

THE PRUDENCE TRUST

England & Wales · Charity number 1187700

Details

Status Registered

Legal form Trust

Registered 2020-02-03

Register [View on the Charity Commission register](#)

Contact

Address The Prudence Trust
32 Sackville Street
London
W1S 3EA

Phone 02075662183

Email info@theprudencetrust.org

Website www.theprudencetrust.org

Activities

Objects: THE OBJECTS ARE FOR THE PUBLIC BENEFIT TO BENEFIT SUCH CHARITIES AND ADVANCE SUCH CHARITABLE PURPOSES AS THE TRUSTEES FROM TIME TO TIME THINK FIT BUT THE TRUSTEES MUST NOT PROVIDE GRANTS OR SOCIAL INVESTMENTS TOTALLING MORE THAN £100,000 IN ANY PERIOD OF FIVE YEARS TO ANY ONE RECIPIENT WITHOUT THE PRIOR WRITTEN CONSENT OF THE FOUNDER.

Activities: The Prudence Trust makes grants in the following areas; mental health, disadvantaged communities, the arts, the environment and other general grant-making.

Classification

- **How:** Makes Grants To Organisations, Provides Other Finance
- **What:** General Charitable Purposes
- **Who:** Other Charities Or Voluntary Bodies

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£3,510,321	£8,344,598	£211,697,688	6
2023-12-31	£14,595,619	£8,777,174	£196,852,333	4
2022-12-31	£13,427,941	£8,054,055	£177,159,827	4
2021-12-31	£49,493,999	£5,182,416	£190,253,543	2
2020-12-31	£116,376,894	£821,126	£120,643,940	1

Trustees

Name	Role	Appointed
The Prudence Trust Company Ltd		2020-09-18

THE PRUDENCE TRUST

England & Wales - Charity number 1187700

Accounts

PRUDENCE 'TRUST'

ANNUAL REPORT OF
THE TRUSTEE AND
FINANCIAL
STATEMENTS

FOR THE YEAR TO
31 DECEMBER 2024

(Registered Charity No. 1187700)

CONTENTS

	Page
Annual Report of the Trustee	1-11
Independent Auditor's Report	12-15
Statement of Financial Activities (Including Income and Expenditure Account)	16
Balance Sheet	17
Statement of Cash Flows	18
Notes to the Financial Statements	19-34

THE PRUDENCE TRUST

ANNUAL REPORT OF THE TRUSTEE

FOR THE YEAR TO 31 DECEMBER 2024

The Trustee Directors present their report and independently audited financial statements of The Prudence Trust ("the Trust" or "the Charity"), for the year to 31 December 2024. These have been prepared in accordance with the accounting policies set out in note 1 and comply with applicable charity law.

1. REFERENCE AND ADMINISTRATIVE DETAILS

The Prudence Trust, (registered charity number 1187700) is based and administered in the United Kingdom. The registered address is 32 Sackville Street, London, W1S 3EA.

Trustee:

The Trustee of the Trust who held office during the period and continues to serve at the date of this report is:

- Prudence Trust Company Limited

The Trustee did not hold any beneficial interest in the Trust at 31 December 2024 or at any time during or since that period.

Key Management:

The Directors of the Corporate Trustee ("Trustee Directors") are in charge of directing and controlling the Trust. Day to day operations of the Trust are delegated to the Director, Tara Leathers.

Trustee Directors:

The following persons act as Directors of the Trustee

- Prudence MacLeod
- Guy Elliott
- Beatrice Hollond
- Julia Samuel MBE (resigned 31 December 2024)
- Peter Bennett-Jones CBE
- Peter Fonagy CBE (appointed 1 September 2024)
- Clementine MacLeod (appointed 1 March 2025)

2. OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The objects of the Trust are restricted specifically to the application of Trust funds, at such time or times and in such manner, for the public benefit, as the Trustee Directors may in their discretion think fit for any exclusively charitable purposes in any part of the world. The Charity operates as a grant-making charity, with a view to support charitable projects and organisations with grants of varying sizes and durations.

The Trustee Directors have defined a programme of grant-making to charities which will achieve one or more of the following:

- The advancement of mental health especially in the UK
- The advancement of the arts especially in the UK
- The relief of those in need because of youth, age, financial hardship or other disadvantage
- Any other general purpose that the Trustee Directors think fit

During 2024 the Trustee Directors confirmed the continued funding priorities for its first years of operation. These are to:

- a) Build young people's resilience and tools to cope with life's challenges and prevent mental illness
- b) Improve young people's access to support when they have signs of mental ill health
- c) Build the evidence of what treatments work to prevent and treat youth mental illness, alongside building the community of adolescent mental health researchers

The emphasis is on young people in the UK aged 11-25 years, although this will not exclude support to other groups.

The Trustee Directors have pursued a broad strategy of ensuring proper due diligence in the assessment of potential grants and ensuring that grants are made subject to appropriate terms and conditions.

Statement of Public Benefit

As a grant-funder, the Charity's activities will provide public benefit to the individuals and communities who are beneficiaries of the Charity's funded projects. The Charity's public benefit is not limited with reference to geography, by the charging of fees or otherwise. The Trustee Directors are aware of the Charity Commission guidance on Public Benefit and confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to it. They consider the information which follows in this annual report, about the Charity's aims, activities and achievements in the areas of interest that the Charity supports, demonstrates the benefit to its beneficiaries and through them to the public, that arise from those activities.

Grant Making Policies

Updates to the grant making and social investment policy to guide the Trustee Directors' decisions in achieving the charitable objectives was approved by Trustee Directors on 9 February 2023. Grant-making is also guided by some further funding parameters (approved in November 2022) which allow Trustee Directors to properly select appropriate grantees and impose prudent terms on grants, including, as appropriate, monitoring and evaluation of the way in which funds are applied by grantees. The Trustee Directors' grant making policy was generally to consider making donations by way of direct

funding and also by way of grants to charitable organisations recognised as such in their respective jurisdictions, for projects that are exclusively charitable under English law.

3. ACHIEVEMENT AND PERFORMANCE

The main aims during the period were to:

1. Deliver a high-quality grants programme and understand the impact on the Charity's strategic goals over the first years of grant-making
2. Build the Charity's role as an expert children's mental health funder and respond to the needs of the sector
3. Monitor the Charity's investments against the objectives

During this period, the following was achieved:

Deliver a high quality grants programme

In 2024 the Charity considered a number of grants to advance the Charity's funding priorities detailed in section 2. The total of grants awarded in 2024 was £6.5m (2023: £7.1m) – made up of 34 grants (2023: 32). A full list of grants made in the year is below.

At the end of the year the Charity had made grants to 90 organisations since it started grant-making (2020). The Charity has actively pursued building partnerships with key organisations, awarding multiple grants to some charities and universities.

Across the Charity's strategic aims, some of the key grant activities were:

Resilience-building to prevent mental illness

The Charity focused on the prevention of poor mental health in the prior year, 2023. Trustee Directors continue to monitor grants made in that year to Young Minds, Action for Children and Kinship for supporting parents and other carers as a fundamental way to help young people as early as possible.

The Charity believes that youth work is a vital route to support young people and in 2024 made a large grant to UK Youth to create the Joined Up Institute and to pilot Youth First. The Joined Up Institute brings the many sectors who work with young people to scale up what is shown to be effective to improve their futures. Youth First is a new leadership programme to bring more young people into youth work.

The trust continued to monitor grants made in previous years to Onside Youth Zones and Oxfordshire Youth to ensure that youth workers can be an effective first port of call for young people in distress.

Improve young people's access to support

In the past year the Charity focused a number of grants on improving access to early support, when young people are already experiencing first symptoms of poor mental health. We believe in the effectiveness of getting help as soon as possible, but recognise that the statutory and voluntary provision is under huge pressure. Several funding rounds have sought to help alleviate this.

First, we have made two grants to charities offering support in a digital environment, which is one way to reach young people. Grants were made to 42nd Street to share their digital counselling platform with other charities and to Stem4 to ensure their mental health apps for young people are sustainable. Additionally we made a grant to the merger of Mental Health Innovations with The Mix, where we were encouraged to see two charities come together with plans to significantly expand their early, digitally-delivered support to young people.

Our next grant round focused on early support hubs which offer young people a place to go for help in their local area. We made grants to Centre 33 in Cambridgeshire, MAP in Norfolk, Cranstoun in the West Midlands, No Limits (South) in Hampshire and Creative Youth Network in Bristol.

Finally, we have seen the rise in teenagers, young women in particular, experiencing disordered eating, but not yet meeting the criteria for statutory services. We have made grants to charities offering early support: South Yorkshire Eating Disorder Association, Noa Girls, Renew Counselling, Brent Centre for Young People, Eating Distress North East, SWEDA and to the network of disordered eating charities, REDCAN. We were pleased to work alongside another funder, the Stone Family Foundation, to extend the funding available.

The Charity monitors the grants made in in 2022 and 2023 round to a number of talking therapy services (both in person and digitally delivered) and also in the field of social activities for anxiety and depression (“social prescribing”).

Build the evidence of what works to prevent and treat mental illness.

The Charity is committed to supporting both the research community and frontline charities in establishing what interventions are effective in prevention and early intervention for anxiety and depression. In the last year the Charity ran an open funding round, “What’s Working for Youth Mental Health” which offered grants to charities working with young people to strengthen the evaluation of their projects. Eight grants were made to Centre 33, the Childhood Bereavement Network, Gendered Intelligence, Open Door, Power2, The Wave Project, Catch 22 and Young Gloucestershire.

The grants made in the prior year to Prudence Trust Research Fellows are still in progress. The eight Fellows are pursuing research in adolescent mental health at the Charity’s four research partners (University of Bristol, University of Oxford, University College London and King’s College London). Trustee Directors were pleased to bring the Fellows together and hear about their work at a gathering in May.

- Naomi Warne and Laura Hull, University of Bristol
- Josefien Breedvelt and Stephanie Lewis, Kings College London
- Lucy Foulkes and Tessa Reardon, Oxford University
- Christina Carlisi and Sarah Griffiths, University College London

All grantees share half-yearly updates and meet with the staff team after each update. The trustees have an annual schedule of learning visits to current grantees to see the work, meet the team and learn about the needs and challenges which inform our future grant-making.

The full list of grants made across the year is below. All grants were made to registered charities or community interest companies.

Charity	Project	Grant
Mental Health: Accessing Support		
42nd Street	Sharing digital counselling platform with other charities	£517,500
Centre 33	Early support hubs	£513,530
Cranstoun	Early support hubs	£200,000
Creative Youth Network	Early support hubs	£288,798

MAP (Mancroft Advice Project)	Early support hubs	£384,000
No Limits (South)	Early support hubs	£407,537
Brent Centre for Young People	Disordered eating support	£192,778
Eating Distress North East	Disordered eating support	£171,990
Noa Girls	Disordered eating support	£180,000
Renew Counselling	Disordered eating support	£93,570
South Yorkshire Eating Disorder Association	Disordered eating support	£109,687
SWEDA	Disordered eating network, REDCAN	£36,650
SWEDA	Disordered eating support	£281,286
Mental Health Innovations	Merger with The Mix	£350,000
Norfolk and Waveney Mind	Counselling support	£70,000
stem4	Sustainability of mental health apps	£270,000
Youth Access	Core costs	£180,000
Action for M.E.	Core costs	£30,000
Amber Foundation	Staff at Downsview, Kent	£49,280
Mental Health: Prevention		
OnSide	Scoping a new Youth Zone model	£51,100
OnSide	Renewal of Wellbeing Programme	£366,259
Gardening with Disabilities	Return of unspent grant	(£9,510)
UK Youth	Youth First and the Joined Up Institute	£1,000,000
PROMISEWorks	Core costs	£30,000
Mental Health: Research		
Centre for Mental Health	Coalition for Children & Young People's Mental Health	£12,838
Catch22	Evaluation	£64,006
Centre 33	Evaluation	£88,677
Childhood Bereavement Network	Evaluation	£195,401
Gendered Intelligence	Evaluation	£60,001
Open Door, Young People's Consultation Service	Evaluation	£100,000
Power2	Evaluation	£80,572
The Wave Project	Evaluation	£48,680
Young Gloucestershire	Evaluation	£70,000
YoungMinds	Future Minds Campaign	£63,000
Other: Environment		
Royal Welsh Agricultural Society	Regenerative agriculture conference	£15,000
		£6,562,630

2. Build the Charity's role as an expert children's mental health funder and respond to the needs of the sector

In January the Charity had made over 100 grants since inception. Trustee Directors wanted to better understand the impact of the grants made to date to inform its future direction. An external review was commissioned, led by Bean Consulting, to examine this. Alongside this, a review of the funding landscape for adolescent mental health was also commissioned. Trustee Directors, supported by the Advisory Panel including our Young Advisors, came together in September and reflected on the findings to determine where the Prudence Trust is able to make the best use of its resources in future years. During the year Trustee Directors have developed the Charity's direction for 2025 to 2029.

The Charity has continued to build its connections with the sector during 2024. Two events have been hosted with other funders in the field: the Grant Funders' Network meeting and the Alliance of Mental Health Research Funders. The Prudence Trust brought together experts for a panel discussion on early support mental health hubs in May; hosted the Fund the Hubs Implementation Workshop; and was proud to sponsor the Lancet Commission on youth mental health in October.

Monitor investments against the objectives

The Investment & Audit Committee oversees the Charity's investments, supported by an investment consultant, JT Financial Management Limited. The Investment & Audit Committee is chaired by Trustee Director Bea Holland with further Director members Guy Elliott and Peter Bennett Jones and a further member Neil Robson.

During the year, as part of diversifying the Charity's assets, the Trustee Directors appointed a fourth investment manager. The details are outlined in the Financial Review.

4. FINANCIAL REVIEW

The Statement of Financial Activities on page 16 shows total incoming resources for the period of £3,510,321 (2023: £14,595,619) and expenditure on charitable activities of £7,229,464 (2023: £7,583,136). Direct charitable expenditure of £6,562,630 (2023: £7,085,716) was incurred in the year by way of awarding grants. Governance costs amounted to £19,552 (2023: £18,674) and are included within charitable activities. The balance of charitable activities comprised support costs totalling £647,282 (2023: £478,746). The increase in support costs was primarily driven by an increase in staff, office and administrative costs.

The Trust spent £1,115,134 (2023: £1,194,038) on investment management fees. The total reserve at 31 December 2024 amounted to £211,697,688 (2023: 196,852,333).

During 2024 the Charity held its investments across four portfolios. At 31 December 2024, 51.7% was held with Brown Advisory, 46.3% with Meridiem Investment Partners (UK) Limited, 1.9% held with Pantheon and 0.01% with Ruffer LLP. During 2024, the Trust redeemed its investments held with Ruffer, with proceeds being invested with Meridiem.

The investment managers operate under a discretionary mandate with advice provided by JTFM Limited.

As at 31 December 2024 the funds held with Brown Advisory appreciated 13.8% over the year on a time weighted return basis, Meridiem Investment Partners (UK) Limited appreciated 12.3% over the year on a time weighted return basis and Ruffer LLP depreciated by 6.5% over the year on a time weighted return basis. The total investment income for the year across all portfolios increased to £3,379,691 (2023: £2,347,704) as more interest yielding investments were held throughout the year.

The benchmark of inflation as measured by the UK Consumer Price Index ("CPI") plus 4.0% totalled 6.3% for the year, of which both Brown Advisory and Meridiem were able to outperform against a relatively high inflationary environment. The Trustee Directors have reviewed the performance of the portfolios and are satisfied with the returns to date given the wider economic volatility.

Pantheon Ventures (UK) LLP was appointed in October 2023 with the Trust committing to invest £30m into a Luxembourg domiciled fund with this manager over 13 years from date of investment. As at 31 December 2024, £4,237,305 (2023: nil) was invested with this manager and it is expected the total investment with this manager will not exceed 10% of total investment holdings over the long term.

Reserves policy and going concern

The Trustee Directors have examined the Charity's requirement for resources in light of the main risks to the organisation and have no outstanding commitments or cash demands which are not adequately covered by existing resources. The net unrestricted assets of the Charity are regarded as free reserves and the funds at 31 December 2024 will be retained to make grants in accordance with the Charity's charitable objects and any policies. The Trustee Directors consider that the freely expendable funds are appropriate and adequate taking into account plans for grants to be awarded in future years. The Trustee Directors have agreed that at least £10m of reserves is held in cash and/or liquid investments that can be realised and their settlement proceeds are available within 5 business days.

The geo-political and macro-economic effects of the war in Ukraine and the Middle East, rising costs, high interest rates and inflation continued to impact the Charity throughout 2024. Despite this backdrop, the Charity benefited from the US technology equity rally in the fourth quarter of 2024, contributing to an appreciation in the valuation of the Charity's investments of £19,670,445 (10.97%) during the year to 31 December 2024. Post year end the investment portfolio was affected by the global market volatility triggered by the US tariffs announcement in April 2025, with investment valuation declines of up to 10% and a subsequent recovery. The establishment of a liquidity reserve has enabled the Trust to reduce the impact of such volatility on withdrawals for funding grant payments. The Trustee Directors consider the adoption of the going concern basis in preparing these financial statements continues to be appropriate.

Investment Policy

The investment objective is to maintain and grow the real value of the assets and to generate stable, sustainable, distributable returns (capital and income), sufficient to at least maintain the purchasing power of those distributions.

