

JOHN LAING CHARITABLE TRUST

Trustees' Annual Report and Accounts
For the year ended 31 December 2018

33 Bunn's Lane, London NW7 2DX
Charity registered in England and Wales No 236852

John Laing Charitable Trust

Charity number 236852

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The John Laing Charitable Trust (No. 236852) was established under a Trust Deed dated 21 December 1962.

Reference and Administrative details

Registered Office	33 Bunn's Lane Mill Hill London NW7 2DX
Trust Director	Jennifer Impey
Auditor	KPMG LLP 15 Canada Square, London, E14 5GL
Banker	HSBC Bank plc 101-103 Station Road Edgware Middlesex HA8 7JJ
Solicitor	Linklaters One Silk Street London EC2Y 8HQ
Investment Manager	Charles Stanley 25 Luke Street London EC2A 4AR

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The Trustees present their annual report and audited financial statements for the year ended 31 December 2018. The financial statements have been prepared in accordance with accounting policies as set out in note 1 to the financial statements and comply with the Charity's Trust Deed and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2015 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

Structure, Governance and Management

The John Laing Charitable Trust (the "Trust") is governed by the Deed of the Trust dated 21 December 1962 as modified by a number of supplemental deeds (the "Deeds"). The Trust was set up by John Laing plc (the "Company") with very general charitable objectives. The Trust was later combined with the Laing Benevolent Fund (the "Fund") which had been set up in 1932 by Sir John Laing in order to provide for hardship to staff who had done valuable work for the Company and served considerable time. The Company originally covenanted to make payments to the Trust of £10,000 per year for a period of seven years. With additional payments and gifts of Company shares over a period of time and Trustees' careful stewardship of the Trust's resources, investment assets have grown and have a valuation as at 31 December 2018 of £61.6 million. The Trust Deed empowers the Trustees to appoint investment advisers who have discretion to invest the funds of the Trust within guidelines established by the Trustees. The income received from these investments is utilised to fund the Trust's welfare payments and its charitable work as a grant-making charity.

Trustees

The Trustees formally meet twice a year and as deemed necessary. There are established procedures for making decisions between meetings. The Trustees review policies and activities of the Trust on a regular basis. The Trustees during the year were:-

Sir John Martin K Laing - Chairman	
Christopher M Laing	
Lynette G Krige	
Christopher B Waples	
Daniel J Partridge	(retired 6 November 2018)
Alexandra C B J Gregory	
John Benjamin Laing	(retired 20 June 2019)
Stewart C K Laing	
Timothy G Foster	(appointed 6 November 2018)

The Trustees are responsible for the general control and governance of the Trust. The Trustees give their time freely and receive no remuneration or other financial benefits. Details of the Trustee expenses and related party transactions are disclosed in notes 11 and 16 to the accounts. Trustees are required to disclose all relevant interests and register them with the Board of Trustees and in accordance with the Trust's policy, withdraw from decisions where a conflict of interest arises.

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Appointment of Trustees

The power to appoint new Trustees was initially fully vested in the Company, which was instrumental in setting up the Trust. The Company gave up this power in December 2015, only retaining their right to appoint two ("Company Trustees") of the maximum eight Trustees with the remaining six ("non-Company Trustees") to be appointed by the Trustees. Trustees are recruited for their experience, empathy and knowledge of the Trust and its values and to keep the skills and composition of the trustee body.

Induction and training of Trustees

On their appointment, new Trustees will be given an induction by the Trust Director which includes a welcome pack containing the history of the Trust, a copy of the Trust Deed as well as minutes of the previous year's Trustees meetings, the latest published accounts and budget for the current year. They will also attend a Trustee training course in addition to receiving and familiarising themselves with the Charity Commission's Essential Trustee guidance.

The Trust is a member of the Association of Charitable Foundations ("ACF"). The ACF provides information on good practice, changes in the law affecting charities and acts as an authoritative lobby on behalf of the charitable foundations with the government and regulators.

The Trustees are kept abreast of the latest legal and regulatory developments and range of available training through the Trust's membership of the ACF, their website, regular publications and professional development programme if required.

Day-to-day operation of the Trust

The Trustees delegate the day-to-day management and operation of the Trust to the Trust Director. The Trust Director, together with the Office Manager, Publishing and Communications Manager and 8 members of the Welfare Team are directly employed by the Trust.

The Trust Director is responsible for the grant making process, engaging with charity partners and managing the grants portfolio. The Trust Director is also responsible for the effective management of the Trust's overall finances, human and IT resources as well as overseeing the management of welfare service, internal and external communications and office management with the help of Welfare Team, Publications and Communications Manager and the Office Manager.

The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings and reference to inflation.

