

**Charity number: 215352**

## **Saint Sarkis Charity Trust**

**Audited**

**Trustees' report and financial statements**

**for the year ended 31 March 2019**

**Saint Sarkis Charity Trust**

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## **Saint Sarkis Charity Trust**

### **Reference and administrative details of the charity, its trustees and advisers for the year ended 31 March 2019**

#### **Trustees**

Martin Sarkis Essayan, Chairman  
Rita Alice Vartoukian  
Alexander D'Janoeff  
Teni Shahiean

#### **Charity registered number**

215352

#### **Principal office**

50 Hoxton Square  
London  
N1 6PB

#### **Independent auditors**

Kreston Reeves LLP  
Chartered Accountants  
Statutory Auditors  
Third Floor  
24 Chiswell Street  
London  
EC1Y 4YX

#### **Bankers**

Lloyds Bank  
P.O. Box 1000  
BX1 1LT

#### **Solicitors**

Freshfields  
65 Fleet Street  
London  
EC4Y 1HS

#### **Investment Advisors**

Cazenove Capital Management  
12 Moorgate  
London  
EC2R 6DA

## **Saint Sarkis Charity Trust**

### **Trustees' report for the year ended 31 March 2019**

The Trustees present their annual report together with the audited financial statements of the Saint Sarkis Charity Trust ('the charity') for the year ended 31 March 2019. The Trustees confirm that the Annual Report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP), 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 2015).

### **Objectives and Activities for the Public Benefit**

#### **Policies and Objectives**

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities and setting the donation making policy for the period.

The principal objectives of the Trust are the support of the Armenian Church of St. Sarkis in London and the Gulbenkian Library at the Armenian Patriarchate in Jerusalem. In addition, the Trustees support other charities concerned with the Armenian Community in the UK and abroad. To the extent that funds are available, grants are also made to charities developing innovative projects to support prisoners and their families in the UK.

Trustees who served in the year:

Martin Sarkis Essayan

Rita Alice Vartoukian

Alexander D'Janoeff

Teni Shahiean

Robert Brian Todd (Resigned: 02/05/2018)

#### **Grant Making Policies**

The Trustees have established its grant making policy to achieve its objects for the public benefit. The Trust makes grants to the Armenian Church of St. Sarkis to help support the Church's running costs and fund renovation and capital works. The Trustees meet regularly with the Trustees of the Armenian Church to assess the level of grants to support the church's net running costs. The condition of the church is also discussed at these meetings and renovation and restoration work highlighted and agreed when necessary.

The Trust also provides grants to the Gulbenkian Library at the Armenian Patriarchate in Jerusalem to fund the running and capital costs of maintaining the collection of over 120,000 specialised works, a large collection of manuscripts (about 4,000), a similar number of Armenian incunabula (early printed books), a historical collection of newspapers and periodicals (about 350 titles) in the Armenian, Arab and Ottoman languages from the 19th century onwards, and a collection of archival documents dating back to the 14th century. A yearly grant is paid to the curator of the collection and applications for renovation and requests for funding for capital works are submitted to the Trustees for consideration.

The Trust also provides grants to other charities concerned with the Armenian Community in the UK and abroad. Applications are sent to the Secretary to the Trust explaining the nature of the project and include information on the exact purpose of the grant, the amount required, a budget, the latest annual report and audited accounts and plans for monitoring and evaluating the work.

Applications received from organisations outside the UK are conditional on the Trustees receiving progress and final reports on the project, photographic evidence and final project accounts certified by an internationally recognised organisation. The Trust also uses its connection with the Armenian Communities Department of the Calouste Gulbenkian Foundation to identify Armenian organisations outside the UK in need of support and to monitor funding granted.

To the extent that funds are available, the Trust also makes grants to organisations developing innovative projects to support prisoners and their families in the UK. Rather than invite applications for grants, the Trustees decided to work with one partner, the Barrow Cadbury Trust, who proactively identify and recommend projects for funding to the Trustees.

## Saint Sarkis Charity Trust

### Trustees' report (continued) for the year ended 31 March 2019

#### Achievements and Performance

##### Review of Activities

As regards its principal objectives, the Trust has been successful in supporting the Armenian Church of St. Sarkis in London and is pleased to continue to support the Gulbenkian Library at the Armenian Patriarchate in Jerusalem. In addition, six grants amounting to £42,717 (2018: seven grants amounting to £129,630) were made for charitable objectives connected with Armenia or Armenians. To help with this, the Trust continues to utilise a link with an organisation that facilitates identifying and monitoring suitable Armenian projects.