The long-term total return objective is to achieve inflation as measured by UK Consumer Price Index ("CPI") plus 4.0% per annum to be measured over 5 year rolling periods.

Remuneration Policy

The Trust aims to ensure that staff are paid appropriately according to the nature of the work and the experience, knowledge and skills needed to carry out their job.

The Trust aims to remunerate at a median level or above when benchmarked against similar organisations in the sector. The Charity is committed to principles ensuring that pay and conditions of employment do not discriminate unlawfully and are free from bias.

The Trustees determine the salary for the Director and seek to pay a fair salary to attract and retain a skilled and expert senior leader for the organisation taking into account the median range for similar organisations in the UK Charity sector. Trustees ensure that the Director's performance is reviewed and reported at least annually by the Chair of the Board of Trustees. The Director is responsible for determining the salaries of other staff in line with the remuneration policy above and as approved in the budget.

5. PLANS FOR THE FUTURE

The Trustees do not propose to deviate from the current objectives as detailed in section 2 of this report. The strategic aims for the next five years have been determined as:

- Increase the availability of effective early support for young people and the adults around them.
- Raise the standard of evidence-based adolescent mental health support, and support implementation into practice.
- Support the youth mental health sector to be healthy, effective and influential.

Trustees have approved a grants plan to deliver on the areas of focus and a schedule of grant rounds until December 2026.

In the first months of 2025 the Charity has supported an initiative of four leading youth mental health charities to come together in the Future Minds campaign. The campaign held a parliamentary launch of its first report which makes the case for reform and investment in children's mental health. This work, which builds an evidence-based case to shape better policies for children and young people, will continue in 2025.

The Charity has two live funding rounds. The second year of its evaluation funding "What's Working for Young People's Mental Health" will focus on building data and evaluation capability and capacity in frontline charities working with young people's mental health. This is an open and competitive funding round. The second funding round is in the prevention of poor mental health by spending time in nature. The trustee Directors will award grants in these areas in June 2025.

The Charity is planning activities which bring charities and researchers in the field together to share knowledge and strengthen key skills, in particular evaluation of effectiveness.

The Charity continues to ensure that Trustees are informed about developments in adolescent mental health. The Trustee Board is supported by a Mental Health Advisory Panel which provides both regular guidance on strategic direction and input into grant-making recommendations. The composition of the panel is reviewed periodically to ensure it has the appropriate skills and perspectives to inform the work.

The Prudence Trust profile and networks will be built further with the aim of attracting high quality applications for open rounds and to identify opportunities for collaboration with other funders.

6. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a trust governed by its declaration of trust dated 20 May 2019 and is registered as a charity with the Charity Commission for England and Wales.

The Charity is controlled by its sole corporate trustee, the Prudence Trust Company Ltd. The Charity resolved to appoint The Prudence Trust Company Ltd as sole corporate trustee in June 2020. Charity Commission approval for this appointment was received in September 2020.

The Trustee Directors liaise regularly and meet at least quarterly to discuss and develop the Charity's goals and strategy and to review grant proposals and general grant requests.

In 2020 the Trust appointed an investment and audit sub-committee with oversight of investment, audit, risk management and financial performance. The committee meets at least twice a year.

The number of Trustees shall be a minimum of three at any one time, or one Trustee if said Trustee is a Trust corporation, and new Trustees shall be appointed in writing by the Founding Trustee. The range of skills represented on the Trustee Board, and any sub committees, will be kept under review as the Charity's work develops.

Induction and Training

As part of their training, Trustee Directors are given an information pack which includes the Charity's Constitution. Trustee Directors are offered training on the Charity Commission guidance on Trustees' Responsibilities. All Trustee Directors are aware of their legal duties and obligations in respect of the management of the Charity, including in relation to the protection of its assets.

Statement of Trustees' Responsibilities

The Trustee Directors are responsible for preparing the Annual Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the C

Charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the Trustee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and statement of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustee is responsible for keeping proper accounting records that 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.

The Trustee Directors have signed fit and proper declarations in line with HMRC guidance.

Charity Governance Code

In addition, each alternate year the Trustee Directors give due consideration to Good Governance – A Code for the Voluntary and Community Sector, ensuring that the seven main principles of the Code are adhered to. These are:

- Understanding the Trustees' role;
- Doing what the organisation was set up to do;
- Working effectively;
- Control;
- Behaving with integrity;
- Equality, diversity and inclusion; and
- Openness and accessibility.

The Trustee recognises that good governance plays an essential part in securing the future of the Charity and confirm that the said main principles of the Code are followed by them in leading, directing and managing the Charity.

No Trustee Director received any remuneration during the year to 31 December 2023. The Trust does not undertake fundraising from the general public and does not use professional fundraisers or commercial participators. The income of the Trust is not bound by any regulatory scheme, and the Trust does not consider it necessary to comply with any voluntary code of practice relating to fundraising. As such, we have received no complaints in relation to any fundraising activities. As we do not approach individuals for the purpose of raising funds, we do not have specific requirements related to fundraising activities, nor do we consider it necessary to design specific procedures to monitor such activities.

Internal Controls

The Trustee has overall responsibility for ensuring that the Charity has appropriate systems of internal controls. They are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements follow best practice and all applicable law regulation and guidance. The Trustee is also responsible for the Charity safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The system of internal controls is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

Risk Management & Corporate Governance

A risk assessment has been performed during the preparation of this report and the Financial Statements. The risk assessment undertaken comprises of:

- A review of the risks the Charity faced during the period, since the period end and which it may face in the future;
- The establishment of systems and procedures to mitigate those risks; and

- The implementation of procedures designed to minimise any potential impact on the Charity should those risks materialise.

This continuing process will identify risk areas to which the Charity is vulnerable and highlight any necessary safeguards that will need to be put in place. The current version of the Charity's Risk Register was approved by the Board of Trustee Directors in January 2024.

The risk register is reviewed every six months by the Board. Mitigation plans are in place for all risks and are overseen by the Investment & Audit Committee.

Principle risks for the Charity were identified as:

- The market outlook remains unclear for the Trust's investment portfolio. The performance of each manager is overseen by the Investment & Audit Committee, supported by a specialist investment adviser.
- As the Charity makes larger single grant commitments, greater scrutiny needs to be given to due diligence, building confidence in the grant application, the Charity's financial stability and the grantee leadership's ability to manage risks related to grants.

Related Party Transactions

The Trust has no subsidiary undertakings and has not entered into any co-operation agreements with other Charities in pursuit of its charitable objectives. Where the Trust engages in a transaction with which one of the Trustee Directors is connected, the conflicted Trustee Director recuses themselves from the decision-making process. Any related party transactions are disclosed in note 13 to the Financial Statements.

Approved by the Trustee and signed on their behalf by:

Guy Elliott

Date: 12 June 2025

Director of the Prudence Trust Company Limited (Trustee)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE THE PRUDENCE TRUST

Opinion

We have audited the financial statements of The Prudence Trust (the 'Charity') for the year ended 31 December 2024 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Charity's affairs as at 31 December 2024 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 Auditor's 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 UK, including the FRC'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.

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Prudence Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Trustee's annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not

express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- The information given in the Trustee's annual report is inconsistent in any material respect with the financial statements;
- 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 Trustee

As explained more fully in the statement of Trustee's responsibilities set out in the Trustee's annual report, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines 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 Trustee is 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 Trustee either intends to liquidate the Charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and investment committee, which included obtaining and reviewing supporting documentation, concerning the Charity's policies and procedures relating to:
 - ☐ Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - ☐ Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - ☐ The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the Charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity's Trustee as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Charity's Trustee 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 the Charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Date: 23 June 2025

Sayer Vincent LLP, Statutory Auditor

110 Golden Lane, LONDON, EC1Y 0TG

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

THE PRUDENCE TRUST
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR TO 31 DECEMBER 2024

	Note	Unrestricted Funds 2024 £	Restricted Funds 2024 £	Total Funds 2024 £	Total Funds 2023 £
Income from:					
Donations	2	113,100	-	113,100	12,231,475
Investments	3	1,173,241	2,206,450	3,379,691	2,347,704
Charitable activities		17,530	-	17,530	16,440
Total Income		1,303,871	2,206,450	3,510,321	14,595,619
Expenditure on:					
Charitable activities	4	748,162	6,481,302	7,229,464	7,583,136
Raising funds: investment management	6	456,114	659,020	1,115,134	1,194,038
Total Expenditure		1,204,276	7,140,322	8,344,598	8,777,174
Net(expenditure)/ income before gains on investments		99,595	(4,933,872)	(4,834,277)	5,818,445
Net gains on investments	7	6,802,826	12,867,619	19,670,445	13,814,632
Net income		6,902,421	7,933,747	14,836,168	19,633,077
Other recognised gains/(losses)		9,195	(8)	9,187	59,428
Net movement in funds		6,911,616	7,933,739	14,845,355	19,692,505
Reconciliation of funds:					
Total funds brought forward		68,856,784	127,995,549	196,852,333	177,159,827
Total funds carried forward		75,768,400	135,929,288	211,697,688	196,852,333

All of the above results are derived from continuing activities. There were no recognised gains and losses for either period other than those stated above. Movement in funds are disclosed in Note 15 to the Financial Statements. A comparative Statement of Financial Activity is included as Note 17.

THE PRUDENCE TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2024

	Note	2024 £	2023 £
Fixed assets			
Investments and cash under management	7	218,220,742	200,310,491
Tangible Assets	8	8,618	4,735
Total fixed assets		<u>218,229,360</u>	<u>200,315,226</u>
Current assets			
Debtors	9	47,826	747,703
Cash at bank		3,146,924	5,930,893
Total Current Assets		<u>3,194,750</u>	<u>6,678,596</u>
Current liabilities			
Creditors - amounts falling due within one year	10	(6,216,651)	(6,187,756)
Net current (liabilities)/ assets		<u>(3,021,901)</u>	<u>490,840</u>
Total assets less current liabilities		215,207,459	200,806,066
Non-current liabilities			
Creditors – amounts falling due in more than one year	11	(3,509,771)	(3,953,733)
Total net assets		<u>211,697,688</u>	<u>196,852,333</u>
The funds of the Charity:			
Unrestricted funds		75,768,400	68,856,784
Restricted funds		135,929,288	127,995,549
Total charity funds		<u>211,697,688</u>	<u>196,852,333</u>

The financial statements were approved and authorised for issue by the Trustee and were signed on their behalf by:

Guy Elliott

Director of Prudence Trust Company Limited
(Trustee)

Beatrice Hollond

Director of Prudence Trust Company Limited
(Trustee)

Date: 12 June 2025

THE PRUDENCE TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR TO 31 DECEMBER 2024

	Note	2024	2023
		£	£
Net cash flow from Operating Activities			
Net movement in funds for the year		14,845,355	19,692,506
Less: Investment income and deposit interest		(3,379,691)	(2,347,704)
Depreciation charge	8	2,943	1,578
Net (gain) / loss on investment assets		(19,670,445)	(13,814,632)
Decrease/ (increase) in debtors		699,877	(724,532)
(Increase) / decrease in creditors		(415,068)	2,567,208
		<u>(7,917,029)</u>	<u>5,374,424</u>
Cash flows from investing activities			
Investment income	3	3,379,691	2,347,704
Purchase of tangible assets		(6,826)	-
Purchase of investments		(127,529,943)	(61,063,939)
Proceeds from sale of investments	7	129,216,064	55,162,255
		<u>5,058,986</u>	<u>(3,553,980)</u>
Change in cash and cash equivalents in the year		<u>(2,858,043)</u>	<u>1,820,444</u>
Reconciliation of net cash flow to movement in net funds			
Net cash resources at 1 January 2024		16,393,489	14,573,045
Net increase in cash		<u>(2,858,043)</u>	<u>1,820,444</u>
Net cash resources at 31 December 2024		<u>13,535,446</u>	<u>16,393,489</u>
Analysis of net funds:			
Cash held in investment portfolio	7	10,388,522	10,462,596
Cash at Bank		3,146,924	5,930,893
		<u>13,535,446</u>	<u>16,393,489</u>

THE PRUDENCE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2024

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The Prudence Trust ("the Trust"), registered charity number 1187700, is based and administered in the United Kingdom. The registered address is 32 Sackville Street, London, W1S 3EA. The nature of the Trust's operations and principal activities are set out in the Trustees' Annual Report.

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) ("Charities SORP FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and where relevant, the Charities Act 2023, and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trust constitutes a public benefit entity as defined by Charities SORP FRS 102.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

In applying the financial reporting framework, the Trustee has made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

Incoming Resources

Investment income is derived from interest and dividends receivable from investments and is accounted for in the period in which the Trust is entitled to receipt. Interest from deposit accounts are included as and when received only. All incoming resources are included in the SOFA when the Trust is entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary donations include donations under Gift Aid with the associated tax credits included when receivable. Interest from deposit accounts are included when received.

Resources Expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation committing the Trustee to the expenditure. Irrecoverable VAT is charged against the activity for which expenditure was incurred.

Charitable activities include governance costs made during the period and are expended through the SOFA when the offer is conveyed to the recipient.

Cost of raising funds relate to the costs incurred by the Trust in managing its investment portfolios.

Governance costs relating to the general running of the Trust, as opposed to the management functions inherent in generating funds.

Grants payable

Grants payable are made to third parties in furtherance of the Trust's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustee has agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the Trust.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/ (losses) on investments" in the statement of financial activities. The Trust does not trade in options, derivatives or other complex financial instruments. However the Trust's investment managers may trade in such financial instruments as part of their investment portfolio management.

Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Tangible fixed assets are included at their cost value and depreciated using the straight line method over 5 years.

Status of funds

Restricted funds are to be used for specific purposes as laid down by the donor. Income arising from the investment of those funds and expenditure which meets the criteria set out by the donor is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are converted at the rate of

exchange ruling at the date of the transaction. All translation differences are taken to the statement of financial activities as they arise.

Taxation

The Trust is not subject to any taxes on its charitable activities.

Debtors and creditors receivable / payable

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised as expenditure.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Provisions

Provisions are recognised when the Trust has an obligation at the Balance Sheet date and, as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Going concern

The Trustee Directors consider the adoption of the going concern basis in preparing these financial statements continues to be appropriate.

For the year ended 31 December 2024			
2. INCOME FROM DONATIONS	Unrestricted	Restricted	Total 2024 £
Donations received	113,100	-	113,100
	<u>113,100</u>	<u>-</u>	<u>113,100</u>

For the year ended 31 December 2023

	Unrestricted	Restricted	Total 2023 £
Donations received	82,800	12,148,675	12,231,475
	<u>82,800</u>	<u>12,148,675</u>	<u>12,231,475</u>

For the year ended 31 December 2024			
3. INCOME FROM INVESTMENTS	Unrestricted	Restricted	Total 2024 £
UK quoted securities income	108,449	415,162	523,611
Overseas quoted securities income	847,818	1,387,618	2,235,436
Bank interest	216,974	403,670	620,644
	<u>1,173,241</u>	<u>2,206,450</u>	<u>3,379,691</u>

For the year ended 31 December 2023

	Unrestricted	Restricted	Total 2023 £
UK quoted securities income	35,878	103,100	138,978
Overseas quoted securities income	781,114	1,002,897	1,784,011
Deposit interest	172,455	252,260	424,715
	<u>989,447</u>	<u>1,358,257</u>	<u>2,347,704</u>

4. EXPENDITURE ON CHARITABLE ACTIVITIES

Grants expended:

The Trust awarded grants totalling £6,562,630 to thirty four UK registered charities during the year to 31 December 2024 (Current year list is shown in the Annual Report of the Trustees) (2023: £7,085,716 to twenty four UK registered charities (note 18)). The grants awarded were in the following areas of focus of the Trust with the cumulative amount per area shown:

	Total 2024 £	Total 2023 £
Mental Health: Research	783,175	3,722,716
Mental Health: Access to support	4,326,606	380,000
Mental Health: Prevention	1,447,359	2,703,000
Environment	15,000	290,000
Cancelled Grants – Mental health: Access to support	(9,510)	(10,000)
Total Grants expended	6,562,630	7,085,716

Grants have been awarded from restricted and unrestricted funds as follows:

Restricted	6,481,302	904,516
Unrestricted	81,328	6,181,200
	6,562,630	7,085,716

Support Costs:

Staff costs (note 5)	367,344	282,686
Office and Admin costs	150,348	125,053
Professional fees	119,227	70,473
Travel, Events and Subsistence	10,363	534
Total Support costs	647,282	478,746

Support costs are allocated between restricted and unrestricted funds as follows:

Restricted	-	820
Unrestricted	647,282	477,926
	647,282	478,746

	Total 2024 £	Total 2023 £
Governance Costs:		
Legal fees	5,602	7,814
Audit fees	13,950	10,860
Total Governance costs:	19,552	18,674
Governance costs are allocated to unrestricted funds.		
Total Charitable activities	7,229,464	7,583,136

Auditor remuneration in respect of their audit of the Financial Statements for the year to 31 December 2024 totalled £11,550 excluding VAT. (2023: 11,000 excluding VAT)

5. STAFF COSTS

During the year to 31 December 2024, the average number of employees was 5 (2023: 4). The associated costs of employment are as follows:

	Total 2024 £	Total 2023 £
Gross Salaries	287,624	229,005
Employers Social Security	33,966	26,582
Employers Pension contribution	30,490	24,626
Staff benefits and insurance	15,264	2,473
	367,344	282,686

The total amount of benefit received by key management personnel was £157,500 (2023: £142,623). Key management personnel represent the Trustees and the Foundation Director. One employee earned between £120,000 and £130,000 during the year (2023: 1 earned between £110,000 and £120,000)

For the year ended 31 December 2024

6. EXPENDITURE ON INVESTMENT MANAGEMENT	Unrestricted	Restricted	Total 2024 £
JTFM Limited – Financial consultant	47,700	-	47,700
Meridiem Investment management fees	269,329	192,076	461,405
Ruffer LLP Investment management fees	139,085	213,940	353,025
Brown Advisory investment management fee	-	253,004	253,004
	<u>456,114</u>	<u>659,020</u>	<u>1,115,134</u>

For the year ended 31 December 2023

	Unrestricted	Restricted	Total 2023
JTFM Limited – Financial consultant	45,900	-	45,900
Meridiem Investment management fees	261,782	121,598	383,380
Ruffer LLP Investment management fees	-	443,801	443,801
Brown Advisory investment management fee	132,587	188,370	320,957
	<u>440,269</u>	<u>753,769</u>	<u>1,194,038</u>

7. FIXED ASSET INVESTMENTS	2024	2023
	£	£
Quoted investments	203,594,914	189,847,895
Unquoted investments	4,237,306	-
Cash held as part of portfolios	10,388,522	10,462,596
	<u>218,220,742</u>	<u>200,310,491</u>
Total investments and cash under management		
	<u>19,670,445</u>	<u>13,814,632</u>
Net gain/(loss) on investments		
Market value at 1 January	189,847,896	170,131,580
Additions at cost	127,529,943	61,063,939
Disposals	(129,216,064)	(55,162,255)
Net realised investment gain/ (loss)	4,546,169	(1,897,319)
Net unrealised investment gain	15,124,276	15,711,951
	<u>207,832,220</u>	<u>189,847,896</u>
Market Value at 31 December		

The Trust has unaccrued investment commitments of £25m at 31 December 2024 (2023: £28m).