Principal Risks and Uncertainties

Trustees are responsible for monitoring the risks facing the Trust and ensuring arrangements to manage these risks are reviewed regularly. The risk management process involves identifying potential risks, the likelihood of these risks arising and severity of their impact, as well as reviewing the measures taken to mitigate against them. The Trustees review risks at all level of Trust's activities. The main risk facing the Trust is future recruitment of Welfare Officers to replace those wishing to retire. There is ongoing search for potential Welfare Officers by the whole Trust team. Welfare Officers have been former employees of the Company which is an important aspect of the role although candidates are assessed for their suitability to perform the role. The Trustees are satisfied that adequate steps are being taken to ensure other identified risks are properly mitigated.

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Public Benefit

The Trustees confirm that they complied with their duty to have regard to the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting the grant making policy for the year. The Trust awards grants to registered charities and organisations with officially recognised charitable status, or with exempt/excepted status, to fund activities to benefit individuals and communities within the Trust's priority themes as outlined below.

In addition, the Trust provides, on a peppercorn rent basis, the use of its asset Caldew House to Gateshead Carers whose purpose for the house is to provide holiday/short breaks to those who have a caring role and/or are being cared for.

Objects and Activities

The John Laing Charitable Trust exists to provide for hardship to qualifying former and existing staff and to make grants for the benefit of the public as shall be exclusively charitable which the Trustees from time to time may determine in their absolute discretion and with regard to the guidance published by the Charity Commission under section 4 of the Charities Act 2011. Through grant-making, the Trust aims to improve the quality of life of its beneficiaries.

The principal activities of the Trust include:-

- **Welfare:** In recognition of the Trust Deed, the Trustees consider that the welfare of pensioners of the Company should be the first priority of the Trust. This is managed through provision of a dedicated team of Welfare Officers who carry out planned, targeted and prioritised visits firstly to those previously identified as being in financial need, secondly to those former employees that are over 75 years of age, and then finally where time permits to more general visits to pensioners. Where applicable, Welfare Officers may recommend financial assistance. Hardship payments are also available to existing staff and applications are assessed by the Trust Director.
- The Trust supports the **Company's charitable activities** including its engagement in the communities where the Company operates both in the United Kingdom and overseas operations. The Trust also support a number of the Company's annual staff initiatives by way of matching their fundraising efforts (the "Staff Matching" scheme) up to the value of £1,500 per individual event; making a £1,000 grant to charitable or not for profit organisations where staff and/or their immediate family are actively involved in (the "Make a Difference" scheme); up to £3,000 donations to chosen charitable organisations nominated by staff who are being rewarded for their long service and exemplar contribution to the Company.
- The Trustees in their discretion make **grants to charitable organisations** and have currently placed a priority on the concerns of homelessness, disadvantaged youth, education and the regeneration of communities including organisation which address old age related concerns.

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The Trustees aim to fully distribute income received to fund its welfare payments and the Company's charitable activities. The Trustees are sympathetic to the challenges faced by charities and aim to make grants which respond directly to the priorities identified by our charity partners. They consider the appropriateness of each application and award grants based on their merits. The cessation of processing of uninvited applications allowed for a more proactive approach to our grant-making and resulted in efficiencies in the operations of the Trust. Charities welcome this clarity and are thankful for not wasting their precious resources. The Trustees remain committed to supporting smaller charitable organisations. The Trustees will work with Community Foundations to assist with administering small grants of up to £1,000 on behalf of the Trust in accordance with the Trust's funding guidelines.

Grants Strategy

The role of grant making foundations is ever more important as charities' income continue to suffer for reasons including scaling back of grants from central and local government.

During the year, the Trustees commenced a review of the Trust's strategy to achieve their mission to care for the welfare of existing and former employees of John Laing, and to work with others in the community to improve the lives of those in need. Their strategic priority areas remain as Community, Education, Homelessness, Disadvantaged Youth. Within these, Trustees seek to identify the problems they wish to solve and the activities they wish to support in order to achieve a long lasting improvement in the lives of those affected.

They aim to achieve these by awarding grants to pensioners in financial hardship and work with charitable organisations who are addressing the specific needs of the identified funding priorities. The Trustees recognise that effective management of the charities is key to success of charitable organisations and therefore some grants are awarded towards meeting the costs of delivering their core activities.

Charity partners and projects are identified through pro-active search by the Trustees or as proposed by the Company's regional staff to benefit the local community where it operates.

The Trustees are committed to helping grass roots charities with small grants which make a discernible difference. Former as well as current employees of John Laing are able to apply to the Trust for up to a £1,000 donation to charitable organisations where they or members of their family are active supporters. The Trustees will review engagements of Community Foundations to administer small grants in other specific areas.