The Trust continues to give grants to some non-Armenian UK charities when there are sufficient funds available. These grants are awarded to UK charities developing innovative projects to support prisoners and their families in the UK, as defined on the website. During the period, the Trust provided £Nil (2018: £30,000) through the Barrow Cadbury Trust due to a change in personnel and suitable projects not being submitted. An outstanding balance of £15,000 has been carried forward into the 2019/20 financial year which will be allocated against appropriate projects.

##### Key Financial Performance Indicators

Each year the Trustees plan to use the net income received from the Trust's endowed funds to (i) fund the Armenian Church of St Sarkis, (ii) make grants for the support of the library in Jerusalem, (iii) make grants to support the Armenian community, (iv) and fund a small number of non Armenian projects.

The key financials for the current and previous year are:

	2018/19		2017/18	
	No. of grants	£	No. of grants	£
<b>Investment Income</b>				
Dividends		207,899		246,254
less management fees		(28,846)		(22,125)
		179,053		224,129
<b>Grants</b>				
Armenian Church	3	128,138	3	33,500
Armenian Projects	6	42,717	7	129,630
Jerusalem Library	2	8,533	2	16,943
Other projects	-	-	2	30,000
Total grants	11	179,388	14	210,073

##### Plans for Future Periods

The Trust intends to continue to support the ongoing running costs and periodic capital costs of the Armenian Church of St Sarkis Church, whilst the church builds its own income from rent and contributions from the congregation.

The Trust will continue to support the Gulbenkian Library at the Armenian Patriarchate in Jerusalem and suitable Armenian projects. The Trust will also continue to give grants to some non Armenian UK charities when sufficient funds are available.

##### Financial Review

The Trustees deem the results of the Statement of Financial Activities to be satisfactory and in line with their expectations. Costs continue to be kept to a minimum with investment income lower by 14.5% from the prior year, reflecting the uncertainty surrounding the stock markets and the global economy, the investment portfolio continues to be managed by Cazenove. The grants awarded for the year totalled £179,388 compared to £210,073 for last year. The Trust's net expenditure for the year, before recognised gains and losses, was £3,978 (2018: net income £6,328). All investments have been valued at their mid-market value as at 31 March 2019. The Trust generated a net gain of £239,984 on investment transactions (2018 net capital loss £93,276).

## **Saint Sarkis Charity Trust**

### **Trustees' report (continued) for the year ended 31 March 2019**

Over the year, the Trust has seen the value of its permanent endowment increase from £9.4m to £9.9m; a rise of 5.5%. Under the new Total Return policy, the Unapplied Total Return Fund received £414,584, being the investment income and capital gains achieved less investment management costs in the year, the Trustees decided to increase the value of the UTR so they can preserve spending and capital should there be a fall in the markets, and funded the usual level of expenditure from income accumulated in previous years which had been set aside for a project that was withdrawn.

### **Investment Policy and Performance**

The Trust operates a balanced income and capital approach to the investment of the Trust's permanent endowment in accordance with the terms of the Charity Commission Scheme made on 26th March 1997 and the Trustee Act 2000.

### **Delegation**

The Trustees have delegated the management of the endowed funds ("the portfolio") to a fund manager Cazenove, who, in purchasing, retaining, or selling investments for the Trust, is required to have regard to the need for diversification and the Trustees' obligation to ensure that each investment is in the best interests of the Trust. This appointment is reviewed regularly at the same time that the investment policy is reviewed. The Trustees have delegated the oversight of the portfolio management and bi annual review to two delegated Trustees: Mr Alexander D'Janoeff and Mr. Martin Essayan who seek to ensure the fund manager performs effectively in line with the charity's needs and the investment policy. These Trustees also keep the fund manager's performance under review and compare it with what others could offer in terms of cost, investment approach, and level of service. Once agreed by the Trustees, these Trustees can sign any agreement with the fund manager on behalf of the Trustees, any amendment to that agreement, and any instructions to the fund manager to withdraw, or to transfer, cash or assets to third parties. Approval of the Trustees is not required for withdrawals and transfers entered into by the fund manager in connection with their management of the portfolio and the income arising there from. The delegated Trustees are also responsible for supervising the management of the cash portfolio.