	2024	2023
	£	£
8. TANGIBLE FIXED ASSET		
Fixtures, fittings and equipment at cost		
Balance at 1 January	8,402	8,402
Additions	6,826	-
Balance at 31 December 2024	15,228	8,402
Accumulated depreciation		
Balance at 1 January	3,667	2,089
Charge for the year	2,943	1,578
Balance at 31 December 2024	6,610	3,667
Net Book Value at 31 December 2024	8,618	4,735

Tangible fixed assets are depreciated over a five year period using the straight line method.

The fixed assets are still being used by the Trust.

9. DEBTORS	2024	2023
	£	£
Investments Awaiting Settlement	-	716,670
Accrued Income	17,530	18,990
Accounts Receivable	18,990	-
Prepayments	11,306	12,043
	47,826	747,703

10. CREDITORS - amounts falling due within one year	2024	2023
	£	£
Accounts payable	21,470	310,517
Accruals	298,646	18,825
Grants payable	5,896,535	5,141,743
Investment commitment	-	716,670
	6,216,651	6,187,755

11. CREDITORS - amounts falling due in more than one year**2024
£****2023
£**

Grants payable

3,509,771

3,953,733

12. GRANTS PAYABLE

During the year the Trustees awarded thirty four new multi-year commitments. The following amounts outstanding as at 31 December 2024:

Organisation

	Amount falling due within one year	Amount falling due in more than one year	Total £
UK Youth	650,000	-	650,000
Kinship	310,012	-	310,012
Centre 33	256,765	256,765	513,530
YoungMinds	217,240	-	217,240
No Limits (South)	203,769	203,769	407,538
Kings College London Fellowship	200,000	200,000	400,000
University College London Fellowship	200,000	200,000	400,000
MAP (Mancroft Advice Project)	192,000	192,000	384,000
Action for Children	178,333	-	178,333
University College London	146,467	-	146,467
Creative Youth Network	144,399	144,399	288,798
The Centre for Young Lives c/o Oasis Community Partnerships	128,000	-	128,000
42nd Street	126,600	152,500	279,100
Kings College London Fellowship	125,000	-	125,000
University of Oxford Fellowship	125,000	-	125,000
OnSide	121,981	129,203	251,184
East London Dance	115,517	-	115,517
Mental Health Innovations	115,000	-	115,000
Bristol University Fellowship	100,000	-	100,000
Cranstoun	100,000	100,000	200,000
The Wave Project	100,000	-	100,000
Childhood Bereavement Network	97,701	-	97,701
Oxford University	97,077	-	97,077
MQ	96,862	116,682	213,544
Empire Fighting Chance	96,590	-	96,590
SWEDA	93,762	187,524	281,286
The Music Works	92,682	-	92,682

Stem4	90,000	90,000	180,000
Youth Access	90,000	90,000	180,000
Oxfordshire Youth	88,200	-	88,200
OnSide	83,057	-	83,057
Young Roots	82,831	-	82,831
Raw Material Music and Media	74,250	81,965	156,215
Bristol University	66,549	-	66,549
OTR Bristol	66,337	-	66,337
Groundwork London	65,938	-	65,938
Brent Care for Young People	64,259	128,519	192,778
YoungMinds	63,000	-	63,000
Noa Girls	60,000	120,000	180,000
Eating Distress North East	57,330	114,660	171,990
Dose of Nature	50,000	-	50,000
The Listening Place	50,000	-	50,000
University College London Fellowship	50,000	-	50,000
Centre 33	44,339	-	44,339
Power2	40,286	-	40,286
SWEDA	36,650	-	36,650
South Yorkshire Eating Disorder Association	36,562	73,125	109,687
Norfolk & Waveney Mind	35,000	-	35,000
Renew Counselling	31,190	62,380	93,570
Action for M.E	30,000	-	30,000
Comics Youth	30,000	-	30,000
Designs in Mind	30,000	-	30,000
Global Canopy	25,000	25,000	50,000
Young Gloucestershire	25,000	-	25,000
Bristol University Fellowship	-	441,280	441,280
University of Oxford Fellowship	-	400,000	400,000
	<u>5,896,535</u>	<u>3,509,771</u>	<u>9,406,306</u>

13. RELATED PARTY TRANSACTIONS

During the year one donation for £100,000 (2023: £264,916) was paid to Anna Freud Centre where the spouse of one of the Trustee Directors, Julia Samuel, is the Chair. Julia recused herself from the decision-making process related to this grant.

A Trustee Director received a reimbursement of expense for the amount of £70 during the year to 31 December 2024 (2023: £nil).

Trustee Liability insurance of £8,207 was paid by the Charity on behalf of the Trustee Director (2023: £6,186)

A Trustee Director, Beatrice Hollond is a Non-Executive Director of Brown Advisory. Beatrice Hollond recused herself from any decisions made in relation to Brown Advisory. Fees payable to Brown are disclosed in note 6.

During the year, a Trustee received the services of one of the employees of the Trust. The terms and provisions of these services were agreed by way of a consultancy agreement with fees charged to the Trustee that are above the cost incurred by the Trust in providing these services and agreed with the Trustee and the Trust at arm's length. The fee income for the Trust for the year was £17,530 (2023 £16,440).

Aggregate donations from related parties were £Nil (2023: £Nil).

14. ULTIMATE CONTROLLING PARTY

The Trustee Directors consider that the Trust is jointly controlled by the Directors of The Prudence Trust Company and therefore there is no one ultimate controlling party.

15.	FUNDS	Balance brought forward £	Income and Gains £	Expenditure and Losses £	Balance carried forward £
For the year ended 31 December 2024:					
	Unrestricted	68,856,784	8,115,892	(1,204,276)	75,768,400
	Restricted	127,995,549	15,074,068	(7,140,329)	135,929,288
		<u>196,852,333</u>	<u>23,189,960</u>	<u>(8,344,605)</u>	<u>211,697,688</u>
For the year ended 31 December 2023:					
	Unrestricted	66,134,894	9,941,101	(7,219,211)	68,856,784
	Restricted	111,024,933	18,629,721	(1,659,105)	127,995,549
		<u>177,159,827</u>	<u>28,570,822</u>	<u>(8,878,316)</u>	<u>196,852,333</u>

For the year ended 31 December 2024			
Analysis of net assets between funds:	Unrestricted £	Restricted £	Total 2024 £
Fixed assets	76,041,664	142,187,696	218,229,360
Debtors	47,826	-	47,826
Cash at Bank	172,829	2,974,095	3,146,924
Creditors	(493,919)	(9,232,503)	(9,726,422)
Total Funds	<u>75,768,400</u>	<u>135,929,288</u>	<u>211,697,688</u>

For the year ended 31 December 2023

	Unrestricted	Restricted	Total
	£	£	2023
			£
Fixed assets	75,083,505	125,231,721	200,315,226
Debtors	747,703	-	747,703
Cash at Bank	848,934	5,081,959	5,930,893
Creditors	(7,823,358)	(2,318,131)	(10,141,489)
	<u>68,856,784</u>	<u>127,995,549</u>	<u>196,852,333</u>
Total Funds			

Restricted funds are to be used for specific purposes as laid down by the donor and must be used to furthering the charitable objectives and not for day to day operations of the Trust.

Income arising from the investment of those funds and expenditure which meets the criteria set out by the donor is charged to the fund.

16. FINANCIAL INSTRUMENTS

2024

2023

£

£

The carry amounts of the Trust's financial instruments are as follows:

Financial assets

Measured at fair value through SOFA:

-Fixed asset investments	207,832,220	189,847,895
-Tangible Fixed assets	8,618	4,735
-Cash under management	10,388,522	10,462,596
-Cash at bank and in hand	3,146,924	5,930,893

Financial liabilities

Measured at amortised cost

-Creditors	<u>9,726,422</u>	<u>10,141,489</u>
------------	------------------	-------------------

The net gains attributable to the Trust's financial instruments are summarised as follows:

Income and expense

Measured at fair value through SOFA:

-Net gains (including changes in fair value)	<u>19,679,632</u>	<u>13,874,060</u>
--	-------------------	-------------------

17. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £
Income from:			
Donations	82,800	12,148,675	12,231,475
Investments	989,447	1,358,257	2,347,704
Charitable activity	16,440	-	16,440
Total Income	1,088,687	123,506,932	14,595,619
Expenditure on:			
Charitable activities	6,677,800	905,336	7,583,136
Raising funds: investment management	440,269	753,769	1,194,038
Total Expenditure	7,118,069	1,659,105	8,777,174
Net income before gains on investments	(6,029,382)	11,847,827	5,818,445
Net gains on investments	8,852,414	4,962,218	13,814,632
Net income	2,823,032	16,810,045	19,633,077
Other recognised losses	(101,142)	160,571	59,428
Net movement in funds	2,721,890	16,970,616	19,692,505
Reconciliation of funds:			
Total funds brought forward	66,134,894	111,024,933	177,159,827
Total funds carried forward	68,856,784	127,995,549	196,852,333

18. **COMPARATIVE GRANT AWARDS**

Grants awarded for the year ended 31 December 2023 were:

Mental Health: Access to Support		
AT The Bus	Delivery of a new business plan	£150,000
Open Door, Young People's Consultation Service	Core costs	£40,000
Climbing Out	Residential outdoor programme with coaching	£10,000
Somerset and Wessex Eating Disorder Association	Continuation of counselling	£30,000
The Listening Place	Support for young people with suicidal feelings	£150,000
Mental Health: Prevention		
OnSide Youth Zones	Training and supervision for youth workers	£252,180
Oxfordshire Youth	Training and support for youth workers	£264,600
Action for Children	Expansion of parent help line services	£535,000
Kinship	Mental health support	£505,490
YoungMinds	Expansion of parent help line services	£651,720
Young Vic	Community programme for young people	£30,000
East London Dance	Youth programmes & staff wellbeing	£225,000
Place2Be	Children's Mental Health Week 2024	£34,210
Samaritans	Online chat evaluation & relaunch education resources	£174,800
Winston's Wish	Core costs	£30,000
Mental Health: Research		
University of Bristol	Prudence Trust Fellow Cohort 2 - Laura Hull	£600,000
King's College London	Prudence Trust Fellow Cohort 2 - Stephanie Lewis	£600,000
University of Oxford	Prudence Trust Fellow Cohort 2 - Tessa Reardon	£600,000
University College London	Prudence Trust Fellow Cohort 2 - Sarah Griffiths	£600,000
University of Bristol	Prudence Trust Fellow - Cohort 1 additional research costs	£75,000
King's College London	Prudence Trust Fellow - Cohort 1 additional research costs	£75,000
University of Oxford	Prudence Trust Fellow - Cohort 1 additional research costs	£74,266
University College London	Prudence Trust Fellow - Cohort 1 additional research costs	£74,615
Education Policy Institute	Research - Mapping mental health and wellbeing services	£80,000
Maudsley Charity	Eye Tracking Suite at Pears Maudsley Centre	£250,000
MQ	Review of research on mental health and the internet	£35,888
MQ	Improving Child and Adolescent Mental Health referral process	£357,031
The Centre for Young Lives c/o Oasis Community Partnerships	Centre for Young Lives mental health work	£256,000

Anna Freud	Developing and promoting manifesto	£44,916
Create	Return of unspent grant	(£10,000)
Environment		
Royal Welsh Agricultural Society	Regenerative agriculture conference	£15,000
Sustainable Food Trust	Strategy advisor to support global advocacy for regenerative agriculture	£200,000
Global Canopy	Core costs	£75,000
		£7,085,716

19. KEY SERVICE PROVIDERS

Bankers:

C Hoare & Co
37 Fleet Street, Temple. London, EC4Y 1BT

Investment Managers:

Brown Advisory
18 Hanover Square, 1st Floor, London, W1S 1JY

Meridien Investment Partners (UK) Limited
Riverside House, 2a Southwark Bridge Road, London, SE1 9HA

Pantheon Ventures (UK) LLP
10 Finsbury Square, 4th Floor, London, EC2A 1AF

Ruffer LLP,
80 Victoria Street, London SW1E 5JL

Solicitors:

Womble Bond Dickinson
4 More London Riverside, Greater London, SE1 2AU

Accountants:

Rawlinson & Hunter LLP
Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ

Independent Auditor:

Sayer Vincent LLP
110 Golden Lane, London, EC1Y 0TG

THE PRUDENCE TRUST

England & Wales - Charity number 1187700

Accounts

PRUDENCE 'TRUST'

ANNUAL REPORT OF THE TRUSTEE AND FINANCIAL STATEMENTS

FOR THE YEAR TO
31 DECEMBER 2023

(Registered Charity No. 1187700)

CONTENTS

	Page
Annual Report of the Trustee	1-11
Independent Auditor's Report	12-15
Statement of Financial Activities (including Income and Expenditure Account)	16
Balance Sheet	17
Statement of Cash Flows	18
Notes to the Financial Statements	19-34

THE PRUDENCE TRUST

ANNUAL REPORT OF THE TRUSTEE

FOR THE YEAR TO 31 DECEMBER 2023

The Trustee Directors present their report and independently audited financial statements of The Prudence Trust ("the Trust" or "the Charity"), for the year to 31 December 2023. These have been prepared in accordance with the accounting policies set out in note 1 and comply with applicable charity law.

1. REFERENCE AND ADMINISTRATIVE DETAILS

The Prudence Trust, (registered charity number 1187700) is based and administered in the United Kingdom. The registered address is 32 Sackville Street, London, W1S 3EA.

Trustee:

The Trustee of the Trust who held office during the period and continues to serve at the date of this report is:

- Prudence Trust Company Limited

The Trustee did not hold any beneficial interest in the Trust at 31 December 2023 or at any time during or since that period.

Key Management:

The Directors of the Corporate Trustee ("Trustee Directors") are in charge of directing and controlling the Trust. Day to day operations of the Trust are delegated to the Director, Tara Leathers.

Trustee Directors:

The following persons act as Directors of the Trustee

- Prudence MacLeod
- Guy Elliott
- Beatrice Hollond
- Julia Samuel MBE
- Peter Bennett-Jones CBE

2. OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The objects of the Trust are restricted specifically to the application of Trust funds, at such time or times and in such manner, for the public benefit, as the Trustee Director may in their discretion think fit for any exclusively charitable purposes in any part of the world. The Charity operates as a grant-making charity, with a view to support charitable projects and organisations with grants of varying sizes and durations.

The Trustee Directors have defined a programme of grant-making to charities which will achieve one or more of the following:

- The advancement of mental health especially in the UK
- The advancement of the arts especially in the UK
- The relief of those in need because of youth, age, financial hardship or other disadvantage
- Any other general purpose that the Trustee Directors think fit

During 2023 the Trustee Directors confirmed the funding priorities for its first years of operation. These are to:

- a) Build young people's resilience and tools to cope with life's challenges and prevent mental illness
- b) Improve young people's access to support when they have signs of mental ill health
- c) Build the evidence of what treatments work to prevent and treat youth mental illness, alongside building the community of adolescent mental health researchers

The emphasis will be on young people in the UK aged 11-25 years, although this will not exclude support to other groups.

The Trustee Directors have pursued a broad strategy of ensuring proper due diligence in the assessment of potential grants and ensuring that grants are made subject to appropriate terms and conditions.