Grant Making Policy

The Trust's guiding principle is that grants should make a discernible difference to the ultimate beneficiaries of the organisations we support. The Trust does not support charitable organisations whose main aim is animal welfare. The Trustees consider grant requests at board meetings or as necessary in order to assist with the budget planning or more immediate funding requirements.

Major grants for revenue expenditure purposes range from £7,500 to £50,000 per year. Some grants are awarded for multiple periods of up to three years although these may be subject to annual review and therefore the Trustees are only pledging to consider subsequent years' donations subject to satisfactory outcome of previous year donation's impact report.

Smaller donations between £500 and £3,000 are paid under Staff Matching, Make a Difference and Long Service Award schemes available to current employees of the Company. A number of one-off grants are also given up to value of £5,000.

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The Trust also awards capital grants. The Trustees must exercise their discretion carefully when making and reviewing capital grants to ensure they are in the best interests of the Charity. There was one capital pledge made during the year (2017 - £nil) to Historic England worth £375,000, of which £100,000 was paid during the year. Note 10 shows capital grants payable of £1,155,000; being £400,000 pledged to UWC Atlantic College towards the construction of a new student accommodation, £480,000 pledged to Hertfordshire Groundwork to support its aim to establish a new premises for the charity and remaining £275,000 to Historic England for the digitisation of 10,000 John Laing images and schools outreach programmes.

Achievements and Performance

During the year, the total grants paid and accrued were £2,871,000 (2017 - £1,799,000) comprising of welfare payments to individuals of £485,000 (2017 - £584,000), support of the Company's charitable activities under Staff Schemes of £44,000 (2017 - £90,000) and in the communities where they operate of £1,159,000 (2017 - £362,000) and charitable donations granted by Trustees in their discretion of £1,199,000 (2017 - £763,000).

Welfare of pensioners: The welfare team aims to carry out planned visits. During the year, the Welfare team carried out a total of 1,727 visits (2017 - 2,081) comprising of 1,108 home visits (2017 - 1,180). A further 619 (2017 - 901) contacts were made with former employees by other means (i.e. by telephone or correspondence). Pensioners living in remote places or follow-on from home visits are ordinarily done by telephone. There were also some long periods of absence due to staff illness during the year which meant some non-essential visits were made by telephone contributing to the higher number of visits by other means compared to the previous year.

In addition to these visits and contacts, the Trust also supports a network of nine Retirement Clubs across the country. These thriving clubs organise various social events, outings and meals where former colleagues and friends can get together. These services are valued by pensioners, club members and their families. They provide assistance in tackling the effects of isolation and loneliness.

The Trustees make available funds to pensioners who qualify for financial help. Welfare visits and contacts allow the Trustees to make informed decisions on how best to give financial support and assistance to those most in need. Where appropriate, Welfare Officers will put forward a recommendation for financial assistance on behalf of pensioners. In 2018, total payments made in relation to Welfare activities amounted to a total of £485,000 (2017 - £584,000) to 311 (2017 - 367) beneficiaries, most of whom received more than one payment during the year. Financial assistance comes in the form of gratuity payments or funding towards the purchase of goods or services designed to make a difference in the day to day lives and independence of our ageing beneficiaries.

The Trustees wish to thank the welfare and support team in carrying out this fantastic work.

Support the Company's charitable activities: The Trustees support John Laing Group's staff schemes and the Company's engagement in the community both in the UK and overseas. During 2018, the Trust made a combined charitable donation of £44,000 (2017 - £90,000) in respect of initiatives offered to staff including donation in lieu of sending Christmas cards. These schemes allow employees to nominate charities they are connected with through their volunteering, fundraising or where they or members of their families have benefitted from the work of the charitable organisation.

The Trust support the Company's commitment to making a difference in the communities where they operate. During the year and in response to the Trust's £1.5 million pledge to mark the Company's 170th anniversary, the Trust awarded grants to the value of £1,159,000 (2017 - £362,000) to organisations which meet the Trustees' funding priorities.

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Organisations	Community	Education	Homelessness	Disadvantaged Youth	Grand Total
Australia BCN		31,335			31,335
Boys & Girls Clubs of the Los Angeles Harbor		120,314			120,314
Business in the Community		28,800			28,800
Centre for Creative Health	28,839				28,839
CERES	36,320				36,320
City Harvest	91,182				91,182
Clarence River Dom & Fam Violence Sp Ser	33,769				33,769
Clontarf Foundation		85,905			85,905
ELEVATE Orlando		120,000			120,000
Engineers without Borders UK		87,000			87,000
Food Forward	77,000				77,000
Gurehlgam Corp Ltd				36,586	36,586
Habitat for Humanity - Greater Toronto Area			50,000		50,000
Manchester Settlement				52,500	52,500
Moray Foodbank	4,000				4,000
Moray School Bank	10,000				10,000
Nhill College		37,550			37,550
Police Youth Citz Club				35,460	35,460
Role Models and Leaders Aus Ltd		85,906			85,906
Rosies Friends on the Street			34,644		34,644
Speyside Community Car Sharing Scheme	4,000				4,000
Teach First		30,000			30,000
The New School of Arts Neighbourhood House Inc				27,803	27,803
The Prince's Trust				25,000	25,000
Parkway A6, Almere	-15,000				-15,000
TOTALS	270,110	626,811	84,644	177,349	1,158,913

There has always been greater emphasis on the Company's support of the education sector. The Company has made conscious efforts to address the other priorities of disadvantaged youth, community and homelessness to ensure whole communities where the Company operates benefit from donations under this scheme.