### **Funds of the Trust**

The endowed funds are the permanent endowment of the Trust and are held in a balanced portfolio of equity, property and fixed interest investments. In accordance with a total return policy, the income earned and investment gains or losses, endowment returns, are treated as Unapplied Total Returns [UTR]. The Trustees agree how much of UTR to allocate to the permanent to ensure it maintains its value in real terms. The Trustees have set a Long-Term Spending Rate (LTSR) to determine the maximum amount of endowment returns that will be distributed in the year. This is used by the Trust in meeting its objects for the public benefit, primarily through the giving of charitable grants and to pay the governance costs of running the Charity. The difference between the total endowment returns and the amounts allocated are retained as Unapplied Total Returns to mitigate against years where negative investment returns are experienced.

Designated funds arise from the Trust's income streams and are assigned to a specific purpose by the Trustees. They are not treated as "free" reserves (available to be spent freely) as a designated use has been identified. These funds may be re-designated for another purpose by the Trustees if circumstances change.

### **Investment policy and Total Return**

The main investment objective and risk tolerance of the investment policy approved by the delegated Trustees are:

- To achieve a total real return over rolling five-year period to preserve the permanent endowment in real terms while sustaining a spending rate of 3.0 % of total asset value per annum.
- To maintain an overall total risk level that reduces to an acceptable level the likelihood of the UTR being exhausted under any likely five-year market fall whilst allowing the trust to support its spending commitments over this period.

Given the investment and risk objectives, the delegated Trustees have established an overall allocation of the

## **Saint Sarkis Charity Trust**

### **Trustees' report (continued) for the year ended 31 March 2019**

Trust's investments to broad asset categories and reviews this asset allocation with the fund manager bi-annually reporting on it to the Trustees at least annually. The delegated Trustees have given the fund manager discretion to determine the precise asset allocation within certain control ranges, to achieve the investment objectives.

The Trust believes that the investment risk arising from the investment strategy combined with the risks arising from active management are consistent with the overall level of risk being targeted.

The Total Return policy was adopted with effect from 1 April 2018. The valuation of the investment and the initial value of the UTR was determined by reference to the average value of the endowment as at 31 March 2017.

The Trustees have a Total Return policy which determines the allocation of the UTR. The investment objectives are to generate a sustainable income stream which at least maintains its real value in future years, and at least to maintain the real capital value of the portfolio over the long term.

#### **Nature of Funds**

The funds are permanently endowed and the Trustees are able to use only the income for charitable purposes.

#### **Investment Objectives**

The investment objectives are to generate a sustainable income stream which at least maintains its real value in future years, and at least to maintain the real capital value of the portfolio over the long term.

#### **Investment Targets**

The targets are to maintain, over a business cycle, capital growth at least equivalent to RPI and annual income (after fees) of 3% of the average portfolio value. Investment income is not re-invested but returned to the Trust to fund its activities.

#### **Risk Tolerance**

The Trustees place a high priority on maintaining the real value of the portfolio and of income returns over the long term and accept that at times this will mean accepting short or medium term declines in capital values. About half of the charity's annual expenditure is hard to avoid. Most of the charity's fixed commitments are in sterling.

#### **Benchmarks and Parameters**

Benchmarks are agreed with the fund manager for each asset class.

**Trustees' report (continued)  
for the year ended 31 March 2019**

**Ethical and Socially Responsible Investment**

The Trustees have reviewed their investment policy with regard to the Charity Commission's guidance on ethical and responsible investment. They have concluded that there are no specific industry or company activities which should be excluded from the portfolio on the grounds of any direct conflict with the charity's objectives. However, the Trustees aim to observe responsible investment principles. The charity's investment managers are expected to take into consideration the environmental, social, and governance characteristics of existing and prospective investments, where this is practicable and proportionate in the context of the overall investment strategy.

**Investment Restrictions**

The fund manager is required to ensure the securities are held by a regulated custodian of the highest credit rating in line with all FCA regulations.

With the exception of listed securities issued by the British Government, the fund manager should not invest more than 5% of the total portfolio value in the securities issued by any company, unit trust, or other listed entity.

The fund manager should not invest in derivative instruments other than to hedge risk exposures arising from conventional investments made in pursuit of the Trustees' stated investment objectives. The fund manager is required to discuss the use of such instruments with the delegated Trustees beforehand.

Investments are made only in securities having a listing on a recognised stock exchange. However, this does not exclude investing in Authorised Unit Trusts.

No investments are made in hedge funds. The fund manager is required to discuss investments in Private Equity funds with the delegated Trustees beforehand.