Statement of Public Benefit

As a grant-funder, the Charity's activities will provide public benefit to the individuals and communities who are beneficiaries of the Charity's funded projects. The Charity's public benefit is not limited with reference to geography, by the charging of fees or otherwise. The Trustee Directors are aware of the Charity Commission guidance on Public Benefit and confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to it. They consider the information which follows in this annual report, about the Charity's aims, activities and achievements in the areas of interest that the Charity supports, demonstrates the benefit to its beneficiaries and through them to the public, that arise from those activities.

Grant Making Policies

Updates to the grant making and social investment policy to guide the Trustee's decisions in achieving the charitable objectives was approved by trustees on 9 February 2023. Grant-making is also guided by some further funding parameters (approved in November 2022) which allow Trustee Directors to properly select appropriate grantees and impose prudent terms on grants, including, as appropriate, monitoring and evaluation of the way in which funds are applied by grantees. The Trustees'

grant making policy was generally to consider making donations by way of direct funding and also by way of grants to charitable organisations recognised as such in their respective jurisdictions, for projects that are exclusively charitable under English law.

3. ACHIEVEMENT AND PERFORMANCE

The main aims during the period were to:

1. Deliver a large-scale and high-quality grants programme which makes an impact on the charity's strategic goals
2. Deepen the charity's organisational expertise and network within the sector
3. Monitor the charity's investments against the objectives

During this period, the following was achieved:

Build the grant-making activities of the charity

In 2023 the Charity considered a number of grants to advance the Charity's funding priorities detailed in section 2. The total of grants awarded in 2023 was £7.1m (2022: £6.62m). A full list of grants is below.

The average size of individual grants increased, in line with plans, with a smaller number of larger grants being made than in the prior year.

Across the charity's strategic aims, some of the key grant activities were:

Resilience-building to prevent mental illness

In 2023 the charity increased the grants it made to support the prevention of mental ill health.

Parents are often the first place that children turn when they are struggling with their emotional health. Many parents and other carers, however, find it hard to know what to do when their child has problems. In response to this the Prudence Trust ran a funding round which offered grants to charities supporting and advising parents and carers. Grants were awarded to Young Minds and Action for Children for the expansion of their parent support lines and to Kinship to boost the mental health dimension of their support for kinship carers (often grandparents or siblings).

To build awareness amongst young people about how to support themselves and where to go to for help, the trust made a grant for a second year to Place2Be for Children & Young People's Mental Health Week in February 2024, and a grant to the Samaritans for their outreach work in schools.

The charity continues to see the youth club environment as vital for both building resilience and also, increasingly, as a place young people first seek help. On the resilience building, the trust made new grants to East London Dance, Young Vic and Winston's Wish. The trust continued to monitor grants made in previous years to the Prince's Trust and Onside Youth Zones amongst others, as important sources of support for the worries young people have about their feelings.

Improve young people's access to support

As increasing numbers of children have had mental health worries and statutory services are finding it hard to keep up, children and adolescents have been turning to the adults at their youth clubs for help. The charity has heard about the rising pressure on youth workers and wanted to enable them to help young people more effectively, whilst also supporting this vital workforce. This round resulted in grants to Onside for training, supervision and counselling support for youth workers across 14 Youth Zones and to Oxfordshire Youth for mental health training and the facilitation of a youth worker peer network within Oxfordshire.

Talking therapy, delivered in many settings, is still a foundation of support, and is under pressure to meet demand. The trust made grants to Open Door, the Listening Place, SWEDA and AT the Bus for their different approaches to therapeutic support.

The charity monitors the grants made in its 2022 grant round to a number of other talking therapy services (both in person and digitally delivered) and also in the field of social activities for anxiety and depression (“social prescribing”).

Build the evidence of what works to prevent and treat mental illness.

The Charity continued to make a further investment in building the field of adolescent mental health researchers. During the year, grants were made to the charity’s four research partners (University of Bristol, University of Oxford, University College London and King’s College London) for further Prudence Trust Fellowships. This brings the total to eight Fellows who are pursuing their research in this field:

- Laura Hull, University of Bristol – who will be looking at the relationship between camouflaging and mental health in neurodivergent children and developing a mental health intervention to support those children.
- Stephanie Lewis, Kings College London – who will be using a data approach to research the benefits of recognising and treating depression and anxiety in young people with other mental health disorders.
- Tessa Reardon, Oxford University - whose project is to create a better screening tool for anxiety for children in school alongside a brief parent-led intervention.
- Sarah Griffiths, University College London - whose research project is to develop Cognitive Behavioural Therapy so that it is effective for children with a developmental language disorder (which impacts over 1 million children in the UK).

They join the 2022 Fellows - Naomi Warne at Bristol, Josefien Breedvelt at Kings, Lucy Foulkes at Oxford and Christina Carlisi at UCL.

The foundation has supported the work of two organisations who are researching broad themes within young people’s mental health. The Education Policy Institute is mapping the provision of non-clinical mental health support around the UK; MQ is undertaking a literature review on research into how the internet impacts the mental health of young people.

A further grant to MQ was to support the translation into practice of an improved referral process for the Child and Adolescent Mental Health Service (CAMHS) platform, alongside funding from the National Institute of Health Research.

The Pears Maudsley Centre for Children & Young People will be a research and clinical centre for mental health. The foundation awarded a grant to the capital costs of this important investment into advancing knowledge and practice.

Finally, the trust has funded the mental health strand of the new independent think tank, the Centre for Young Lives which is dedicated exclusively to improving the lives of children, young people, and families in the UK.

All grantees share half-yearly updates and meet with the staff team after each update. The trustees have an annual schedule of learning visits to current grantees to see the work, meet the team and learn about the needs and challenges which inform our future grant-making.

The full list of grants made across the year is below. All grants were made to registered charities or community interest companies.

Mental health: access to support		
AT The Bus	Delivery of a new business plan	£150,000
Open Door, Young People's Consultation Service	Core costs	£40,000
Climbing Out	Residential outdoor programme with coaching	£10,000
Somerset and Wessex Eating Disorder Association	Continuation of Counselling	£30,000
The Listening Place	Support for young people with suicidal feelings	£150,000
Mental health: prevention		
OnSide Youth Zones	Training and supervision for youth workers	£252,180
Oxfordshire Youth	Training and support for youth workers	£264,600
Action for Children	Expansion of parent help line services	£535,000
Kinship	Mental health support	£505,490
YoungMinds	Expansion of parent help line services	£651,720
Young Vic	Community programme for young people	£30,000
East London Dance	Youth programmes & staff wellbeing	£225,000
Place2Be	Children's Mental Health Week 2024	£34,210
Samaritans	Online chat evaluation & relaunch education resources	£174,800
Winston's Wish	Core costs	£30,000
Mental health: research		
University of Bristol	Prudence Trust Fellow Cohort 2 - Laura Hull	£600,000
King's College London	Prudence Trust Fellow Cohort 2 - Stephanie Lewis	£600,000
University of Oxford	Prudence Trust Fellow Cohort 2 - Tessa Reardon	£600,000
University College London	Prudence Trust Fellow Cohort 2 - Sarah Griffiths	£600,000
University of Bristol	Prudence Trust Fellow - Cohort 1 additional research costs	£75,000
King's College London	Prudence Trust Fellow - Cohort 1 additional research costs	£75,000
University of Oxford	Prudence Trust Fellow - Cohort 1 additional research costs	£74,266
University College London	Prudence Trust Fellow - Cohort 1 additional research costs	£74,615
Education Policy Institute	Research - Mapping mental health and wellbeing services	£80,000
Maudsley Charity	Eye Tracking Suite at Pears Maudsley Centre	£250,000
MQ	Review of research on mental health and the internet	£35,888
MQ	Improving Child and Adolescent Mental Health referral process	£357,031
The Centre for Young Lives c/o	Centre for Young Lives mental health work	£256,000

Oasis Community Partnerships		
Anna Freud	Developing and promoting manifesto	£44,916
Environment		
Royal Welsh Agricultural Society	Regenerative agriculture conference	£15,000
Sustainable Food Trust	Strategy advisor to support global advocacy for regenerative agriculture	£200,000
Global Canopy	Core costs	£75,000
		£7,095,716

Deepen our knowledge and increase our network

The Trustee Directors have been supported in the early years of the foundation by a panel of experts who have supported the strategic direction and research grants. In 2023 it was decided to expand the scope and membership of the Advisory Panel with expertise from the research, mental health and youth sectors, alongside young people who have had experience of using services.

The enlarged panel met for the first time in September 2023 for a series of roundtable discussions on activities which build resilience; which mental health provision in schools is most effective; and, developing the children and young people's mental health workforce.

The charity has taken part in a number of events and roundtables during 2023 and has increased its network and profile as a funder dedicated to adolescent mental health. In December 2023, the foundation brought together leaders from a number of grantees to encourage stronger connections and more informal sharing across the sector.

Monitor investments against the objectives

The Investment & Audit Committee oversee the charity's investments, supported by an investment consultant, JT Financial Management Limited.

During the year, as part of diversifying the charity's assets, the trustee directors appointed a fourth investment manager. The details are outlined in the Financial Review.

4. FINANCIAL REVIEW

The Statement of Financial Activities on page 16 shows total incoming resources for the period of £14,595,619 (2022: £13,427,941) and expenditure on charitable activities of £7,583,136 (2022: £7,088,383). Direct charitable expenditure of £7,085,716 (2022: £6,624,846) was incurred in the year by way of awarding grants. Governance costs amounted to £18,674 (2022: £19,227) and are included within charitable activities. The balance of charitable activities comprised support costs totalling £478,746 (2022: £444,310). The increase in support costs was primarily driven by an increase in staff, office and administrative costs.

The Trust spent £1,194,038 (2022: £965,672) on investment management fees. The total reserve at 31 December 2023 amounted to £196,852,333 (2022: £177,159,827).

During 2023 the Charity held its investments across three portfolios. At 31 December 2023, 51.5% was held with Brown Advisory, 26.2% with Meridiem Investment Partners (UK) Limited and 22.3% with Ruffer LLP.

The investment managers operate under a discretionary mandate with advice provided by JTFM Limited.

As at 31 December 2023 the funds held with Brown Advisory appreciated 9.1% over the year on a time weighted return basis, Meridiem Investment Partners (UK) Limited appreciated 17.8% over the year on a time weighted return basis and Ruffer LLP depreciated by 6.5% over the year on a time weighted return basis. The total investment income for the year across all portfolios increased to £2,347,705 (2022: £1,992,483) as more interest yielding investments were held throughout the year.

The benchmark of inflation as measured by the UK Consumer Price Index ("CPI") plus 4.0% totalled 8.1% for the year, of which both Brown Advisory and Meridiem were able to outperform against a relatively high inflationary environment. The Trustee Directors have reviewed the performance of the portfolios and are satisfied with the returns to date given the wider economic volatility.

A fourth investment manager, Pantheon Ventures (UK) LLP was appointed in October 2023 with the Trust committing to invest £30m into a Luxembourg domiciled fund with this manager over the next 13 years. As at 31 December 2023 no investments were held with this manager and it is expected the total investment with this manager will not exceed 10% of total investment holdings over the long term.

Reserves policy and going concern

The Trustee Directors have examined the Charity's requirement for resources in light of the main risks to the organisation and have no outstanding commitments or cash demands which are not adequately covered by existing resources. The net unrestricted assets of the Charity are regarded as free reserves and the funds at 31 December 2023 will be retained to make grants in accordance with the Charity's charitable objects and any policies. The Trustee Directors consider that the freely expendable funds are appropriate and adequate taking into account plans for grants to be awarded in future years. The Trustee Directors have agreed that at least £10m of reserves is held in cash and/or liquid investments that can be realised and their settlement proceeds are available within 5 business days.

The geo-political and macro-economic effects of the war in Ukraine and the Middle East, rising costs, high interest rates and inflation continued to impact the Charity throughout 2023. Despite this backdrop, the Charity benefited from the US technology equity rally in the fourth quarter of 2023, contributing to an appreciation in the valuation of the Charity's investments of £13,814,632 (10.97%) during the year to 31 December 2023. The Trustee Directors consider the adoption of the going concern basis in preparing these financial statements continues to be appropriate.

Investment Policy

The investment objective is to maintain and grow the real value of the assets and to generate stable, sustainable, distributable returns (capital and income), sufficient to at least maintain the purchasing power of those distributions.

The long-term total return objective is to achieve inflation as measured by UK Consumer Price Index ("CPI") plus 4.0% per annum to be measured over 5 year rolling periods.

Remuneration Policy

The Trust aims to ensure that staff are paid appropriately according to the nature of the work and the experience, knowledge and skills needed to carry out their job.

The Trust aims to remunerate at a median level or above when benchmarked against similar organisations in the sector. The charity is committed to principles ensuring that pay and conditions of employment do not discriminate unlawfully and are free from bias.

The Trustees determine the salary for the Director and seek to pay a fair salary to attract and retain a skilled and expert senior leader for the organisation taking into account the median range for similar organisations in the UK Charity sector. Trustees ensure that the Director's performance is reviewed and reported at least annually by the Chair of the Board of Trustees. The Director is responsible for determining the salaries of other staff in line with the remuneration policy above and as approved in the budget.

5. PLANS FOR THE FUTURE

The Trustees do not propose to deviate from the current objectives and activities of the Charity as detailed in Section 2 of this report. Trustees have approved a grants plan to deliver on the areas of focus and a schedule of grant rounds until December 2024.

This year will be the last of the charity's first strategic period. During 2024 the trustees will reflect on the impact of the 100+ grants made to date and consider the changing needs of young people and the sector. Together with an examination of the funding landscape in children and young people's mental health, trustees will determine the strategic direction for the next four years. That process will involve the charity's grantees and the advisory panel and young advisers.

In February the charity announced its second open round, "What's Working for Young People's Mental Health". This funding round is available to front line charities who want to improve the evaluation of their support for young people and where they can act upon the findings. Shortlisted charities will be supported by NCVO Consulting with their applications and successful grantees will receive training and mentoring support from an evaluation specialist.

The charity will be making grants on harnessing digital tools for mental health in April 2024. These charities will also be offered specialist support to implement their project successfully. Later in the year, the charity will be considering how it can advocate for and support the systematic roll out of mental health hubs in the UK which offer drop-in support to address the first sign of problems. The charity is also interested in understanding and supporting community-based activities (such as clubs and groups) which give young people positive support and structures as they navigate adolescence.

The charity will ensure that the trustee board is appropriately informed and supported, by reviewing the composition and skills of sub-committees. The Mental Health Advisory panel will provide regular guidance on both strategic direction as well as grant-making.

The Prudence Trust profile and networks will be built further with the aim of attracting high quality applications for open rounds and to identify opportunities for collaboration with other funders.

6. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a trust governed by its declaration of trust dated 20 May 2019 and is registered as a charity with the Charity Commission for England and Wales.

The Charity is controlled by its sole corporate trustee, the Prudence Trust Company Ltd. The charity resolved to appoint the Prudence Trust Company Ltd as sole corporate trustee in June 2020. Charity Commission approval for this appointment was received in September 2020.

The Trustee Directors liaise regularly and meet at least quarterly to discuss and develop the Charity's goals and strategy and to review grant proposals and general grant requests.

In the reporting period the Trust appointed an investment and audit sub-committee with oversight of investment, audit, risk management and financial performance. The committee meets at least twice a year.

The number of Trustees shall be a minimum of three at any one time, or one Trustee if said trustee is a Trust corporation, and new Trustees shall be appointed in writing by the Founding Trustee. The range of skills represented on the Trustee Board will be kept under review as the Charity develops over time.

Induction and Training

As part of their training, Trustee Directors are given an information pack which includes the Charity's Constitution. Trustee Directors are offered training on the Charity Commission guidance on Trustees' Responsibilities. All Trustee Directors are aware of their legal duties and obligations in respect of the management of the Charity, including in relation to the protection of its assets.

Statement of Trustees' Responsibilities

The Trustee Directors are responsible for preparing the Annual Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the Trustee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and statement of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustee is responsible for keeping proper accounting records that 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.

The Trustee Directors have signed fit and proper declarations in line with HMRC guidance.

Charity Governance Code

In addition, each alternate year the Trustee Directors give due consideration to Good Governance – A Code for the Voluntary and Community Sector, ensuring that the seven main principles of the Code are adhered to. These are:

- Understanding the Trustees' role;
- Doing what the organisation was set up to do;

- Working effectively;
- Control;
- Behaving with integrity;
- Equality, diversity and inclusion; and
- Openness and accessibility.

The Trustee recognises that good governance plays an essential part in securing the future of the Charity and confirm that the said main principles of the Code are followed by them in leading, directing and managing the Charity.

No Trustee Director received any remuneration during the year to 31 December 2023.

The Trust does not undertake fundraising from the general public and does not use professional fundraisers or commercial participators. The income of the Trust is not bound by any regulatory scheme, and the Trust does not consider it necessary to comply with any voluntary code of practice relating to fundraising. As such, we have received no complaints in relation to any fundraising activities. As we do not approach individuals for the purpose of raising funds, we do not have specific requirements related to fundraising activities, nor do we consider it necessary to design specific procedures to monitor such activities.

Internal Controls

The Trustee has overall responsibility for ensuring that the Charity has appropriate systems of internal controls. They are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements follow best practice and all applicable law regulation and guidance. The Trustee is also responsible for the Charity safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The system of internal controls is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

Risk Management & Corporate Governance

A risk assessment has been performed during the preparation of this report and the Financial Statements. The risk assessment undertaken comprises of:

- A review of the risks the Charity faced during the period, since the period end and which it may face in the future;
- The establishment of systems and procedures to mitigate those risks; and
- The implementation of procedures designed to minimise any potential impact on the Charity should those risks materialise.