Charitable Donations: The Trustees have particular regard to the increasing needs faced by many charities resulting from funding cuts. They consider each grant application on its merits and its viability. During the year, the Trust awarded 95 grants totalling £1,199,000 (2017 – £763,000).

Organisations	Community	Education	Homelessness	Disadvantaged Youth	Grand Total
Alzheimer's Research UK	10,000				10,000
Arvon		25,000			25,000
Bede House Association				20,000	20,000
Chagfarm	2,000				2,000
Church Action on Poverty	10,000				10,000
Coram Voice			40,000		40,000
Cumbria Community Foundation	10,000				10,000
Depaul UK			10,000		10,000
Emmaus			40,000		40,000
Envision		10,000			10,000
Fareshare	50,000				50,000
Groundwork East		42,500			42,500
Historic England	375,000				375,000
Homeless link			25,000		25,000
Independent Age	48,850				48,850
Leap Confronting Conflict				50,000	50,000
Learning Through landscapes		31,000			31,000
National Communities Resource Centre	75,000				75,000
National Literacy Trust		25,000			25,000
Norfolk Community Foundation	25,000				25,000
Ormiston Families				25,000	25,000
Place2Be		20,000			20,000
Safeguarding and Victim Engagement				3,000	3,000
Safer London				25,000	25,000
The Breathe Project				5,000	5,000
The Silver Line	50,000				50,000
UWC Atlantic College		29,000			29,000
Young Enterprise		60,000			60,000
Small grants - adhoc £5,000 and under	57,429				57,429
TOTALS	713,279	242,500	115,000	128,000	1,198,779

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Investment Policy

The Trust retains the services of Charles Stanley who operate within guidelines established and regularly reviewed by the Trustees. The Trustees have an uncontrolled discretion as to how the Trust's property is invested, and their powers contained in the Deeds are to invest as if they were the beneficial owners of the Trust property.

The Trust seeks to produce the best financial return within a medium level of risk and within the following ethical parameters. Any investments made on behalf of the Charity must comply with the following restrictions:

- Overseas investments are to be held indirectly and must not contain investments in Japan, Russia, Syria or countries with embargo.
- Overseas investments must not be more than 5% in Europe and China and no more than 30% in America. There should be no direct investments in companies predominantly involved in the production of alcohol, armaments or tobacco.

The investment policy of the Trustees is to achieve medium-term growth of capital, from the portfolio. The assets should be managed to at least maintain the real capital value of the portfolio, whilst generating a sustainable level of income to support the various charitable activities.

Financial Review

The Trustees aim to finance grant and operational needs out of income from the investments held by the Trust. Funding targets are set based on anticipated earnings of the portfolio and may be adjusted to take into account circumstances surrounding the changing needs of our beneficiaries and the sector. During periods when the value of the Trust's assets is rising year on year, the Trustees are likely to set deficit budgets. The Trustees continue to achieve the objectives of the Trust by careful management of the endowment in prevailing markets in order to preserve the long term value of the investments in real terms as well as maximising the income the portfolio can generate for disbursement.

Income £'000	31 December 2018	31 December 2017
	2,601	2,508

All income was generated from interest and dividends received from the portfolio of investments. There are no other sources of income. The increase in income in the year is due to special dividends received during the period.

Investments: Market Value £'000	31 December 2018	31 December 2017
	61,979	66,201

For the year just ended, net loss on the investments amounted to £3,246,000 (2017 gains – £3,331,000). Cash investments held by Charles Stanley of £1,000,000 (2017- £63,000) was transferred back to the Trust during the year in order to fund the £1.5m giving pledge to mark the Company's 170th year anniversary.

The Trustees seek to optimise performance through a diversified asset portfolio applying a medium high risk strategy. Out of £62.0 million of assets, £56.5 million of the Trust's portfolio is managed by Charles Stanley & Co Limited ("Charles Stanley") against a range of indicators and benchmarks deemed satisfactory by the Trustees. Investments are made under the constraints placed by the Trustees as described in the Investment Policy above.