When making investments in international equities, the fund manager is required to balance the need for diversification, with the total return target specified above and bear in mind that the majority of the Trust's liabilities are sterling denominated and the Trustees almost certainly cannot recover any foreign tax deducted at source from any income.

The bond portfolio is structured recognising the Trustees' desire to maintain the real value of the portfolio and its income.

**Reporting and Review**

The fund manager sends regular portfolio reports to the delegated Trustees. The delegated Trustees and fund manager meet at least twice a year to discuss past performance, asset allocation, and future plans. The delegated Trustees report to the other Trustees as necessary and when the investment policy is reviewed.

**Performance of Investment Portfolio against Objectives**

The backdrop for global markets remains relatively benign. Political noise continues to dominate headlines, but the fund manager has tried to see beyond this. The primary risks are inflation and monetary policy tightening and the portfolio is positioned to protect against these risks. Against this outlook the Trustees have wished for the investment portfolio to be less dependent on a home bias and to re-weight the investments to a more global approach to diversify risk. The Trust is a long-term investor and we believe it is still right to hold a mixed portfolio of equities, bonds, cash and other investments designed to provide a balance between income and capital gains.

During the year the portfolio provided gross income before fees of £207,899 (2018: £246,254).

A proposal to move to a Total Return Investment Policy from 1 April 2018 was presented and adopted by the Trustees at the Trustees' meeting held on 21 November 2017 and is represented in the annual accounts.

## **Saint Sarkis Charity Trust**

### **Trustees' report (continued) for the year ended 31 March 2019**

#### **Reserves Policy**

The income generated from the Trust's investments is held in the unrestricted funds.

The Trustees review the level of unrestricted funds each year and consider it should be maintained at an adequate level to ensure the Trust is able to meet the current level of expected grants for the foreseeable future. The unrestricted reserves at 31 March 2019 amount to £469,841 (2018: £648,417) and the endowment funds amount to £9,859,205 (2018: £9,444,623).

#### **Going Concern**

After making appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

#### **Structure, Governance and Management**

##### **Constitution**

The Trust was set up by the late Calouste Gulbenkian primarily for the support of the Armenian Church of St. Sarkis in London and the Gulbenkian Library at the Armenian Patriarchate in Jerusalem. The Governing Document of the Trust was originally the Trust Deed dated 6 August 1954 and is now the Scheme prepared by the Charity Commissioners at the request of the Trustees and sealed on the 26 March 1997.

##### **Method of Appointment or Election of Trustees**

The Trustees are appointed by the Board of Trustees and serve for five years after which period they may put themselves forward for re-appointment. The Trust Deed and Scheme provides that the Trustees are not to be less than three in number and that when appointing any future Trustee, the Trustees are to have regard to Mr. Gulbenkian's desire that the Trustees should include a representative or representatives of his family, the Managing Trustees of the Armenian Church of St. Sarkis and the legal profession in England.

##### **Policies adopted for the Induction and Training of Trustees**

New Trustees are selected on the basis of their background and commitment to the ethos of the Trust in supporting the Armenian community within and outside the UK as well as the skills and expertise they bring to the Trust.

New Trustees are inducted through meetings with the Chairman who provides details of the Trust, its background, aims and objectives, how it operates and future plans. New Trustees are also provided with a copy of the governing Trust deed, the previous year's Trustee board minutes, the last years of annual reports and accounts, and a copy of the Charity Commission's guidance 'The Essential Trustee: What You Need to Know' and 'Public Benefit: running a charity'.

##### **Organisational Structure and Decision Making**

At the Trustees meetings, the Trustees agree the broad strategy for grant making, investment, risk management policies, reserves and performance. Between meetings the Trustees also monitor all recommendations for funding and delegate the day to day administration to the Secretary and Treasurer.

##### **Risk Management**

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

## **Saint Sarkis Charity Trust**

### **Trustees' report (continued) for the year ended 31 March 2019**

The principal risks and uncertainties facing the Trust are providing support to organisations in countries with less developed legal, financial and governmental infrastructures that allow the Trust to authenticate an application for funding and the organisation making the application. Risks also arise when supporting such organisations in monitoring and ensuring that funds granted are applied as per the purpose they were granted.

These risks are managed by: using, where available, independent organisations, such as the British Council, to verify the organisation, the reasons for application and where possible the use of the funding; ensuring accreditation is up to date and robust policies and procedures in place; and regular awareness training for staff working in these operational areas. The Trust also uses its connection with the Armenian Communities Department of the Calouste Gulbenkian Foundation to identify and verify organisations outside the UK in need of support and to monitor the funding granted.