This continuing process will identify risk areas to which the Charity is vulnerable and highlight any necessary safeguards that will need to be put in place. The current version of the Charity's Risk Register was approved by the Board of Trustee Directors in January 2024.

The risk register is reviewed every six months by the Board. Mitigation plans are in place for all risks and are overseen by the Investment & Audit Committee.

Principle risks for the Charity were identified as:

- The market outlook remains unclear for the Trust's investment portfolio. The performance of each manager is overseen by the Investment & Audit Committee, supported by a specialist investment adviser.

- As the charity makes larger single grant commitments, greater scrutiny needs to be given to due diligence, building confidence in the grant application, the charity's financial stability and the grantee leadership's ability to manage risks related to grants.

Related Party Transactions

The Trust has no subsidiary undertakings and has not entered into any co-operation agreements with other Charities in pursuit of its charitable objectives. Where the Trust engages in a transaction with which one of the Trustee Directors is connected, the conflicted Trustee Director recuses themselves from the decision making process. Any related party transactions are disclosed in note 13 to the Financial Statements.

Approved by the Trustee and signed on their behalf by:

Guy Elliott

13th June 2024

Director of the Prudence Trust Company Limited (Trustee)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE THE PRUDENCE TRUST

Opinion

We have audited the financial statements of The Prudence Trust (the 'charity') for the year ended 31 December 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2023 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 Auditor's 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 UK, including the FRC'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.

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Prudence Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustee's annual report, other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- The information given in the trustee's annual report is inconsistent in any material respect with the financial statements;
- 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 trustee

As explained more fully in the statement of trustee's responsibilities set out in the trustee's annual report, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines 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 trustee is 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 trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and investment committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustee as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustee 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 the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Sayer Vincent LLP, Statutory Auditor

110 Golden Lane, LONDON, EC1Y 0TG

Date: 14 June 2024

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

THE PRUDENCE TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR TO 31 DECEMBER 2023

	Note	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Income from:					
Donations	2	82,800	12,148,675	12,231,475	11,424,408
Investments	3	989,447	1,358,257	2,347,704	1,992,483
Charitable activities		16,440	-	16,440	11,050
Total Income		1,088,687	13,506,932	14,595,619	13,427,941
Expenditure on:					
Charitable activities	4	6,677,800	905,336	7,583,136	7,088,383
Raising funds: investment management	6	440,269	753,769	1,194,038	965,672
Total Expenditure		7,118,069	1,659,105	8,777,174	8,054,055
Net income/(expenditure) before gains/(losses) on investments		(6,029,382)	11,847,827	5,818,445	5,373,886
Net gains/(losses) on investments	7	8,852,414	4,962,218	13,814,632	(18,655,708)
Net income/(expenditure)		2,823,032	16,810,045	19,633,077	(13,281,822)
Other recognised gains/(losses)		(101,142)	160,571	59,428	188,106
Net movement in funds		2,721,890	16,970,616	19,692,505	(13,093,716)
Reconciliation of funds:					
Total funds brought forward		66,134,894	111,024,933	177,159,827	190,253,543
Total funds carried forward		68,856,784	127,995,549	196,852,333	177,159,827

All of the above results are derived from continuing activities. There were no recognised gains and losses for either period other than those stated above. Movement in funds are disclosed in Note 15 to the Financial Statements. A comparative Statement of Financial Activity is included as Note 17.

THE PRUDENCE TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Fixed assets			
Investments and cash under management	7	200,310,491	181,412,789
Tangible Assets	8	4,735	6,313
Total fixed assets		<u>200,315,226</u>	<u>181,419,102</u>
Current assets			
Debtors	9	747,703	23,171
Cash at bank		5,930,893	3,291,835
Total Current Assets		<u>6,678,596</u>	<u>3,315,006</u>
Current liabilities			
Creditors - amounts falling due within one year	10	(6,187,756)	(3,905,606)
Net current assets/(liabilities)		<u>490,840</u>	<u>(590,600)</u>
Total assets less current liabilities		200,806,066	180,828,502
Non-current liabilities			
Creditors – amounts falling due in more than one year	11	(3,953,733)	(3,668,675)
Total net assets		<u>196,852,333</u>	<u>177,159,827</u>
The funds of the charity:			
Unrestricted funds		68,856,784	66,134,894
Restricted funds		127,995,549	111,024,933
Total charity funds		<u>196,852,333</u>	<u>177,159,827</u>

The financial statements were approved and authorised for issue by the Trustee and were signed on their behalf by:

Guy Elliott
Director of Prudence Trust Company Limited
(Trustee)

Beatrice Hollond
Director of Prudence Trust Company Limited
(Trustee)

13th June 2024

THE PRUDENCE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR TO 31 DECEMBER 2023

	Note	2023	2022
		£	£
Net cash flow from Operating Activities			
Net movement in funds for the year		19,692,506	(13,093,716)
Less: Investment income and deposit interest		(2,347,704)	(1,992,483)
Depreciation charge	8	1,578	1,578
Net (gain) / loss on investment assets		(13,814,632)	18,655,708
(Increase)/Decrease in debtors		(724,532)	76,188
Increase in creditors		2,567,208	4,049,173
		<u>5,374,424</u>	<u>7,696,448</u>
Cash flows from investing activities			
Investment income	3	2,347,704	1,992,483
Purchase of tangible assets		-	(5,846)
Purchase of investments		(61,063,939)	(193,724,775)
Proceeds from sale of investments	7	55,162,255	186,112,442
		<u>(3,553,980)</u>	<u>(5,625,696)</u>
Change in cash and cash equivalents in the year		<u><u>1,820,444</u></u>	<u><u>2,070,752</u></u>
Reconciliation of net cash flow to movement in net funds			
Net cash resources at 1 January 2023		14,573,045	12,502,293
Net increase in cash		<u>1,820,444</u>	<u>2,070,752</u>
Net cash resources at 31 December 2023		<u><u>16,393,489</u></u>	<u><u>14,573,045</u></u>
Analysis of net funds:			
Cash held in investment portfolio	7	10,462,596	11,281,210
Cash at Bank		<u>5,930,893</u>	<u>3,291,835</u>
		<u><u>16,393,489</u></u>	<u><u>14,573,045</u></u>

THE PRUDENCE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2023

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The Prudence Trust ("the Trust"), registered charity number 1187700, is based and administered in the United Kingdom. The registered address is 32 Sackville Street, London, W1S 3EA. The nature of the Trust's operations and principal activities are set out in the Trustees' Annual Report.

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) ("Charities SORP FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and where relevant, the Charities Act 2023, and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trust constitutes a public benefit entity as defined by Charities SORP FRS 102.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

In applying the financial reporting framework, the Trustee has made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

Incoming Resources

Investment income is derived from interest and dividends receivable from investments and is accounted for in the period in which the Trust is entitled to receipt. Interest from deposit accounts are included as and when received only. All incoming resources are included in the SOFA when the Trust is entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary donations include donations under Gift Aid with the associated tax credits included when receivable. Interest from deposit accounts are included when received.

Resources Expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation committing the Trustee to the expenditure. Irrecoverable VAT is charged against the activity for which expenditure was incurred.

Charitable activities include governance costs made during the period and are expended through the SOFA when the offer is conveyed to the recipient.

Cost of raising funds relate to the costs incurred by the Trust in managing its investment portfolios.

Governance costs relating to the general running of the Trust, as opposed to the management functions inherent in generating funds.

Grants payable

Grants payable are made to third parties in furtherance of the Trust's objects. Single or multi- year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustee has agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the Trust.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/ (losses) on investments" in the statement of financial activities. The Trust does not trade in options, derivatives or other complex financial instruments. However the Trust's investment managers may trade in such financial instruments as part of their investment portfolio management.

Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Tangible fixed assets are included at their cost value and depreciated using the straight line method over 5 years.

Status of funds

Restricted funds are to be used for specific purposes as laid down by the donor. Income arising from the investment of those funds and expenditure which meets the criteria set out by the donor is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are converted at the rate of

exchange ruling at the date of the transaction. All translation differences are taken to the statement of financial activities as they arise.

Taxation

The Trust is not subject to any taxes on its charitable activities.

Debtors and creditors receivable / payable

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised as expenditure.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Provisions

Provisions are recognised when the Trust has an obligation at the Balance Sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Going concern

The Trustee Directors consider the adoption of the going concern basis in preparing these financial statements continues to be appropriate.

For the year ended 31 December 2023			
	Unrestricted	Restricted	Total 2023 £
2. INCOME FROM DONATIONS			
Donations received	82,800	12,148,675	12,231,475
	<u>82,000</u>	<u>12,148,675</u>	<u>12,231,475</u>
For the year ended 31 December 2022			
	Unrestricted	Restricted	Total 2022 £
Donations received	390,940	11,033,468	11,424,408
	<u>390,940</u>	<u>11,033,468</u>	<u>11,424,408</u>
For the year ended 31 December 2023			
	Unrestricted	Restricted	Total 2023 £
3. INCOME FROM INVESTMENTS			
UK quoted securities income	35,878	103,100	138,978
Overseas quoted securities income	781,114	1,002,897	1,784,011
Bank interest	172,455	252,260	424,715
	<u>989,447</u>	<u>1,358,257</u>	<u>2,347,704</u>
For the year ended 31 December 2022			
	Unrestricted	Restricted	Total 2022 £
UK quoted securities income	140,386	167,719	308,105
Overseas quoted securities income	570,694	1,031,034	1,601,728
Deposit interest	30,781	51,869	82,650
	<u>741,861</u>	<u>1,250,622</u>	<u>1,992,483</u>

4. EXPENDITURE ON CHARITABLE ACTIVITIES

Grants payable:

The Trust awarded grants totalling £7,095,716 to twenty four UK registered charities and four UK Universities during the year to 31 December 2023 (Current year list is shown in the Annual Report of the Trustees) (2022: £6,624,846 to thirty eight UK registered charities (note 18)). The grants awarded were in the following areas of focus of the Trust with the cumulative amount per area shown:

	Total 2023 £	Total 2022 £
Mental Health: Research	3,722,716	2,226,564
Mental Health: Access to support	380,000	3,897,667
Mental Health: Prevention	2,703,000	490,615
Environment	290,000	10,000
Cancelled Grants – Mental health: Research	(10,000)	-
Total Grants payable	7,085,716	6,624,846

Grants have been awarded restricted and unrestricted funds as follows:

Restricted	904,516	3,259,282
Unrestricted	6,181,200	3,365,564
	7,085,716	6,624,846

Support Costs:

Staff costs (note 5)	282,686	270,493
Office and Admin costs	125,053	97,910
Professional fees	70,473	64,085
Travel, Events and Subsistence	534	11,822
Total Support costs	478,746	444,310

Support costs are allocated between restricted and unrestricted funds as follows:

Restricted	820	409
Unrestricted	477,926	443,901
	478,746	444,310

	Total 2023 £	Total 2022 £
Governance Costs:		
Legal fees	7,814	5,187
Audit fees	10,860	14,040
Total Governance costs:	18,674	19,227
Governance costs are allocated to unrestricted funds.		
Total Charitable activities	7,583,136	7,088,383

Auditor remuneration in respect of their audit of the Financial Statements for the year to 31 December 2023 totalled £11,000 excluding VAT. (2022: £9,750 excluding VAT)

5. STAFF COSTS

During the year to 31 December 2023, the average number of employees was 4 (2022: 4). The associated costs of employment are as follows:

	Total 2023 £	Total 2022 £
Gross Salaries	229,005	204,925
Employers Social Security	26,582	25,731
Employers Pension contribution	24,626	23,001
Staff benefits and insurance	2,473	16,836
	282,686	270,493

The total amount of benefit received by key management personnel was £142,623 (2022: £134,698). Key management personnel represent the Trustees and the Foundation Director. One employee earned between £110,000 and £120,000 during the year (2022: 1 earned between £100,000 and £110,000)

For the year ended 31 December 2023			Total 2023 £
6. EXPENDITURE ON INVESTMENT MANAGEMENT	Unrestricted	Restricted	
JTFM Limited – Financial consultant	45,900	-	45,900
Meridiem Investment management fees	261,782	121,598	383,380
Ruffer LLP Investment management fees	-	443,801	443,801
Brown Advisory investment management fee	132,587	188,370	320,957
	440,269	753,769	1,194,038

For the year ended 31 December 2022

	Unrestricted	Restricted	Total 2022 £
JTFM Limited – Financial consultant	30,900	-	30,900
Meridiem Investment management fees	218,392	99,446	317,838
Ruffer LLP Investment management fees	-	232,764	232,764
Brown Advisory investment management fee	150,284	233,886	384,170
	<u>399,576</u>	<u>566,096</u>	<u>965,672</u>

Ruffer LLP was appointed in June 2022. The fees shown above represent a seven month period.

7. FIXED ASSET INVESTMENTS	2023 £	2022 £
Quoted investments	189,847,895	170,131,579
Cash held as part of portfolios	10,462,596	11,281,210
Total investments and cash under management	<u>200,310,491</u>	<u>181,412,789</u>
Net gain/(loss)on investments	<u>13,814,632</u>	<u>(18,655,708)</u>
Market value at 1 January	170,131,580	181,174,953
Additions at cost	61,063,939	193,724,775
Disposals	(55,162,255)	(186,112,442)
Net realised investment (loss)	(1,897,319)	(3,351,609)
Net unrealised investment gain/(loss)	15,711,951	(15,304,099)
Market Value at 31 December	<u>189,847,896</u>	<u>170,131,578</u>

The Trust has unaccrued investment commitments of £28m at 31 December 2023 (2022: Nil).

8. TANGIBLE FIXED ASSET	2023 £	2022 £
Fixtures, fittings and equipment at cost		
Balance at 1 January	8,402	2,556
Purchases of fixtures, fittings and equipment		
Computer equipment	-	5,846
Balance at 31 December 2023	8,402	8,402
Accumulated depreciation		
Balance at 1 January	2,089	511
Charge for the year	1,578	1,578
Balance at 31 December 2023	3,667	2,089
Net Book Value at 31 December 2023	4,735	6,313

Tangible fixed assets are depreciated over a five year period using the straight line method.

The fixed assets are still being used by the Trust.

9. DEBTORS	2023 £	2022 £
Investments Awaiting Settlement	716,670	-
Accrued Income	18,990	-
Prepayments	12,043	23,171
	747,703	23,171

10. CREDITORS - amounts falling due within one year	2023 £	2022 £
Accounts payable	310,517	320,105
Accruals	18,825	50,303
Grants payable	5,141,743	3,535,198
Investment commitment	716,670	-
	6,187,755	3,905,606

11. CREDITORS - amounts falling due in more than one year	2023 £	2022 £
Grants payable	3,953,733	3,668,675

12. GRANTS PAYABLE

During the year the Trustee awarded twenty four new multi-year commitments. The following amounts outstanding as at 31 December 2023:

Organisation	Amount falling due within one year	Amount falling due in more than one year	Total £
Anna Freud Centre	100,000	-	100,000
Body & Soul	85,512	-	85,512
Bristol University	263,441	-	263,441
Bristol University Fellowship	100,000	100,000	200,000
Comics Youth	30,000	30,000	60,000
Core Arts	45,000	-	45,000
Create	58,445	-	58,445
Dalai Lama Centre for Compassion	10,000	-	10,000
Designs in Mind	30,000	30,000	60,000
Dose of Nature	50,000	50,000	100,000
Empire Fighting Chance	96,590	96,590	193,180
Groundwork London	65,939	65,938	131,877
Jigsaw4u	105,448	-	105,448
Kings College London Fellowship	125,000	125,000	250,000
Ormiston Families	50,000	-	50,000
OTR Bristol	64,405	66,337	130,742
Oxford University	97,077	-	97,077
Place2Be	152,000	-	152,000
Raw Material Music and Media	61,503	156,215	217,718
Roundhouse Trust	15,000	-	15,000
Student Minds	50,000	-	50,000
The Mix	75,000	-	75,000
The Music Works	91,255	92,682	183,937
The Wave Project	100,000	100,000	200,000
University College London	300,000	146,467	446,467
University College London Fellowship	200,000	-	200,000
University of Oxford Fellowship	125,000	125,000	250,000
Young Roots	82,831	-	82,831
Youth Access	50,000	-	50,000
AT The Bus	75,000	-	75,000
Bristol University Fellowship	158,720	441,280	600,000

Kings College London Fellowship	200,000	400,000	600,000
OnSide	78,355	83,057	161,412
Oxfordshire Youth	88,200	88,200	176,400
University College London Fellowship	400,000	200,000	600,000
University of Oxford Fellowship	150,000	400,000	550,000
YoungMinds	217,240	217,240	434,480
Sustainable Food Trust	100,000	-	100,000
Action for Children	178,333	178,333	356,667
Kinship	145,328	164,684	310,012
The Listening Place	50,000	50,000	100,000
East London Dance	112,500	112,500	225,000
Climbing Out	10,000	-	10,000
MQ	143,487	213,544	357,031
Open Door, Young People's Consultation Service	40,000	-	40,000
Samaritans	174,800	-	174,800
Global Canopy	25,000	50,000	75,000
The Centre for Young Lives c/o Oasis Community Partnerships	85,334	170,666	256,000
Winston's Wish	30,000	-	30,000
	<u>5,141,743</u>	<u>3,953,733</u>	<u>9,095,476</u>

13. RELATED PARTY TRANSACTIONS

During the year two donations totalling £264,916 (2022: £420,000) were paid to Anna Freud Centre where the spouse of one of the Trustee Directors, Julia Samuel, is the Chair. Julia recused herself from the decision-making process related to these grants.