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The portfolio managed by Charles Stanley decreased in value by £4,453,000 at the end of year valuation. Global equity markets experienced a turbulent end to 2018 with the majority of headline indices falling as investors became increasingly concerned that the so called 'trade war' between the US and China could lead to a slowdown in global growth in 2019. Earlier in the year both the UK and US equity indices witnessed a correction before recovering to reach new highs, however continuing geo-political uncertainty, rising interest rates in the US, high levels debt in China and Brexit all affected investor sentiment. Against a difficult geo-political backdrop volatility could remain a feature, however investor sentiment could improve once clarity in relation to Brexit and other global issues is provided.

Cash investments of £3.7 million are held within the portfolio to allow the Investment Manager flexibility to purchase investments at opportune time. This is unusually high due to the proceeds from sale of shares in John Laing Infrastructure Fund were transferred under the management of Charles Stanley.

The rest of the assets are monitored directly by the Trustees and relate to investments in Diversified Portfolio for Charities ("DPFC") with a value of £5.5 million, reporting a £279,000 gain in the period. During the year, the Trust's investments in John Laing Infrastructure Fund ("JLIF") were sold for £6.9 million, achieving a £928,000 gain for the year at the time of disposal. Income received from these investments were £663,000 in line with expectations.

Expenditure on charitable activities £'000	31 December 2018	31 December 2017
• Total grants paid and accrued to institutions	2,402	1,215
• Welfare payments to pensioners	485	584
These payments were made to 311 (2017 – 367) beneficiaries and includes two gratuity payments which the Trustees at their discretion review on a regular basis. The needs of some of the beneficiaries have changed over the recent years resulting in an increase in higher value of individual grants. These have been essential needs to provide a better quality of life for our beneficiaries.		
Other charitable costs £'000 – in terms of work undertaken including administrative support in connection with:-		
• Welfare activities	344	347
• To functions and operations in relation to various John Laing Senior Citizens Club	59	84
• Distribution of grants to institutions	164	171

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Plans for future periods

The Trustees have no intentions to change the principal objectives of the Trust. The provision of welfare service adapts to the changing needs of the ageing population of pensioners in need of assistance. Over time, their number is expected to decline and as they do so, the balance of charitable donations will increase compared to the expenditure on welfare services. The impact of this change on resources will be reviewed regularly.

There will be continued review of grant making policy as well as impact measurement and reporting to ensure grants are making a real difference. Trustees will seek opportunities to achieve a multiplier effect to the grants they award whether as a leverage to attract other funders or to form partnerships with them.

Designated Funds

Following the sale of the final tranche of John Laing plc shares at the end of December 2006, the Trustees agreed to set aside up to £2.0 million which they will consider spending if a small number of significant projects can be identified which will make a substantial difference to the charity concerned.

During the year and to mark the John Laing Group plc's 170th anniversary, the Trustees pledged £1.5 million of funds to enable the Company to make a difference in the global communities where they have operations. Business operations in Europe, Asia Pacific and North America were allocated £500k each to donate to charitable causes in their regions.

The balance of these designated funds is £957,000 as per note 15 to the accounts.

Reserves Policy

The Trust does not run a specific Reserves Policy. The Trustees manage the assets of the Trust as "expendable endowment" to provide income from which to make grants. The whole endowment therefore is available to act as reserves. In practice, the Trustees budget to maintain the level of investment to increase in line with inflation and to spend all of income received in the period.

Disclosure of information to the auditor

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- so far as that Trustee is aware, there is no relevant available information of which the Charity's auditor is unaware.
- that Trustee has taken all steps that the Trustee ought to have taken as a Trustee to make himself/herself aware of any relevant audit information, and to establish that the Charity's auditor was aware of that information.

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Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under the trust deed of the charity and charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements; and
- assess the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 15.5.2019 and signed on its behalf by:



Christopher M Laing
Trustee

Registered office: 33 Bunn's Lane, Mill Hill, London NW7 2DX

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Independent auditor's report to the Trustees of John Laing Charitable Trust

Opinion

We have audited the financial statements of John Laing Charitable Trust ("the charity") for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charity in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charity or to cease its operations, and as they have concluded that the charity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the charity's business model, including the impact of Brexit, and analysed how those risks might affect the charity's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charity will continue in operation.

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Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 11, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

John Laing Charitable Trust

Charity number 236852

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Fleur Nieboer
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

Date: 5 August 2019

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

John Laing Charitable Trust

Charity number 236852

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted Funds	Unrestricted Funds
		2018 £'000	2017 £'000
Income and endowments from:			
Investments	2	2,601	2,508
Total		2,601	2,508
Expenditure on:			
Charitable activities	3	(3,454)	(2,380)
Total		(3,454)	(2,380)
Net (expenditure)/income for the year before gains and losses on investments		(853)	128
Net (losses)/gains on investments		(3,246)	3,331
Net (expenditure)/ income		(4,099)	3,459
Reconciliation of funds:			
Total funds brought forward		65,724	62,265
Total funds carried forward		61,625	65,724

All funds are unrestricted funds.