### **Correspondence**

All correspondence should be addressed to:

Mr Chris Holmes  
The Secretary to the Trustees  
Saint Sarkis Charity Trust  
50 Hoxton Square  
London N1 6PB

### **Trustees' responsibilities statement**

The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees, on and signed on their behalf by:



28/1/20

.....  
**Martin Essayan**  
Chairman

## **Saint Sarkis Charity Trust**

### **Independent auditors' report to the Trustees of Saint Sarkis Charity Trust**

#### **Opinion**

We have audited the financial statements of Saint Sarkis Charity Trust (the 'charity') for the year ended 31 March 2019 set out on pages 12 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Saint Sarkis Charity Trust**

### **Independent auditors' report to the Trustees of Saint Sarkis Charity Trust**

#### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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 the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

## **Saint Sarkis Charity Trust**

### **Independent auditors' report to the Trustees of Saint Sarkis Charity Trust**

#### **Auditors' responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 Auditors' 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.



**Kreston Reeves LLP**  
Chartered Accountants  
Statutory Auditors  
London  
Date: 28/1/20

# Saint Sarkis Charity Trust

## Statement of financial activities for the year ended 31 March 2019

	Note	Endowment funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>Income and endowments from:</b>					
Donations and legacies	2	-	8,600	8,600	8,600
Income from investments	3	<u>207,899</u>	<u>-</u>	<u>207,899</u>	<u>246,254</u>
<b>Total income and endowments</b>		<u>207,899</u>	<u>8,600</u>	<u>216,499</u>	<u>254,854</u>
<b>Expenditure on:</b>					
Raising funds	5	28,846	-	28,846	22,125
Charitable activities	6,7	<u>4,455</u>	<u>187,176</u>	<u>191,631</u>	<u>226,401</u>
<b>Total expenditure</b>	4	<u>33,301</u>	<u>187,176</u>	<u>220,477</u>	<u>248,526</u>
<b>Net income / (expenditure) before investment gains/(losses)</b>		<b>174,598</b>	<b>(178,576)</b>	<b>(3,978)</b>	<b>6,328</b>
Net gains/(losses) on investments	8	<u>239,984</u>	<u>-</u>	<u>239,984</u>	<u>(93,276)</u>
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>414,582</b>	<b>(178,576)</b>	<b>236,006</b>	<b>(86,948)</b>
<b>Net movement in funds</b>		<b>414,582</b>	<b>(178,576)</b>	<b>236,006</b>	<b>(86,948)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		<u>9,444,623</u>	<u>648,417</u>	<u>10,093,040</u>	<u>10,179,988</u>
<b>Total funds carried forward</b>		<u><b>9,859,205</b></u>	<u><b>469,841</b></u>	<u><b>10,329,046</b></u>	<u><b>10,093,040</b></u>

The notes on pages 14 to 23 form part of these financial statements.

Saint Sarkis Charity Trust

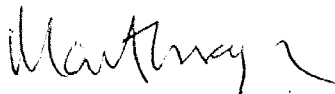
Notes to the financial statements  
for the year ended 31 March 2019

Balance sheet  
as at 31 March 2019

	Note	£	2019 £	£	2018 £
<b>Fixed assets</b>					
Investments	8		10,082,545		9,466,851
<b>Current assets</b>					
Debtors	9	-		3,425	
Cash at bank and in hand		<u>358,592</u>		<u>705,411</u>	
		358,592		708,836	
<b>Creditors:</b> amounts falling due within one year	10	<u>(112,091)</u>		<u>(66,351)</u>	
<b>Net current assets</b>			<u>246,501</u>		<u>642,485</u>
<b>Total assets less current liabilities</b>			<u>10,329,046</u>		<u>10,109,336</u>
<b>Creditors:</b> amounts falling due after more than one year	11	-			16,296
<b>Charity Funds</b>					
Endowment funds	12		9,859,205		9,444,623
Unrestricted funds	12		<u>469,841</u>		<u>648,417</u>
<b>Total</b>			<u>10,329,046</u>		<u>10,109,336</u>

The financial statements were approved by the Trustees on and signed on their behalf, by:

28/1/20



Martin Essayan, Chairman

The notes on pages 14 to 23 form part of these financial statements.