No Trustee Director received any remuneration or reimbursement of expenses during the year to 31 December 2023 (2022: £nil).

Trustee Liability insurance of £6,186 was paid by the Charity on behalf of the Trustee Director (2022: £2,462)

A Trustee Director, Beatrice Hollond is a Non-Executive Director of Brown Advisory. Beatrice Hollond recused herself from any decisions made in relation to Brown Advisory. Fees payable to Brown are disclosed in note 6.

During the year, a Trustee received the services of one of the employees of the Trust. The terms and provisions of these services were agreed by way of a consultancy agreement with fees charged to the Trustee that are above the cost incurred by the Trust in providing these services and agreed with the Trustee and the Trust at arm's length. The fee income for the Trust for the year was £16,440 (2022 £11,050).

Aggregate donations from related parties were £Nil (2022: £260,000).

14. ULTIMATE CONTROLLING PARTY

The Trustee Directors consider that the Trust is jointly controlled by the Directors of The Prudence Trust Company and therefore there is no one ultimate controlling party.

15.	FUNDS	Balance brought forward £	Income and Gains £	Expenditure and Losses £	Balance carried forward £
	For the year ended 31 December 2023:				
	Unrestricted	66,134,894	9,941,101	(7,219,211)	68,856,784
	Restricted	111,024,933	18,629,721	(1,659,105)	127,995,549
		<u>177,159,827</u>	<u>28,570,822</u>	<u>(8,878,316)</u>	<u>196,852,333</u>
	For the year ended 31 December 2022:				
	Unrestricted	77,693,436	1,095,911	(12,654,453)	66,134,894
	Restricted	112,560,107	12,477,431	(14,012,605)	111,024,933
		<u>190,253,543</u>	<u>13,573,342</u>	<u>(26,667,058)</u>	<u>177,159,827</u>

For the year ended 31 December 2023			
Analysis of net assets between funds:	Unrestricted £	Restricted £	Total 2023 £
Fixed assets	75,083,505	125,231,721	200,315,226
Debtors	747,703	-	747,703
Cash at Bank	848,934	5,081,959	5,930,893
Creditors	(7,823,358)	(2,318,131)	(10,141,489)
Total Funds	<u>68,856,784</u>	<u>127,995,549</u>	<u>196,852,333</u>

For the year ended 31 December 2022			
	Unrestricted £	Restricted £	Total 2022 £
Fixed assets	70,016,987	111,402,115	181,419,102
Debtors	23,171	-	23,171
Cash at Bank	500,324	2,791,511	3,291,835
Creditors	(4,405,588)	(3,168,693)	(7,574,281)
Total Funds	<u>66,134,894</u>	<u>111,024,933</u>	<u>177,159,827</u>

Restricted funds are to be used for specific purposes as laid down by the donor and must be used to furthering the charitable objectives and not for day to day operations of the Trust.

Income arising from the investment of those funds and expenditure which meets the criteria set out by the donor is charged to the fund.

16.	FINANCIAL INSTRUMENTS	2023 £	2022 £
	The carry amounts of the Trust's financial instruments are as follows:		
	Financial assets		
	Measured at fair value through SOFA:		
	-Fixed asset quoted investments	189,847,895	170,131,579
	-Tangible Fixed assets	4,735	6,313
	-Cash under management	10,462,596	11,281,210
	-Cash at bank and in hand	5,930,893	3,291,835
	Financial liabilities		
	Measured at amortised cost		
	-Creditors	10,141,489	7,574,280
	The net gains attributable to the Trust's financial instruments are summarised as follows:		
	Income and expense		
	Measured at fair value through SOFA:		
	-Net gains (including changes in fair value)	13,874,060	(18,467,602)

17. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £
Income from:			
Donations	390,940	11,033,468	11,424,408
Investments	741,861	1,250,622	1,992,483
Charitable activity	11,050		11,050
Total Income	1,143,851	12,284,090	13,427,941
Expenditure on:			
Charitable activities	3,828,692	3,259,691	7,088,383
Raising funds: investment management	399,576	566,096	965,672
Total Expenditure	4,228,268	3,825,787	8,054,055
Net income before gains on investments	(3,084,417)	8,458,303	5,373,886
Net gains on investments	(8,469,137)	(10,186,571)	(18,655,708)
Net income	(11,553,554)	(1,728,268)	(13,281,822)
Other recognised losses	(4,988)	193,094	188,106
Net movement in funds	(11,558,542)	(1,535,174)	(13,093,716)
Reconciliation of funds:			
Total funds brought forward	77,693,436	112,560,107	190,253,543
Total funds carried forward	66,134,894	111,024,933	177,159,827

18. GRANTS AWARDED IN PREVIOUS REPORTING PERIOD

Mental Health: Research		
University College London	Research- Increasing social prescribing referrals	£896,467
University of Bristol	Research- Improving Sleep	£790,322
University of Oxford	Research – Adolescent parents, depression and parenting	£439,775
MQ	Core costs	£100,000
Mental Health: Access to Support		
Jigsaw4u	Therapeutic support for young people	£310,176
Anna Freud Centre	Expansion of remote schools early intervention for pupils, parents and teachers	£300,000
The Wave Project	Sustainability of the surf therapy project	£300,000
Empire Fighting Chance	Expanding the Boxing Therapy programme	£289,770
The Music Works	Evaluation and sustainability for the music programme	£273,807
Groundwork London	Support to expand the support at the Nest	£263,755
Body & Soul	Online mental wellbeing courses	£256,537
Raw Material Music and Media	Music and media programme	£252,858
The Mix	Expansion of digital counselling	£250,000
Young Roots	Personalised support for refugees and asylum seekers	£248,493
YoungMinds	Review of digital mental health support	£200,000
OTR Bristol	Community partnership programme	£193,271
Ormiston Families	Talking and creative therapy sessions for children of those in prison	£150,000
Dose of Nature	Therapeutic nature walk programme	£150,000
Youth Access	Core costs	£100,000
Comics Youth	Creative programme for young people	£90,000
Designs in Mind	Artistic programme for young people	£90,000
Kent Community Foundation	Youth mental health projects in Kent	£34,000
Focus Bath	Counselling support in Bath schools	£30,000
Student Minds	Enhancing University Mental Health Day	£30,000
PROMISEWorks	Core costs	£30,000
AT The Bus	Developing a growth plan	£25,000

Gingerbread	Wellbeing workshops for single parents	£15,000
Somerset and Wessex Eating Disorder Association	Children & young people's early intervention counsellor	£15,000
Mental Health: Prevention		
Student Minds	Core costs	£150,000
Anna Freud Centre	Creating an animation on trauma for children and young people affected by conflict	£120,000
Amber Foundation	Team leader at a new centre in Kent	£50,000
Place2Be	Enhancing Children & Young People's Mental Health Week 2023	£30,615
Oxfordshire Youth	Building Resilience programme	£30,000
Dalai Lama Centre for Compassion	Compassion Matters course in schools	£30,000
Oxfordshire Youth	Mental Health Ambassadors	£30,000
Gardening with Disabilities Trust	Access to gardening for disabled young people	£15,000
Carefree	Breaks for Young Carers	£15,000
James' Place Charity	Scoping for targeted marketing project	£10,000
Anna Freud Centre	Development of UKTC animation on trauma for CYP affected by conflict and war	£10,000
Environment		
Royal Welsh Agricultural Society	Da Byw 2023	£10,000
Total Grants		£6,624,846

19. KEY SERVICE PROVIDERS

Bankers:

C Hoare & Co

37 Fleet Street, Temple, London, EC4Y 1BT

Investment Managers:

Meridien Investment Partners (UK) Limited

Riverside House, 2a Southwark Bridge Road, London, SE1 9HA

Brown Advisory

18 Hanover Square, 1st Floor, London, W1S 1JY

Ruffer LLP,

80 Victoria Street, London SW1E 5JL

Solicitors:

Womble Bond Dickinson

4 More London Riverside, Greater London, SE1 2AU

Accountants:

Rawlinson & Hunter LLP

Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ

Independent Auditor:

Sayer Vincent LLP

110 Golden Lane, London, EC1Y 0TG

THE PRUDENCE TRUST

England & Wales - Charity number 1187700

Accounts

PRUDENCE 'TRUST'

ANNUAL REPORT OF THE TRUSTEE AND FINANCIAL STATEMENTS

FOR THE YEAR TO
31 DECEMBER 2022

(Registered Charity No. 1187700)

CONTENTS

	Page
Annual Report of the Trustee	1-12
Independent Auditor's Report	13-16
Statement of Financial Activities (including Income and Expenditure Account)	17
Balance Sheet	18
Statement of Cash Flows	19
Notes to the Financial Statements	20-33

THE PRUDENCE TRUST

ANNUAL REPORT OF THE TRUSTEE

FOR THE YEAR TO 31 DECEMBER 2022

The Trustee Directors present their report and independently audited financial statements of The Prudence Trust (“the Trust” or “the Charity”), for the year to 31 December 2022. These have been prepared in accordance with the accounting policies set out in note 1 and comply with applicable charity law.

1. REFERENCE AND ADMINISTRATIVE DETAILS

The Prudence Trust, (registered charity number 1187700) is based and administered in the United Kingdom. The registered address is 16 Berkeley Street, London, W1J 8DZ.

Trustee:

The Trustee of the Trust who held office during the period and continues to serve at the date of this report is:

- Prudence Trust Company Limited

The Trustee did not hold any beneficial interest in the Trust at 31 December 2022 or at any time during or since that period.

Key Management:

The Directors of the Corporate Trustee (“Trustee Directors”) are in charge of directing and controlling the Trust. Day to day operations of the Trust are delegated to the Director, Tara Leathers.

Trustee Directors:

The following persons act as Directors of the Trustee

- Prudence MacLeod
- Guy Elliott
- Beatrice Hollond
- Julia Samuel MBE
- Peter Bennett-Jones CBE

2. OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The objects of the Trust are restricted specifically to the application of Trust funds, at such time or times and in such manner, for the public benefit, as the Trustee Director may in their discretion think fit for any exclusively charitable purposes in any part of the world. The Charity operates as a grant-making charity, with a view to support charitable projects and organisations with grants of varying sizes and durations.

The Trustee Directors have defined a programme of grant-making to charities which will achieve one or more of the following:

- The advancement of mental health especially in the UK
- The advancement of the arts especially in the UK
- The relief of those in need because of youth, age, financial hardship or other disadvantage
- Any other general purpose that the Trustee Directors think fit

During 2022 the Trustee Directors confirmed the funding priorities for its first years of operation. These are to:

- a) Build young people's resilience and tools to cope with life's challenges and prevent mental illness
- b) Improve young people's access to support when they have signs of mental ill health
- c) Build the evidence of what treatments work to prevent and treat youth mental illness, alongside building the community of adolescent mental health researchers

The emphasis will be on young people in the UK aged 11-25 years, although this will not exclude support to other groups.

The Trustee Directors have pursued a broad strategy of ensuring proper due diligence in the assessment of potential grants and ensuring that grants are made subject to appropriate terms and conditions.

Statement of Public Benefit

As a grant-funder, the Charity's activities will provide public benefit to the individuals and communities who are beneficiaries of the Charity's funded projects. The Charity's public benefit is not limited with reference to geography, by the charging of fees or otherwise. The Trustee Directors are aware of the Charity Commission guidance on Public Benefit and confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to it. They consider the information which follows in this annual report, about the Charity's aims, activities and achievements in the areas of interest that the Charity supports, demonstrates the benefit to its beneficiaries and through them to the public, that arise from those activities.

Grant Making Policies

Updates to the grant making and social investment policy to guide the Trustee's decisions in achieving the charitable objectives was approved by trustees on 9 February 2023. Grant-making is also guided by some further funding parameters (approved in November 2021) which allow Trustee Directors to properly select appropriate grantees and impose prudent terms on grants, including, as appropriate, monitoring and evaluation of the way in which

funds are applied by grantees. The Trustees' grant making policy was generally to consider making donations by way of direct funding and also by way of grants to charitable organisations recognised as such in their respective jurisdictions, for projects that are exclusively charitable under English law.

3. ACHIEVEMENT AND PERFORMANCE

The main aims during the period were to:

1. Build the grant-making activities of the charity in line with the strategic aims
2. Expand our knowledge and increase our networks
3. Monitor our investments against the objectives

During this period, the following was achieved:

1. Build the grant-making activities of the charity

In 2022 the Charity considered a number of new grants to advance the Charity's funding priorities detailed in section 2. The total of grants awarded in 2022 was £6.62m (2021: £3.95m). A full list of grants is below.

To achieve this increased level of grant-making, and the monitoring of grants made in prior years, the team was expanded to four during 2022 to include a grants manager and a team executive assistant.

Across the charity's strategic aims, some of the key grant activities were:

1.1. Resilience-building to prevent mental illness

Youth work is an important setting to help young people build support around themselves. New grants in this area include two to Oxfordshire Youth for their resilience-building programme and mental health ambassadors. The charity also made a grant to Student Minds for the support they offer both to students and to universities to strengthen their mental health support.

Grants from prior years which continue to support young people in a youth setting are the wellbeing support and creative activities in a number of Onside Youth Zones and the Prince's Trust art-themed engagement programmes.

We've also been pleased to see the impact of East London Dance's after school and holiday youth programme, the Roundhouse's community programme with young refugees and asylum seekers and Ebony Horse Club's youth worker.

A new grant to Place2Be allowed them to enhance their Children & Young People's Mental Health Week in February 2023, and a similar grant to Student Minds supported University Mental Health Day in March 2023.

1.2. Improve young people's access to support

Our grants in this area have tried to reach children and young people in and out of school and to help give a greater choice of support for mental health struggles.

In schools, we have made a further grant to the Anna Freud Centre for the next stage of piloting their remote early support service for pupils, teachers and parents. We continue to monitor a prior grant to Place2Be to expand their mental health support into more schools.

The Charity held its first open funding round called 'More Places to Go for Help' in the Spring of 2022. This funding was designed to increase the availability of support services for young people aged 11-25 with signs of depression or anxiety. The grants aimed to enable charities, based in London or offering UK-wide online services, which are already offering excellent services to young people to do even more.

Five grants were made to: Groundworks' mental wellbeing hub, the Nest; to Body & Soul's online mental health and wellbeing courses; to Young Roots for their personalised support for asylum seekers; to The Mix for their digital counselling; and to Jigsaw4U to expand their therapeutic support for young people. We brought these grantees together in November to share their expertise and the challenges they are facing in delivering support.

In the Autumn the Charity made a number of grants in the field of social prescribing for young people's anxiety and depression. There is growing evidence that social prescribing, where people are matched with a non-medical activity that suits their individual needs, can lead to improved mental and physical health and reduce the need for GP consultations.

Eight grants were made to Dose of Nature for their weekly walks psychological support; to Empire Fighting Chance for their Boxing therapy programme; Raw Material Music and Media for their music programme; The Music Works to evaluate the outcomes of their music programme; The Wave Project for their surfing therapy; to Comics Youth for their projects using comic books and illustration; to Designs in Mind for their 10 week arts programme; and to OTR Bristol for their broad programme of activities for young people's mental wellbeing.

A grant was also made to Young Minds to enable them to explore digital mental health offers and how well they are serving young people.

1.3. Build the evidence of what works to prevent and treat mental illness.

The Charity's Mental Health Advisory Panel, chaired by Prof Peter Fonagy, has continued to advise the Trustee Directors on mental health research grants. In early 2022, grants were made to the charity's four research partners (University of Bristol, University of Oxford, University College London and King's College London) for three research projects:

- STTAMP Study - Sleep Tracking & Treatment for Adolescent Mental health Problems at the University of Bristol. Insomnia symptoms are very common when young people are becoming anxious, depressed or even suicidal. The study will create and evaluate an online support programme that will use young people's smartphones to detect and treat early onset sleep problems and early mental health problems.
- AADAPT - Addressing Adolescent Depression and their Parenting. The research at the University of Oxford aims to reduce depression in the next generation of adolescents by targeting depression in their parents. This project focusses on adolescent parents as rates of depression are three times higher than rates in adult mothers. The project uses a digital Behavioural Activation/ Parenting Intervention, supported by peer mentors.

- INSPYRE - Increasing Social Prescribing Youth Referrals. The University College London research will develop and facilitate a new Social Prescribing care pathway within Child and Adolescent Mental Health Services (CAMHS). Social Prescribing will be offered to young people as soon as they are waiting for treatment, because three quarters of young people experience a deterioration in their mental health whilst on long waiting lists.

Trustees also agreed grants for a Prudence Trust Fellowship in Adolescent Mental Health at each research partner. The first four fellows have now been appointed and have started their research in late 2022 or early 2023.

The full list of grants made across the year is below. All grants were made to registered charities or community interest companies.