The results shown above relate to continuing activities.

The notes on pages 18 to 24 form part of these accounts.

John Laing Charitable Trust

Charity number 236852

BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Fixed Assets			
Freehold property		24	24
Investments	6	61,979	66,201
		<u>62,003</u>	<u>66,225</u>
Current Assets			
Debtors	9	255	244
Cash in bank and on call		1,369	353
		<u>1,624</u>	<u>597</u>
Creditors: amount falling due within one year	10	(1,654)	(595)
Net current assets		<u>(30)</u>	<u>2</u>
Total assets less current liabilities		<u>61,973</u>	<u>66,227</u>
Creditors: amount falling due after more than one year	10	(348)	(503)
Net assets		<u>61,625</u>	<u>65,724</u>
Funds			
General Fund		60,668	63,608
Designated Fund	15	957	2,116
Unrestricted funds		<u>61,625</u>	<u>65,724</u>

Approved by the Board of Trustees on 15 July 2019 and signed on its behalf by:



Christopher M Laing
Trustee

The notes on pages 18 to 24 form part of these accounts.

John Laing Charitable Trust

Charity number 236852

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

		2018 £'000	2017 £'000
	Notes		
Cash flows from operating activities	13	<u>(2,523)</u>	<u>(2,295)</u>
Cash flows from investing activities			
Dividends and interest from investments		2,563	2,444
Proceeds from sale of investments		7,849	234
Cash transferred from investments		1,000	63
Purchase of investments		(4,979)	(366)
Decrease/(Increase) in cash held with investment manager		(2,894)	132
		<u>3,539</u>	<u>2,507</u>
Increase in cash		1,016	212
Cash and cash equivalents at 1 January	14	353	141
Cash and cash equivalents at 31 December	14	<u>1,369</u>	<u>353</u>

John Laing Charitable Trust

Charity number 236852

Notes to the accounts

1. Accounting policies

Basis of preparation

The John Laing Charitable Trust meets the definition of a public benefit entity under FRS102. These accounts have been prepared on a going concern basis under the historic cost convention, with the exception of investments which are included at market value, as deemed appropriate by the Trustees.

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 2018) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and applicable UK Accounting Standards and the Charities Act 2011.

The principal accounting policies adopted are as follows:-

a) Valuation of investments

- i) Listed securities are valued at mid-market value ruling at the balance sheet date.
- ii) Unit Trust investments are stated at the average of the unit bid and offer prices quoted by the manager at the balance sheet date.
- iii) Unlisted securities are valued having due regard either to professional valuation, asset values, and/or other appropriate financial information.
- iv) Investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling at the balance sheet date.

b) Recognition of realised and unrealised investment gains

All investments are stated at market value at the balance sheet date. Revaluation adjustments and profits or losses on the sale of investments are included under the increase in realised and unrealised gains/losses on investments in the Statement of Financial Activities.

c) Freehold property

Freehold property is included in the balance sheet at historic cost. The property is not depreciated as the carrying value is less than recoverable amount. Impairment reviews will be conducted on an annual basis by the Trust to ensure the cost recognised on the balance sheet remains appropriate.

d) Debtors

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

e) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

f) Creditors

Creditors 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 are normally recognised at their settlement amount after allowing for any trade discounts due.

John Laing Charitable Trust

Charity number 236852

Notes to the accounts (continued)

1. Accounting policies (continued)

g) Investment income

Income on deposits has been accounted for on an accruals basis. All other investment income has been taken into account on the basis of due date for payment. Foreign income is translated into sterling at the rate ruling at the date of the transaction.

h) Expenditure

Other than grant expenditure, all expenditure is accounted for on an accruals basis.

These costs include attributable VAT costs that cannot be recovered.

i) Grants expenditure

Grant expenditure is recognised when committed and communicated to the future recipient, or on payment if sooner.

j) Tax

The John Laing Charitable Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 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.

John Laing Charitable Trust

Charity number 236852

Notes to the accounts (continued)

2. Investment Income

	2018 £000	2018 £000
Listed investments, including unit trusts		
UK	2,179	2,075
Overseas	103	120
Unlisted		
UK	319	313
	<u>2,601</u>	<u>2,508</u>

3. Charitable activities

(a) The total grants paid and accrued were £2,887,000 (2017 - £1,799,000).