**Notes to the financial statements  
for the year ended 31 March 2019**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The have been prepared 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) and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

Saint Sarkis Charity Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 Judgements in applying accounting policies and key sources of estimation uncertainty**

The audit fee has been split between the Endowment fund and Unrestricted fund on a 75:25 basis to reflect the proportion of time taken to audit the charity.

Accrued income has been calculated using the value of the deposits and the stated annual interest rate provided by the financial institution.

Investments are valued at their fair value, using the closing quoted market value.

The value of donated services and facilities are included at the value to the charity.

**1.3 Going concern**

The financial statements have been based on the expectation of the charity continuing as a going concern for the next 12 months. The Trustees believe that there are no uncertainties regarding the accounts being prepared on a going concern basis.

**1.4 Income**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Incoming resources are not included net of expenditure, since this is considered to give more complete information concerning the Trust's financial activities.

Investment income is accounted for on a receivable basis. Investment income from endowment funds is to be applied to furthering the objectives of the charity. Incoming resources from the endowment fund are unrestricted.

Donated services and facilities for administrative support are included at the value to the charity where this can be quantified and a third party is bearing the cost. A corresponding expense is recorded in the statement of financial activities.

## **Saint Sarkis Charity Trust**

### **Notes to the financial statements for the year ended 31 March 2019**

#### **1. Accounting policies (continued)**

##### **1.5 Expenditure**

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Resources expended include attributable VAT which cannot be recovered.

Grants payable are accounted for once approval has been given by the Trustees and the obligation to pay the grant has arisen.

Staff and office costs provided by the Gulbenkian Foundation and Other office costs are divided equally between charitable expenditure and governance costs.

##### **1.6 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

The Endowment funds are funds restricted solely for investment purposes. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

##### **1.7 Cash flow**

The charity has taken advantage of the disclosure exemption of 'Section 7 Statement of Cash Flows' in preparing these financial statements as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

##### **1.8 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably, in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

##### **1.9 Total return Investment Policy**

The Trustees have adopted a total return approach to investment and spending, as permitted under the Trusts (Capital and Income) Act 2013 and the Charity Commission regulations associated with it. This was approved by the Trustees in November 2017 and brought into effect from 1 April 2018 using the average value of the endowment over the previous five years as the base point.

##### **1.10 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

## Saint Sarkis Charity Trust

### Notes to the financial statements for the year ended 31 March 2019

#### 1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### 1.12 Cash at Bank and in hand

Cash at bank and 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.

#### 1.13 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### 2. Income from donations and legacies

	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Gifts in kind	<u><b>8,600</b></u>	<u><i>8,600</i></u>

In 2018 and 2019, the total income from donations and legacies, £8,600 was to unrestricted funds.

### 3. Investment income

	<b>Endowment funds 2019 £</b>	<b>Unrestricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Dividends and interest on fixed interest securities	<b>207,118</b>	-	<b>207,118</b>	<i>245,652</i>
Interest on cash deposits	<b>781</b>	-	<b>781</b>	<i>602</i>
Total 2019	<u><b>207,899</b></u>	<u>-</u>	<u><b>207,899</b></u>	<u><i>246,254</i></u>
<i>Analysis for 2018</i>	<u><i>4,581</i></u>	<u><i>241,673</i></u>	<u><i>246,254</i></u>	

# Saint Sarkis Charity Trust

## Notes to the financial statements for the year ended 31 March 2019

### 4. Analysis of expenditure by expenditure type

	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Expenditure on investment management	<b>28,846</b>	22,125
<b>Costs of raising funds</b>	<b>28,846</b>	<b>22,125</b>
Grants	-	210,073
Other charitable activities	<b>181,307</b>	5,343
<b>Charitable activities</b>	<b>181,307</b>	<b>215,416</b>
<b>Expenditure on governance</b>	<b>10,324</b>	<b>10,985</b>
	<b>220,477</b>	<b>248,526</b>

	<b>2019 £</b>	<b>2018 £</b>
Endowed Funds	<b>33,301</b>	26,421
Unrestricted funds	<b>187,176</b>	222,105
Total	<b>220,477</b>	<b>248,526</b>

### 5. Investment management costs

	<b>Endowment funds 2019 £</b>	<b>Total funds 2018 £</b>
Investment management fees	<b>28,846</b>	<b>22,125</b>

## Saint Sarkis Charity Trust

### Notes to the financial statements for the year ended 31 March 2019

#### 6. Analysis of charitable expenditure

The Trust undertook no direct charitable activities but awarded grants in furtherance of its objectives and paid some professional fees in connection with Jerusalem Library. The Trust had no staff costs or depreciation in the period. Support costs are allocated between charitable activities and governance costs on the basis of donated staff time.