Mental Health: Research		
University College London	Research- Increasing social prescribing referrals	£896,467
University of Bristol	Research- Improving Sleep	£790,322
University of Oxford	Research – Adolescent parents, depression and parenting	£439,775
MQ	Core costs	£100,000
Mental Health: Access to Support		
Jigsaw4u	Therapeutic support for young people	£310,176
Anna Freud Centre	Expansion of remote schools early intervention for pupils, parents and teachers	£300,000
The Wave Project	Sustainability of the surf therapy project	£300,000
Empire Fighting Chance	Expanding the Boxing Therapy programme	£289,770
The Music Works	Evaluation and sustainability for the music programme	£273,807
Groundwork London	Support to expand the support at the Nest	£263,755
Body & Soul	Online mental wellbeing courses	£256,537
Raw Material Music and Media	Music and media programme	£252,858
The Mix	Expansion of digital counselling	£250,000
Young Roots	Personalised support for refugees and asylum seekers	£248,493
YoungMinds	Review of digital mental health support	£200,000
OTR Bristol	Community partnership programme	£193,271
Ormiston Families	Talking and creative therapy sessions for children of those in prison	£150,000
Dose of Nature	Therapeutic nature walk programme	£150,000
Youth Access	Core costs	£100,000
Comics Youth	Creative programme for young people	£90,000
Designs in Mind	Artistic programme for young people	£90,000

Kent Community Foundation	Youth mental health projects in Kent	£34,000
Focus Bath	Counselling support in Bath schools	£30,000
Student Minds	Enhancing University Mental Health Day	£30,000
PROMISEWorks	Core costs	£30,000
AT The Bus	Developing a growth plan	£25,000
Gingerbread	Wellbeing workshops for single parents	£15,000
Somerset and Wessex Eating Disorder Association	Children & young people's early intervention counsellor	£15,000
Mental Health: Prevention		
Student Minds	Core costs	£150,000
Anna Freud Centre	Creating an animation on trauma for children and young people affected by conflict	£120,000
Amber Foundation	Team leader at a new centre in Kent	£50,000
Place2Be	Enhancing Children & Young People's Mental Health Week 2023	£30,615
Oxfordshire Youth	Building Resilience programme	£30,000
Dalai Lama Centre for Compassion	Compassion Matters course in schools	£30,000
Oxfordshire Youth	Mental Health Ambassadors	£30,000
Gardening with Disabilities Trust	Access to gardening for disabled young people	£15,000
Carefree	Breaks for Young Carers	£15,000
James' Place Charity	Scoping for targeted marketing project	£10,000
Anna Freud Centre	Development of UKTC animation on trauma for CYP affected by conflict and war	£10,000
Environment		
Royal Welsh Agricultural Society	Da Byw 2022	£10,000
Total Grants		£6,624,846

2. Deepen our knowledge and increase our network

The Trustee Directors have also been supported in grant-making by experts who have supported specific grant rounds. The Directors were supported in scoping the funding and assessing applications by a range of experts from frontline services, clinical provision, research and those with personal experience of mental illness and accessing services. We brought together grant committees for the "More Places to Go for Help" open funding round and a round on social prescribing for youth mental health.

The charity is interested in the intersection of youth mental health research and the delivery

of mental health prevention and early intervention activities. In December the charity held an event, "Conversations on Mental Health Research" as a way of bringing together researchers, clinicians and charities who are delivering services. The discussion centred on how activities which have been demonstrated to work in research studies can be translated into practice, and on how excellence in support to young people can be more clearly evidenced.

3. Monitor investments against the objectives

The Investment & Audit Committee oversee the charity's investments, supported by an investment consultant, JT Financial Management Limited.

During the year, as part of diversifying the charity's assets, the trustee directors appointed a third investment manager. The details are outlined in the Financial Review.

4. FINANCIAL REVIEW

The Statement of Financial Activities on page 16 shows total incoming resources for the period of £13,427,941 (2021: £49,493,999) and expenditure on charitable activities of £7,088,383 (2021: £4,317,591). Direct charitable expenditure of £6,624,846 (2021: £3,949,949) was incurred in the year by way of awarding grants. Governance costs amounted to £19,227 (2021: £21,742) and are included within charitable activities. The balance of charitable activities comprised support costs totalling £444,310 (2021: £345,900). The increase in support costs was primarily driven by additional staff being recruited.

The Trust spent £965,672 (2021: £864,825) on investment management fees. The total reserve at 31 December 2022 amounted to £177,159,827 (2021: £190,253,543).

At the beginning of 2022 the Charity held its investments across two portfolios with 85% held with Brown Advisory and 15% with Veritas Investment Partners (UK) Limited. In June 2022 Ruffer LLP were appointed as a third manager and held 25% of the investments with Brown Advisory holding 50% and Veritas Investment Partners (UK) holding 25% by the end of July.

The investment managers operate under a discretionary mandate with advice provided by JTFM Limited.

As at 31 December 2022 the funds held with Brown Advisory depreciated 9.19% over the year on a time weighted return basis, Veritas Investment Partners (UK) Limited depreciated 15.67% over the year on a time weighted return basis and Ruffer LLP returned 1.42% over the year on a time weighted return basis. The total investment income for the year across all portfolios decreased to £1,992,483 (2021: £4,424,964) as fewer interest yielding investments were held throughout the year.

The benchmark of inflation as measured by the UK Consumer Price Index ("CPI") plus 4.0% totalled 14.89% for the year, of which none of the investment managers were able to outperform against a high inflationary environment. The Trustee Directors have reviewed the performance of the portfolios and are satisfied with the returns to date given the wider economic turbulence.

Reserves policy and going concern

The Trustee Directors have examined the Charity's requirement for resources in light of the main risks to the organisation and have no outstanding commitments or cash demands which are not adequately covered by existing resources. The net unrestricted assets of the

Charity are regarded as free reserves and the funds at 31 December 2022 will be retained to make grants in accordance with the Charity's charitable objects and any policies. The Trustee Directors consider that the freely expendable funds are appropriate and adequate taking into account plans for grants to be awarded in future years. The Trustee Directors have agreed that at least £10m of reserves is held in cash and/or liquid investments that can be realised and their settlement proceeds are available within 5 business days.

The geo-political and macro-economic effects of the war in Ukraine, rising costs and inflation continued to impact the Charity throughout 2022 resulting in a material depreciation in the valuation of the Charity's investments of £18,655,708 (10.97%) during the year to 31 December 2022. The Trustees do not believe however that this will have an impact on going concern given surplus reserves of £66,128,581 and net assets of £177,159,827. The Trustee Directors consider the adoption of the going concern basis in preparing these financial statements continues to be appropriate.

Investment Policy

The investment objective is to maintain and grow the real value of the assets and to generate stable, sustainable, distributable returns (capital and income), sufficient to at least maintain the purchasing power of those distributions.

The long-term total return objective is to achieve inflation as measured by UK Consumer Price Index ("CPI") plus 4.0% per annum to be measured over 5 year rolling periods.

Remuneration Policy

The Trust aims to ensure that staff are paid appropriately according to the nature of the work and the experience, knowledge and skills needed to carry out their job.

The Trust aims to remunerate at a median level or above when benchmarked against similar organisations in the sector. The charity is committed to principles ensuring that pay and conditions of employment do not discriminate unlawfully and are free from bias.

The Trustees determine the salary for the Director and seek to pay a fair salary to attract and retain a skilled and expert senior leader for the organisation taking into account the median range for similar organisations in the UK Charity sector. Trustees ensure that the Director's performance is reviewed and reported at least annually by the Chair of the Board of Trustees. The Director is responsible for determining the salaries of other staff in line with the remuneration policy above and as approved in the budget.

5. PLANS FOR THE FUTURE

The Trustees do not propose to deviate from the current objectives and activities of the Charity as detailed in Section 2 of this report. Trustees have approved a grants plan for 2023-24 to deliver on the areas of focus. The executive team have set out a schedule of grant rounds until December 2023. Over the course of the next three years the Charity anticipates making a smaller number of grants than in 2022, and these grants will generally be larger in size..

The charity expects to support a second group of Prudence Trust Fellows who would be recruited during 2023 and make a cohort of eight Fellows in adolescent mental health.

In March, the charity intends to award grants to support youth work organisations and their staff who are dealing with an increased capacity and severity of mental health need amongst young people who take part in their activities.

Further grants will be awarded during 2023, with an emphasis on both face to face and digital early intervention, as well as activities which support the prevention of mental health struggles.

The charity will ensure that the trustee board is appropriate, informed and supported, by reviewing the composition and skills of sub-committees, including how it further involves young people in research and grant-making.

The Mental Health Advisory panel scope and membership will be reviewed and expanded. It is planned that the panel will provide guidance on both research and frontline grants as well as the link between them – i.e. the implementation of evidence-based approaches. We anticipate increasing the panel size to 15-20 members, to include young people with experience of mental illness and using services.

The Prudence Trust profile and networks will be built further with the aim of attracting high quality applications for open rounds and to identify opportunities for collaboration with other funders.

The charity will move to new premises in the summer of 2023 which will give greater scope for convening grantees and experts in our fields of interest.

The trustees will continue to develop and refine their strategies, policies and procedures in future.

A further donation of £12m was received by the Trust in February 2023.

6. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a trust governed by its declaration of trust dated 20 May 2019 and is registered as a charity with the Charity Commission for England and Wales.

The Charity is controlled by its sole corporate trustee, the Prudence Trust Company Ltd. The charity resolved to appoint the Prudence Trust Company Ltd as sole corporate trustee in June 2020. Charity Commission approval for this appointment was received in September 2020.

The Trustee Directors liaise regularly and meet at least quarterly to discuss and develop the Charity's goals and strategy and to review grant proposals and general grant requests.

In the reporting period the Trust appointed an investment and audit sub-committee with oversight of investment, audit, risk management and financial performance. The committee meets at least twice a year.

The number of Trustees shall be a minimum of three at any one time, or one Trustee if said trustee is a Trust corporation, and new Trustees shall be appointed in writing by the Founding Trustee. The range of skills represented on the Trustee Board will be kept under review as the Charity develops over time.

Induction and Training

As part of their training, Trustee Directors are given an information pack which includes the Charity's Constitution. Trustee Directors are offered annual training on the Charity Commission guidance on Trustees' Responsibilities. All Trustee Directors are aware of their legal duties and obligations in respect of the management of the Charity, including in relation to the protection of its assets.

Statement of Trustees' Responsibilities

The Trustee Directors are responsible for preparing the Annual Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the Trustee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and statement of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustee is responsible for keeping proper accounting records that 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 and where relevant, the Charities Act 2022, 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.

The Trustee Directors have signed fit and proper declarations in line with HMRC guidance.

Charity Governance Code

In addition, each year the Trustee Directors give due consideration to Good Governance – A Code for the Voluntary and Community Sector, ensuring that the seven main principles of the Code are adhered to. These are:

- Understanding the Trustees' role;
- Doing what the organisation was set up to do;
- Working effectively;
- Control;
- Behaving with integrity;
- Equality, diversity and inclusion; and
- Openness and accessibility.

The Trustee recognises that good governance plays an essential part in securing the future of the Charity and confirm that the said main principles of the Code are followed by them in leading, directing and managing the Charity.

No Trustee Director received any remuneration during the year to 31 December 2022.

The Trust does not carry out fundraising activities.

Internal Controls

The Trustee has overall responsibility for ensuring that the Charity has appropriate systems of internal controls. They are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements follow best practice and all applicable law regulation and guidance. The Trustee is also responsible for the Charity safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The system of internal controls is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

Risk Management & Corporate Governance

A risk assessment has been performed during the preparation of this report and the Financial Statements. The risk assessment undertaken comprises of:

- A review of the risks the Charity faced during the period, since the period end and which it may face in the future;
- The establishment of systems and procedures to mitigate those risks; and
- The implementation of procedures designed to minimise any potential impact on the Charity should those risks materialise.

This continuing process will identify risk areas to which the Charity is vulnerable and highlight any necessary safeguards that will need to be put in place. The current version of the Charity's Risk Register was approved by the Board of Trustee Directors in February 2023

The risk register is reviewed every six months by the Board. Mitigation plans are in place for all risks and are overseen by the Investment & Audit Committee.

Principle risks for the Charity were identified as:

- The decision to add fund managers to reduce manager-specific risk for its assets has meant a reallocation of funds throughout the 2021 and 2022 accounting periods. This process is overseen by the Investment & Audit Committee, the fund transfers governed by mandates with managers and the transfer process tracked and reconciled at each stage.
- The volume of grant-making has increased meaning that the grant-making processes need to be adhered to in order to manage the volume and risks related to grants. Through 2022 systems have been created and strengthened to ensure the team has the capacity and procedures to meet the grant-making objectives, and that trustees have oversight of the whole process.

Related Party Transactions

The Trust has no subsidiary undertakings and has not entered into any co-operation agreements with other Charities in pursuit of its charitable objectives. Where the Trust engages in a transaction with which one of the Trustee Directors is connected, the conflicted Trustee Director recuses themselves from the decision making process. Any related party transactions are disclosed in note 13 to the Financial Statements.

Approved by the Trustee and signed on their behalf by:

Guy Elliott

Date: 13 June 2023

Director of the Prudence Trust Company Limited (Trustee)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE THE PRUDENCE TRUST

Opinion

We have audited the financial statements of The Prudence Trust (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2022 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 and where relevant, the Charities Act 2022.

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 Auditor's 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 UK, including the FRC'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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Prudence Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustee's annual report, other than the financial statements and our auditor's report thereon. The trustee is

responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- The information given in the trustee's annual report is inconsistent in any material respect with the financial statements;
- 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 trustee

As explained more fully in the statement of trustee's responsibilities set out in the trustee's annual report, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines 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 trustee is 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 trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and investment committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustee as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustee 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 the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Date 19 June 2023

Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

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

THE PRUDENCE TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR TO 31 DECEMBER 2022

	Note	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Income from:					
Donations	2	390,940	11,033,468	11,424,408	45,069,035
Investments	3	741,861	1,250,622	1,992,483	4,424,964
Charitable activity		11,050	-	11,050	-
Total Income		1,143,851	12,284,090	13,427,941	49,493,999
Expenditure on:					
Charitable activities	4	3,828,692	3,259,691	7,088,383	4,317,591
Raising funds: investment management	6	399,576	566,096	965,672	864,825
Total Expenditure		4,228,268	3,825,787	8,054,055	5,182,416
Net income/(expenditure) before (losses)/gains on investments		(3,084,417)	8,458,303	5,373,886	44,311,583
Net (losses)/gains on investments	7	(8,469,137)	(10,186,571)	(18,655,708)	25,301,442
Net income/(expenditure)		(11,553,554)	(1,728,268)	(13,281,822)	69,613,025
Other recognised gains/(losses)		(4,988)	193,094	188,106	(3,422)
Net movement in funds		(11,558,542)	(1,535,174)	(13,093,716)	69,609,603
Reconciliation of funds:					
Total funds brought forward		77,693,436	112,560,107	190,253,543	120,643,940
Total funds carried forward		66,134,894	111,024,933	177,159,827	190,253,543

All of the above results are derived from continuing activities. There were no recognised gains and losses for either period other than those stated above. Movement in funds are disclosed in Note 15 to the Financial Statements. A comparative Statement of Financial Activity is included as Note 17.

THE PRUDENCE TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments and cash under management	7	181,412,789	189,525,371
Tangible Assets	8	6,313	2,045
Total fixed assets		<u>181,419,102</u>	<u>189,527,416</u>
Current assets			
Debtors	9	23,171	99,359
Cash at bank		3,291,835	4,151,875
Total Current Assets		<u>3,315,006</u>	<u>4,251,234</u>
Current liabilities			
Creditors - amounts falling due within one year	10	(3,905,606)	(1,503,289)
Net current (liabilities)/assets		<u>(590,600)</u>	<u>2,747,945</u>
Total assets less current liabilities		180,828,502	192,275,361
Non-current liabilities			
Creditors – amounts falling due in more than one year	11	(3,668,675)	(2,021,818)
Total net assets		<u>177,159,827</u>	<u>190,253,543</u>
The funds of the charity:			
Unrestricted funds		66,134,894	77,693,436
Restricted funds		111,024,933	112,560,107
Total charity funds		<u>177,159,827</u>	<u>190,253,543</u>

The financial statements were approved and authorised for issue by the Trustee and were signed on their behalf by:

Guy Elliott

**Director of Prudence Trust Company Limited
(Trustee)**

Beatrice Hollond

**Director of Prudence Trust Company Limited
(Trustee)**

Date: 13 June 2023

THE PRUDENCE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR TO 31 DECEMBER 2022

	Note	2022	2021
		£	£
Net cash flow from Operating Activities			
Net movement in funds for the year		(13,093,716)	69,609,603
Less: Investment income and deposit interest		(1,992,483)	(4,424,964)
Depreciation charge	8	1,578	511
Net loss/(gain) on investment assets		18,655,708	(25,301,442)
Decrease/(increase) in debtors		76,188	(64,930)
Increase in creditors		4,049,173	3,401,374
		<u>7,696,448</u>	<u>43,220,152</u>
Cash flows from investing activities			
Investment income	3	1,992,483	4,424,964
Purchase of tangible assets		(5,846)	(2,556)
Purchase of investments		(193,724,775)	(230,677,464)
Proceeds from sale of investments	7	186,112,442	162,474,096
		<u>(5,625,696)</u>	<u>(63,780,960)</u>
Change in cash and cash equivalents in the year		<u>£2,070,752</u>	<u>£(20,560,808)</u>
Reconciliation of net cash flow to movement in net funds			
Net cash resources at 1 January 2022		12,502,293	33,063,101
Net increase/(decrease) in cash		<u>2,070,752</u>	<u>(20,560,808)</u>
Net cash resources at 31 December 2022		<u>£14,573,045</u>	<u>£12,502,293</u>
Analysis of net funds:			
Cash held in investment portfolio	7	11,281,210	8,350,418
Cash at Bank		3,291,835	4,151,875
		<u>£14,573,045</u>	<u>£12,502,293</u>

THE PRUDENCE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2022

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The Prudence Trust ("the Trust"), registered charity number 1187700, is based and administered in the United Kingdom. The registered address is 16 Berkeley Street, London, W1J 8DZ. The nature of the Trust's operations and principal activities are set out in the Trustees' Annual Report.