(b) The 50 largest payments made to charitable organisations during the year were:

	£		£
Historic England	£375,000.00	Australia BCN	£31,335.08
Boys & Girls Clubs of the Los Angeles Harbor	£120,314.04	Learning Through landscapes	£31,000.00
ELEVATE Orlando	£120,000.00	Teach First	£30,000.00
City Harvest	£91,182.16	UWC Atlantic College	£29,000.00
Engineers without Borders UK	£88,000.00	Centre for Creative Health	£28,839.00
Role Models and Leaders Aus Ltd	£85,905.95	Business in the Community	£28,800.00
Clontarf Foundation	£85,905.30	The New School of Arts Neighbourhood House Inc	£27,802.64
Food Forward	£77,000.00	The Prince's Trust	£26,492.00
National Communities Resource Centre	£75,000.00	Arvon	£25,000.00
Young Enterprise	£60,000.00	Homeless link	£25,000.00
Manchester Settlement	£52,500.00	National Literacy Trust	£25,000.00
Fareshare	£50,000.00	Norfolk Community Foundation	£25,000.00
Habitat for Humanity - Greater Toronto Area	£50,000.00	Ormiston Families	£25,000.00
Leap Confronting Conflict	£50,000.00	Safer London	£25,000.00
The Silver Line	£50,000.00	Bede House Association	£20,000.00
Independent Age	£48,850.00	Place2Be	£20,000.00
Groundwork East	£42,500.00	Alzheimer's Research UK	£10,000.00
Coram Voice	£40,000.00	Church Action on Poverty	£10,000.00
Emmaus	£40,000.00	Cumbria Community Foundation	£10,000.00
Nhill College	£37,550.30	Depaul UK	£10,000.00
Gurehlgam Corp Ltd	£36,585.84	Envision	£10,000.00
CERES	£36,319.71	Moray School Bank	£10,000.00
Police Youth Citz Club	£35,460.12	Charlie Waller Memorial Trust	£5,000.00
Rosies Friends on the Street	£34,643.65	Crossroads Children's Home	£5,000.00
Clarence River Dom & Fam Violence Sp Servs	£33,769.13	Samaritans - North Herts and Stevenage	£5,000.00

(c) The total grants paid and accrued to institutions was £2,402,000 (2017 - £1,215,000).

(d) Welfare Payments to individuals:

Grants to individuals totalled £485,000 (2017 - £584,000) to 311 (2017 - 367) beneficiaries, most of whom received more than one payment during the year.

John Laing Charitable Trust

Charity number 236852

Notes to the accounts (continued)

(e) Other charitable costs

	2018 £000	2017 £000
Charitable costs attributed solely to work undertaken by Welfare Officers in connection with the Trust's welfare payments to individuals	344	339
Charitable costs carried by the Trust in relation to functions and operation of various John Laing "Senior Citizens' Clubs"	59	76

(f) Charitable activities of the support costs of the Trust

Charitable costs borne by the Trust solely in connection with the distribution of grants to institutions

164	166
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4. Grants payable to charitable organisations

	2018 £000	2017 £000
Accrued at 1 January	1,068	982
Grants awarded in the year	2,402	1,215
Grants paid during the year	(1,486)	(1,129)
Accrued at 31 December	1,984	1,068

5. The Auditor's remuneration for the year was £8,000 (2017 - £8,000) and related solely in respect of audit service in both financial years, no other work was undertaken.

6. Reconciliation of investments

	2018 £000	2017 £000
Market value at 1 January	66,201	62,933
Purchases	4,979	366
Sales	(7,849)	(234)
Realised gains/(losses) on investments	1,900	(138)
(Decrease)/Increase in unrealised gains on investments	(5,146)	3,469
Cash returned to JLCT	(1,000)	(63)
Movements in cash held with investment manager	2,894	(132)
Market value at 31 December	61,979	66,201
Cost at 31 December	57,231	56,438

John Laing Charitable Trust

Charity number 236852

Notes to the accounts (continued)

7. Analysis of investments at 31 December 2018	Cost £000	Market Value £000
Global fixed interest	9,591	9,428
UK Equities	32,570	32,905
Overseas and other Equities	6,698	10,466
Unlisted	4,696	5,504
Cash	3,676	3,676
Total	<u>57,231</u>	<u>61,979</u>
At 31 December 2017	<u>56,438</u>	<u>66,201</u>

8. Material investments

During the year, the entire holding in investment in John Laing Infrastructure Fund Limited ("JLIF") was sold for £6.9 million (2017 - £6.0 million representing 9.0%).

At the end of the year, the Trust's investment in Diversified Portfolio for Charities ("DPFC") was valued at £5.5 million representing 8.9% of the total assets (2017 – £5.2 million representing 7.9%) of the Trust's total assets.

9. Debtors	2018 £000	2017 £000
Investment Debtors	255	241
Other debtors	-	3
Total	<u>255</u>	<u>244</u>

10. Creditors	2018 £000	2017 £000
Amounts falling due within one year		
Grants payable	1,635	565
Other creditors	19	30
	<u>1,654</u>	<u>595</u>

The grants payable include capital pledge made to UWC Atlantic College of £400,000 and Hertfordshire Groundwork of £480,000 both of which may be called to be released within one year.