	2019 £	Total 2018 £
Grants awarded	179,388	210,073
Staff and office costs provided by Gulbenkian Foundation	4,300	4,300
Other office costs	(2,903)	-
Bank charges	62	1
Subscriptions	460	1,042
	<u>181,307</u>	<u>215,416</u>

#### Grants to Institutions in the period are as follows:

	2019 £	2018 £
<b>Armenian Projects</b>		
Armenian General Benevolent Union	-	91,078
Armenian Church of St. Sarkis	128,138	33,500
Fees re Jerusalem Library	8,533	16,943
Tufenkian Foundation	-	15,204
Ass Armenienne D'Aide Social Siege	8,818	9,000
London Armenian Poor Relief	9,000	-
Centre for Armenian Information and Advice	7,000	-
Womens Support	11,899	11,348
Friends of Armenia	2,000	-
London Armenian Opera	4,000	3,000
Sub total	<u>179,388</u>	<u>180,073</u>
<b>Other projects</b>		
Barrow Cadbury Trust	-	30,000
Total	<u>179,388</u>	<u>210,073</u>

## Saint Sarkis Charity Trust

### Notes to the financial statements for the year ended 31 March 2019

#### 7. Governance costs

	Total 2019 £	Total 2018 £
Auditors' remuneration	5,940	5,760
Auditors' non audit costs	-	750
Trustees' travel costs	-	175
Staff and office costs provided by Gulbenkian Foundation	4,384	4,300
	<u>10,324</u>	<u>10,985</u>

None of the Trustees received any emoluments during the period. No Trustees' received travel costs in the year (2018: £175).

The charity employed no staff during the period and hence there were no high paid staff.

	2019 £	2018 £
Endowed Funds	4,455	4,320
Unrestricted Funds	5,869	6,665
Total	<u>10,324</u>	<u>10,985</u>

#### 8. Fixed asset investments

	Listed securities £	Cash awaiting investment £	Total £
<b>Net investment transactions:</b>			
At 1 April 2018	9,172,699	294,152	9,466,851
Additions	2,949,740	(2,949,740)	-
Disposals	(2,724,730)	2,724,730	-
Gain on revaluation	175,230	-	175,230
Net cash invested	-	440,464	440,464
	<u>9,572,939</u>	<u>509,606</u>	<u>10,082,545</u>
At 31 March 2019			

#### Net movement in investments

	2019	2018
Market value at 1 April 2018	9,466,851	9,785,886
Net investment gain/(loss)	175,230	(93,276)
Funds Invested/(disinvested)	440,464	(225,759)
Market value at 31 March 2019	<u>10,082,545</u>	<u>9,466,851</u>

## Saint Sarkis Charity Trust

### Notes to the financial statements for the year ended 31 March 2019

#### Investments at market value comprise:

	2019 £	2018 £
Listed investments	9,572,939	9,172,699
Cash awaiting investment	<u>509,606</u>	<u>294,152</u>
Total net investment transactions:	<u><u>10,082,545</u></u>	<u><u>9,466,851</u></u>

All the fixed asset investments are held in the UK

#### Components of market value:

	2019 £	2018 £
Equity	7,619,742	6,447,181
Loans	1,953,197	2,725,518
Cash	<u>509,606</u>	<u>294,152</u>
	<u><u>10,082,545</u></u>	<u><u>9,466,851</u></u>

The investment holding of £1,109,108 (2018: £1,144,691) in 8% Index Linked UK Treasury Stock is 10.98% of the total portfolio value and is the only holding in excess of 5%.

#### 9. Debtors

	2019 £	2018 £
Accrued income	<u>-</u>	<u>3,425</u>

#### 10. Creditors: Amounts falling due within one year

	2019 £	2018 £
Grants payable	99,063	55,129
Accruals	<u>13,028</u>	<u>11,222</u>
	<u><u>112,091</u></u>	<u><u>66,351</u></u>

