 | <u>5,000</u> | <u>3,480,571</u> | <u>22,454,835</u> | <u>25,940,406</u> |
| NET BOOK VALUE | | | | |
| At 31 December 2011 | <u>5,000</u> | <u>3,480,571</u> | <u>22,454,835</u> | <u>25,940,406</u> |
| At 31 December 2010 | <u>5,000</u> | <u>3,274,950</u> | <u>24,130,320</u> | <u>27,410,270</u> |

Unlisted Investments are included at market value where a market price is readily available. The remaining unlisted investments are reviewed annually by the directors. The carrying value of unlisted investments, at 31 December 2011, where no market value is readily available amounts to £5,002 (2010, £104,950)

The tax charge, should the investments be sold at market value, would be £2,912,353 (2010 £3,823,486)

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

10. DEBTORS

| | Group | | Company | |
|------------------------------------|---------------|---------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | £ | £ | £ | £ |
| Trade debtors | 82,185 | 37,245 | – | – |
| Amounts owed by group undertakings | 11,720 | – | 1,297,731 | 1,582,763 |
| Other debtors | 916 | 1,844 | – | 1,794 |
| | <u>94,821</u> | <u>39,089</u> | <u>1,297,731</u> | <u>1,584,557</u> |

Amounts owed by related undertakings relates to a loan of £11,720 (2010 - £nil) in respect of JRSST Charitable Trust which is an associated charity

11. CREDITORS: Amounts falling due within one year

| | Group | | Company | |
|------------------------------------|----------------|----------------|---------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | £ | £ | £ | £ |
| Amounts owed to group undertakings | – | 11,862 | 5,000 | 16,861 |
| Other creditors including taxation | | | | |
| Corporation tax | 130,875 | 21,726 | 32,764 | 307 |
| VAT | 23,695 | 25,367 | – | – |
| Other creditors | 162,987 | 125,472 | 16,343 | 15,792 |
| | <u>317,557</u> | <u>184,427</u> | <u>54,107</u> | <u>32,960</u> |

Amounts owed to related undertakings relates to JRSST Charitable Trust, which is an associated charity, of £nil (2010 - £11,862)

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

12. PENSIONS

The company participates in the Scottish Voluntary Sector Pension Scheme (the Scheme). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and was contracted out of the state scheme until 31 March 2010, when the Scheme was closed to future accrual

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 30 September 2007. From October 2007 there were two benefit structures available, final salary with a 1/60th accrual rate and final salary with a 1/80th accrual rate, until the date of Scheme closure on 31 March 2010.

The Scheme closed to future accrual on 31 March 2010. There is currently no intention to wind up the Scottish Voluntary Sector Pension Scheme and it continues in paid-up form.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by the members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi-employer scheme where the scheme assets are co-mingled for investment purposes and benefits are paid from total scheme assets. Accordingly, due to the nature of the scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2008, by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at 30 September 2008 was £45.1 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £20.438 million (equivalent to a past service funding level of 68.8%).

The main financial assumptions used in the valuation are an inflation rate of 3.2%, a rate of salary increases of 4.2%, a rate of pension increases of 2.3%, investment return pre retirement of 6.8% and an investment return post retirement of 4.6%.

The funding update at the 30 September 2010 revealed that the estimated past service funding level has increased to 81.0%, and the shortfall of assets compared with the value of liabilities has fallen to an estimated £15.12 million. This is primarily due to positive investment returns over the period concerned, the settlement of employer debts on leaving, the change in basis of pension increases from RPI to CPI and the changes in actuarial assumptions.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

12. PENSIONS (*continued*)

The standard rate of contributions for members was 7.5% of pensionable earnings until cessation on 31 March 2010. From 1 April 2010 contributions in respect of future service have ceased.

From 1 April 2010 a new recovery plan came into effect, following the finalisation of the 2008 valuation. Under the recovery plan the company is required to make lump sum payments of £7,057 per annum, increasing annually in line with the salary assumption used in the valuation.

If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the entire past service deficit arising from the 2005 and 2008 valuations, on an on-going funding basis, by 31 March 2022. The required level of deficit contributions will fall from 30 September 2018.

The recovery plan from the 2008 valuation has been submitted to the Pensions Regulator. The next full actuarial valuation will be carried out as at 30 September 2011.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer becoming insolvent or ceasing to participate in the Scheme, or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The group monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

14. RELATED PARTY TRANSACTIONS

The company incurred £26,606 of charges in respect of rent and premises costs from the JRSST Charitable Trust, an associated charity whose Trustees are the same persons as the directors of The Joseph Rowntree Reform Trust Limited. These charges are included in administrative expenses. The company also received a management charge of £25,325 from the JRSST Charitable Trust.

P Giddy, a Director of the company until 30 June 2011, was also a director of Yes in May 2011 Limited, to which a grant payment of £571,000 (2010 £450,000) has been made during the year towards the cost of its Yes to Fairer Votes campaign.

15. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee, having no share capital. Each member is liable to contribute a sum not exceeding 50p in the event of the company being wound up while they are members or within one year thereafter. The number of members is declared not to exceed twenty.

16. RESERVES

| Group | Revaluation reserve £ | Trust capital account £ | Profit and loss account £ |
|--|-----------------------------|-------------------------------|---------------------------------|
| Balance brought forward | 20,699,022 | 4,606,760 | 8,838,017 |
| Loss for the year | — | — | (166,745) |
| Other gains and losses | | | |
| - Revaluation of investments | (1,711,271) | — | — |
| Other movements | | | |
| - transfer to/from revaluation reserve | (466,889) | — | 466,889 |
| Balance carried forward | <u>18,520,862</u> | <u>4,606,760</u> | <u>9,138,161</u> |
| Company | Revaluation reserve £ | Trust capital account £ | Profit and loss account £ |
| Balance brought forward | 17,161,870 | 4,606,760 | 8,028,681 |
| Loss for the year | — | — | (434,866) |
| Other gains and losses | | | |
| - Revaluation of investments | (1,711,271) | — | — |
| Other movements | | | |
| - transfer to/from revaluation reserve | (466,889) | — | 466,889 |
| Balance carried forward | <u>14,983,710</u> | <u>4,606,760</u> | <u>8,060,704</u> |