Amounts falling due after more than one year		
Grants payable	<u>348</u>	<u>503</u>

John Laing Charitable Trust

Charity number 236852

Notes to the accounts (continued)

11. Trustees remuneration

The Trustees receive no remuneration for their services to the Trust. During the year, the total expenses reimbursed to a Trustee, incurred in the course of acting as a Trustee amounted to £644 (2017 - £nil). These expenses relate to travel and subsistence of one Trustee (2017 - none).

12. Staff numbers and costs

During the year, the Trust had the equivalent of 6.7 (2017 – 6.2) full time staff. The total gross staff costs including employer pension contributions amounted to £415,000 (2017 - £415,000 including one individual employed by John Laing Services Limited (“JLS”) for administrative purposes and costs reimbursed by the Trust to JLS were for work solely attributed to the Trust).

The key management personnel of the Trust comprise the Trustees and the Trust Director. One employee had employee benefits in excess of £60,000 (2017 – one). The total employee remuneration of the key management personnel including social security costs and pensions costs were £119,124 (2017 - £118,572).

	2018 £000	2017 £000
Salaries and wages	352	357
Social security costs	32	30
Pension costs	31	28
Total staff costs	<u>415</u>	<u>415</u>

13. Reconciliation of net income to cash outflows from operating activities

	2018 £000	2017 £000
Net income for the reporting period (as per the Statement of Financial Activities)	(4,099)	3,459
Dividend and interest received	(2,563)	(2,444)
Gains on investments	3,246	(3,331)
Increase in debtors	(11)	(64)
Increase in creditors	904	85
Net cash used in operating activities	<u>(2,523)</u>	<u>(2,295)</u>

John Laing Charitable Trust

Charity number 236852

Notes to the accounts (continued)

14. Analysis of cash and cash equivalents	2018 £000	2017 £000
Cash in hand (sweep account with daily balance of £500)	-	-
Notice deposits	1,369	353
Total cash and cash equivalents	1,369	353

15. Designated funds

Last year, to mark the John Laing Group plc's 170th anniversary in 2018, the Trustees designated £1.5 million of funds to enable the Company to make a difference in the global communities where they have operations. Each of the regions; Europe, Asia Pacific and North America were allocated £500k each to donate to charitable causes in their regions. During the year, a total of £1,159,000 of grants were awarded against this pledge.

In 2007, the Trustees designated a total of £2.0 million to be considered for spending on a number of significant projects, not yet identified, which will make a substantial difference to the charity concerned. £1,384,000 had been paid out of this pledge. The Trustees are pro-actively searching for charities who will benefit from a capital grant.

At the year end, the combined 2007 and 2018 designated funds totalled £957,000 (2017 - £2,116,000).

16. Related party transactions

During the year, the Trust reimbursed the key management personnel expenses in relation to travel and subsistence and general office purchases the amount of £5,114 (2017 - £4,244). At the year end, there was a balance payable in the amount of £nil (2017 - £nil) owing to the same key management personnel. There were no related party transactions other than these and those listed in note 11 above.

Sir Martin Laing is on the Council of Atlantic College which is purely advisory. The Trust does not consider Atlantic College to be a related party as Sir Martin Laing does not play a role which participates in the governance of the College and therefore is able to participate in decisions relating to the College. During the year, the Trust paid a grant of £29,000 (2017 - £27,553) to Atlantic College towards student bursary fees. The Trust also granted a capital pledge to Atlantic College of £400,000 towards the building of new students' accommodation. This pledge is included in the creditor due within one year (see note 10).

Christopher Laing is the Chairman of Eskmuir Properties Limited (EPL) and Sir Martin Laing is a Director of EPL. EPL is the parent company of Eskmuir Fund Management Limited and Eskmuir Asset Management Limited who are respectively, the Fund Manager and Asset Manager of the Diversified Property Fund for Charities (DPFC). Sir Martin and Christopher Laing are excluded from all discussions relating to investments in DPFC units. There were no DPFC transactions during the year (2017 - nil).

Chris Waples who is John Laing Group Managing Director of Asset Management and Tim Foster who is the Company Group Legal Adviser do not participate in decision making in relation to investments in shares in the John Laing Group (JLG). There were no JLG transactions during the year (2017 - nil).

17. Post balance sheet event

Chris Waples and Tim Foster retired from John Laing Group plc in January 2019, but remain Company-Trustees of the Trust. As such, there will be no conflict of interest and both will now be able to participate in decisions made on investments in shares in JLG.

On 20 June 2019, Ben Laing retired as Trustee of the Trust.