#### 11. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Grants payable	<u>-</u>	<u>16,296</u>

# Saint Sarkis Charity Trust

## Notes to the financial statements for the year ended 31 March 2019

### 12. Statement of funds

#### Statement of funds - current year

	Balance at 1 April 2018 £	Income £	Outgoing £	Gains/ (Losses) £	Balance at 31 March 2019 £
<b>Unrestricted funds</b>					
General Funds - all funds	<u>648,417</u>	<u>8,600</u>	<u>(187,176)</u>	<u>-</u>	<u>469,841</u>
<b>Endowment funds</b>					
Endowment Funds - all funds	<u>9,444,623</u>	<u>207,899</u>	<u>(33,301)</u>	<u>239,984</u>	<u>9,859,205</u>
Total of funds	<u>10,093,040</u>	<u>216,499</u>	<u>(220,477)</u>	<u>239,984</u>	<u>10,329,046</u>

#### Statement of funds - prior year

	Balance at 1 April 2017 £	Income £	Outgoing £	Gains/ (Losses) £	Balance at 31 March 2018 £
<b>General funds</b>					
General Fund	<u>621,882</u>	<u>250,273</u>	<u>(222,105)</u>	<u>(1,633)</u>	<u>648,417</u>
<b>Endowment funds</b>					
Endowment Fund	<u>9,558,106</u>	<u>4,581</u>	<u>(26,421)</u>	<u>(91,643)</u>	<u>9,444,623</u>
Total of funds	<u>10,179,988</u>	<u>254,854</u>	<u>(248,526)</u>	<u>(93,276)</u>	<u>10,093,040</u>

### 13. Analysis of net assets between funds

#### Analysis of net assets between funds - current year

	Endowment funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Fixed asset investments	9,859,205	223,340	10,082,545
Current assets	-	358,592	358,592
Creditors due within one year	-	(112,091)	(112,091)
Total	<u>9,859,205</u>	<u>469,841</u>	<u>10,329,046</u>

# Saint Sarkis Charity Trust

## Notes to the financial statements for the year ended 31 March 2019

### Analysis of net assets between funds - prior year 2018

	<i>Endowment funds 2018 £</i>	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Fixed asset investments	9,466,851	-	9,466,851
Current assets	-	708,836	708,836
Creditors due within one year	(22,228)	(44,123)	(66,351)
Creditors due in more than one year	-	(16,296)	(16,296)
<b>Total</b>	<b><u>9,444,623</u></b>	<b><u>648,417</u></b>	<b><u>10,093,040</u></b>

### Endowment fund

The Endowment Fund was established in 1954. The objectives of the Trust are as stated in the Trustees Report.

### Total return approach to investment of permanent endowment

	<b>Trust for Investment £</b>	<b>Unapplied Total Return £</b>	<b>Total Endowment £</b>
<b>As at 1 April 2018:</b>			
Gift component of the permanent endowment	9,444,623	-	9,444,623
<b>Movements in the year:</b>			
Allocation from trust for investment	(2,751,800)	2,751,800	-
Investment return: dividends and interest	-	207,899	207,899
Investment return: realised and unrealised gains	-	239,984	239,984
Less: Investment management costs	-	(33,301)	(33,301)
<b>Total</b>	<b><u>6,692,823</u></b>	<b><u>3,166,382</u></b>	<b><u>9,859,205</u></b>

As permitted by the Charity Commission the trustees have opted to invest the endowment on a total return basis which means they are free to invest to maximise total return over the long term rather than to meet short term income targets. In accordance with the regulations, the Trustees decide each year how much to transfer to the Income Fund and how much to retain in the Unapplied Total Return to ensure their ability to spend in the future. In this year, the Trust spent the usual amount but chose to take it from accumulated income rather than the UTR. This accumulated income had become quite large because the Trustees set aside funds for a project at the Gulbenkian Library in Jerusalem which was subsequently withdrawn.

## **Saint Sarkis Charity Trust**

### **Notes to the financial statements for the year ended 31 March 2019**

#### **14. Related party transactions**

The principal objective of the Trust is to support the Armenian Church of St. Sarkis in London. Dr S Vartoukian, who was a Trustee of Armenian Church of St Sarkis is the sister of R Vartoukian who is a Trustee of Saint Sarkis Charity Trust. Although not falling within the definition of a related party, due to the historical link between the two charities they are treated as if they are related.

During the year a total grant of £128,138 (2018: £33,500) was awarded to the Armenian Church of St. Sarkis.

During the year a total grant of £9,000 (2018: £9,000) was awarded to the London Armenia Poor Relief Society, which has one Trustee with a close family connection with a Trustee of Saint Sarkis Charity Trust.

The charity has Trustees in common with the Calouste Gulbenkian Foundation.

#### **15. Controlling party**

The Trustees are the controlling party of the Charity.