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) ("Charities SORP FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and where relevant, the Charities Act 2022, and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trust constitutes a public benefit entity as defined by Charities SORP FRS 102.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

In applying the financial reporting framework, the Trustee has made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

Incoming Resources

Investment income is derived from interest and dividends receivable from investments and is accounted for in the period in which the Trust is entitled to receipt. Interest from deposit accounts are included as and when received only. All incoming resources are included in the SOFA when the Trust is entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary donations include donations under Gift Aid with the associated tax credits included when receivable. Interest from deposit accounts are included when received.

Resources Expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation committing the Trustee to the expenditure. Irrecoverable VAT is charged against the activity for which expenditure was incurred.

Charitable activities include governance costs made during the period and are expended through the SOFA when the offer is conveyed to the recipient.

Cost of raising funds relate to the costs incurred by the Trust in managing its investment portfolios.

Governance costs relating to the general running of the Trust, as opposed to the management functions inherent in generating funds.

Grants payable

Grants payable are made to third parties in furtherance of the Trust's objects. Single or multi- year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustee has agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the Trust.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/ (losses) on investments" in the statement of financial activities. The Trust does not trade in options, derivatives or other complex financial instruments. However the Trust's investment managers may trade in such financial instruments as part of their investment portfolio management.

Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Tangible fixed assets are included at their cost value and depreciated using the straight line method over 5 years.

Status of funds

Restricted funds are to be used for specific purposes as laid down by the donor. Income arising from the investment of those funds and expenditure which meets the criteria set out by the donor is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are converted at the rate of exchange ruling at the date of the transaction. All translation differences are taken to the statement of financial activities as they arise.

Taxation

The Trust is not subject to any taxes on its charitable activities.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised as expenditure.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Provisions

Provisions are recognised when the Trust has an obligation at the Balance Sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Going concern

The geo-political and macro-economic effects of the war in Ukraine, rising costs and inflation continued to impact the Charity throughout 2022 resulting in a material depreciation in the valuation of the Charity's investments of £18,655,708 (10.97%) during the year to 31 December 2022. The Trustees do not believe however that this will have an impact on going concern given surplus reserves of £66,128,581 and net assets of £177,159,827. The Trustee Directors consider the adoption of the going concern basis in preparing these financial statements continues to be appropriate.

For the year ended 31 December 2022

	Unrestricted	Restricted	Total 2022 £
2. INCOME FROM DONATIONS			
Donations received	325,940	11,033,468	11,359,408
Gift Aid Relief	65,000	-	65,000
	<u>£390,940</u>	<u>£11,033,468</u>	<u>£11,424,408</u>

For the year ended 31 December 2021

	Unrestricted	Restricted	Total 2021 £
Donations received	£69,035	£45,000,000	£45,069,035
	<u>£69,035</u>	<u>£45,000,000</u>	<u>£45,069,035</u>

For the year ended 31 December 2022

	Unrestricted	Restricted	Total 2022 £
3. INCOME FROM INVESTMENTS			
UK quoted securities income	140,386	167,719	308,105
Overseas quoted securities income	570,694	1,031,034	1,601,728
Bank interest	30,781	51,869	82,650
	<u>£741,861</u>	<u>£1,250,622</u>	<u>£1,992,483</u>

For the year ended 31 December 2021

	Unrestricted	Restricted	Total 2021 £
UK quoted securities income	1,554,202	2,243,596	3,797,798
Overseas quoted securities income	271,368	355,201	626,569
Deposit interest	364	233	597
	<u>£1,825,934</u>	<u>£2,599,030</u>	<u>£4,424,964</u>

4. EXPENDITURE ON CHARITABLE ACTIVITIES

Grants payable:

The Trust awarded grants totalling £6,624,846 to thirty four UK registered charities and four UK Universities during the year to 31 December 2022 (2021: £3,949,949 to thirteen UK registered charities (note 18)). The grants awarded were in the following areas of focus of the Trust with the cumulative amount per area shown:

	Total 2022 £	Total 2021 £
Mental Health: Research	2,226,564	1,610,000
Mental Health: Access to support	3,897,667	1,085,699
Mental Health: Prevention	490,615	1,054,250
Environment	10,000	200,000
Total Grants payable	6,624,846	3,949,949

Grants have been awarded restricted and unrestricted funds as follows:

Restricted	3,259,282	450,000
Unrestricted	3,365,564	3,499,949
	6,624,846	3,949,949

Support Costs:

Staff costs (note 5)	270,493	178,135
Office and Admin costs	97,910	77,559
Professional fees	64,085	82,756
Travel, Events and Subsistence	11,822	7,450
Total Support costs	444,310	345,900

Support costs are allocated between restricted and unrestricted funds as follows:

Restricted	409	30
Unrestricted	443,901	345,870
	444,310	345,900

	Total 2022 £	Total 2021 £
Governance Costs:		
Legal fees	5,187	12,142
Audit fees	14,040	9,600
Total Governance costs:	19,227	21,742
Governance costs are allocated to unrestricted funds.		
Total Charitable activities	<u>7,088,383</u>	<u>4,317,591</u>

Auditor remuneration in respect of their audit of the Financial Statements for the year to 31 December 2022 totalled £9,750 excluding VAT. (2021: £8,000 excluding VAT)

5. STAFF COSTS

During the year to 31 December 2022, the average number of employees was 4 (2021: 2). The associated costs of employment are as follows:

	Total 2022 £	Total 2021 £
Gross Salaries	204,925	140,018
Employers Social Security	25,731	16,800
Employers Pension contribution	23,001	10,251
Staff benefits and insurance	16,836	11,066
	<u>£270,493</u>	<u>£178,135</u>

The total amount of benefit received by key management personnel was £134,698 (2021: £122,056). Key management personnel represent the Trustees and the Foundation Director. One employee earned between £100,000 and £110,000 during the year (2021: 1 earned between £100,000 and £110,000)

For the year ended 31 December 2022

6. EXPENDITURE ON INVESTMENT MANAGEMENT	Unrestricted	Restricted	Total 2022 £
JTFM Limited – Financial consultant	30,900	-	30,900
Veritas Investment management fees	218,392	99,446	317,838
Ruffer LLP	-	232,764	232,764
Brown Advisory investment management fee	150,284	233,886	384,170
	<u>£399,576</u>	<u>£566,096</u>	<u>£965,672</u>

Ruffer LLP was appointed in June 2022. The fees shown above represent a seven month period.

For the year ended 31 December 2021

	Unrestricted	Restricted	Total 2021 £
JTFM Limited – Financial consultant	34,800	-	34,800
Veritas Investment management fees	126,994	91,496	218,490
CCLA investment management fee	247,593	357,683	605,276
Brown Advisory investment management fee	2,385	3,874	6,259
	<u>£411,772</u>	<u>£453,053</u>	<u>£864,825</u>

7. FIXED ASSET INVESTMENTS	2022 £	2021 £
Quoted investments	170,131,579	181,174,953
Cash held as part of portfolios	11,281,210	8,350,418
Total investments and cash under management	<u>£181,412,789</u>	<u>£189,525,371</u>
Net (loss)/gain on investments	<u>£(18,655,708)</u>	<u>£25,301,442</u>
Market value at 1 January	181,174,953	87,670,143
Additions at cost	193,724,775	230,677,464
Disposals	(186,112,442)	(161,456,134)
Indirect investment management fees (gross of rebate)	-	(1,017,962)
Net realised investment (loss)/gain	(3,351,609)	21,090,670
Net unrealised investment loss/gain	(15,304,099)	4,210,772
Market Value at 31 December	<u>£170,131,578</u>	<u>£181,174,953</u>

8. TANGIBLE FIXED ASSET	2022 £	2021 £
Fixtures, fittings and equipment at cost		
Balance at 1 January 2022	2,556	-
Purchases of fixtures, fittings and equipment		
Computer equipment	5,846	2,556
Balance at 31 December 2022	8,402	2,556
Accumulated depreciation		
Balance at 1 January	511	-
Charge for the year	1,578	511
Balance at 31 December 2022	2,089	511
Net Book Value at 31 December 2022	£6,313	£2,045

Tangible fixed assets are depreciated over a five year period using the straight line method.

The fixed assets are still being used by the Trust.

9. DEBTORS	2022 £	2021 £
Prepayments	23,171	9,800
Investment management fee rebate	-	89,559
	£23,171	£99,359

10. CREDITORS - amounts falling due within one year	2022 £	2021 £
Accounts payable	320,105	80,901
Accruals	50,303	14,615
Grants payables	3,535,198	1,407,773
	£3,905,606	£1,503,289

11. CREDITORS - amounts falling due in more than one year	2022 £	2021 £
Grants payable	£3,668,675	£2,021,818

12. GRANTS PAYABLE

During the year the Trustee awarded thirty eight new multi-year commitments. The following amounts outstanding as at 31 December 2022:

Organisation	Amount falling due within one year	Amounts falling due in more than one year	Total £
University College London	300,000	446,467	746,467
Bristol University	263,441	263,441	526,882
University of Oxford Fellowship	75,000	250,000	325,000
Anna Freud Centre	220,000	100,000	320,000
Place2Be	152,000	152,000	304,000
Bristol University Fellowship	100,000	200,000	300,000
The Wave Project	100,000	200,000	300,000
Empire Fighting Chance	96,590	193,180	289,770
The Music Works	89,870	183,937	273,807
Oxford University	172,595	97,077	269,672
Raw Material Music and Media	35,140	217,718	252,858
Jigsaw4u	103,378	105,448	208,826
Kings College London Fellowship	150,000	250,000	200,000
University College London Fellowship	150,000	50,000	200,000
Groundwork London	65,939	131,877	197,816
The Prince's Trust	196,490	-	196,490
OTR Bristol	62,529	130,742	193,271
Body & Soul	85,512	85,512	171,024
Young Roots	82,831	82,831	165,662
The Mix	75,000	75,000	150,000
Dose of Nature	50,000	100,000	150,000
Student Minds	80,000	50,000	130,000
OnSide	125,750	-	125,750
Create	57,028	58,445	115,473
Ormiston Families	50,000	50,000	100,000
YoungMinds	100,000	-	100,000
Youth Access	50,000	50,000	100,000
Core Arts	90,000	-	90,000
Designs in Mind	30,000	60,000	90,000
Comics Youth	30,000	60,000	90,000
East London Dance	75,000	-	75,000
MQ	50,000	-	50,000
Amber Foundation	50,000	-	50,000
Dulwich Picture Gallery	35,105	-	35,105
Roundhouse Trust	15,000	15,000	30,000
Focus Bath	30,000	-	30,000
Dalai Lama Centre for Compassion	10,000	10,000	20,000
Ebony Horse Club	16,000	-	16,000
Gardening with Disabilities Trust	15,000	-	15,000
	<u>£3,535,198</u>	<u>£3,668,675</u>	<u>£7,203,873</u>

13. RELATED PARTY TRANSACTIONS

During the year two donations totalling £420,000 (2021: £140,000) were made to Anna Freud Centre where the spouse of one of the Trustee Directors, Julia Samuel, is the Chair. Julia recused herself from the decision-making process related to these grants.

No Trustee Director received any remuneration or reimbursement of expenses during the year to 31 December 2022 (2021: £nil).

Trustee Liability insurance of £2,462 was paid by the Charity on behalf of the Trustee Director (2021: £467)

A Trustee Director, Beatrice Hollond is a Non-Executive Director of Brown Advisory. Beatrice Hollond recused herself from any decisions on appointing Brown Advisory as an Investment Manager and the decision was made independently of her Directorship and with the assistance of external and independent investment consultants.

During the year, a Trustee received the services of one of the employees of the Trust. The terms and provisions of these services were agreed by way of a consultancy agreement with fees charged to the Trustee that are above the cost incurred by the Trust in providing these services and agreed with the Trustee and the Trust at arm's length. The fee income for the Trust for the year was £11,050 (2021 nil).

Aggregate donations from related parties were £260,000 (2021: £Nil).

14. ULTIMATE CONTROLLING PARTY

The Trustee Directors consider that the Trust is jointly controlled by the Directors of The Prudence Trust Company and therefore there is no one ultimate controlling party.

15. FUNDS	Balance brought forward £	Income and Gains £	Expenditure and Losses £	Balance carried forward £
For the year ended 31 December 2022:				
Unrestricted	77,693,436	1,095,911	(12,654,453)	66,134,894
Restricted	112,560,107	12,477,431	(14,012,605)	111,024,933
	<u>£190,253,543</u>	<u>£13,573,342</u>	<u>£(26,667,058)</u>	<u>£177,159,827</u>
For the year ended 31 December 2021:				
Unrestricted	69,604,280	12,368,489	(4,279,333)	77,693,436
Restricted	51,039,660	62,428,341	(907,894)	112,560,107
	<u>£120,643,940</u>	<u>£74,796,830</u>	<u>£(5,187,227)</u>	<u>£190,253,543</u>

Analysis of net assets between funds:	For the year ended 31 December 2022		
	Unrestricted £	Restricted £	Total 2022 £
Fixed assets	70,016,987	111,402,115	181,419,102
Debtors	23,171	-	23,171
Cash at Bank	500,324	2,791,511	3,291,835
Creditors	(4,405,588)	(3,168,693)	(7,574,281)
Total Funds	£66,134,894	£111,024,933	£177,159,827

	For the year ended 31 December 2021		
	Unrestricted £	Restricted £	Total 2021 £
Fixed assets	78,048,064	111,479,352	189,527,416
Debtors	43,924	55,435	99,359
Cash at Bank	2,751,271	1,400,604	4,151,875
Creditors	(3,149,823)	(375,284)	(3,525,107)
Total Funds	£77,693,436	£112,560,107	£190,253,543

Restricted funds are to be used for specific purposes as laid down by the donor and must be used to furthering the charitable objectives and not for day to day operations of the Trust.

Income arising from the investment of those funds and expenditure which meets the criteria set out by the donor is charged to the fund.

16. FINANCIAL INSTRUMENTS

2022
£ 2021
£

The carry amounts of the Trust's financial instruments are as follows:

Financial assets

Measured at fair value through SOFA:

-Fixed asset quoted investments	170,131,579	181,174,953
-Tangible Fixed assets	6,313	2,045
-Cash under management	11,281,210	8,350,418
-Cash at bank and in hand	3,291,835	4,151,875

Financial liabilities

Measured at amortised cost

-Creditors	7,574,280	3,525,107
------------	-----------	-----------

The net gains attributable to the Trust's financial instruments are summarised as follows:

Income and expense

Measured at fair value through SOFA:

-Net gains (including changes in fair value)	(18,467,602)	25,298,021
--	--------------	------------

17. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £
Income from:			
Donations	69,035	45,000,000	45,069,035
Investments	1,825,934	2,599,030	4,424,964
Total Income	1,894,969	47,599,030	49,493,999
Expenditure on:			
Charitable activities	3,867,561	450,030	4,317,591
Raising funds: investment management	411,772	453,053	864,825
Total Expenditure	4,279,333	903,083	5,182,416
Net income before gains on investments	(2,384,364)	46,695,947	44,311,583
Net gains on investments	10,472,131	14,829,311	25,301,442
Net income	8,087,767	61,525,258	69,613,025
Other recognised losses	1,389	(4,811)	(3,422)
Net movement in funds	8,089,156	61,520,447	69,609,603
Reconciliation of funds:			
Total funds brought forward	69,604,280	51,039,660	120,643,940
Total funds carried forward	77,693,436	112,560,107	190,253,543

18. COMPARATIVE GRANT AWARDS

Grants Payable 2021		
Mental Health: Research		
Kings College London Fellowship	Fellowship scheme for a researcher in adolescent mental health	£400,000
Bristol University Fellowship	For a researcher in adolescent mental health	£400,000
University College London Fellowship	For a researcher in adolescent mental health	£400,000
University of Oxford Fellowship	For a researcher in adolescent mental health	£400,000
Create	To provide and evaluate arts programmes in adolescent psychiatric settings	£10,000
Mental Health: Access to Support		
Pace2Be	To help them expand their offer of counselling and whole-school support to more schools	£456,000
Core Arts	Capital costs for their art school canal boat to help promote positive mental health	£180,000
Create	To provide and evaluate arts programmes in adolescent psychiatric settings	£151,579
Anna Freud Centre	Schools Support Service, offering remote support to young people, parents and teachers	£140,000
Dulwich Picture Gallery	For their social prescribing programme with the Tessa Jowell Health Centre	£92,120
The Mix	Digital counselling service for young people	£50,000
Climbing Out	Residential programme for young people following a trauma	£16,000
Mental Health: Prevention		
The Prince's Trust	Get Started with Arts programme with young people	£450,000
OnSide	To provide Wellbeing Youth Workers and Arts programmes in some Centres	£377,250
East London Dance	Youth dance programmes	£150,000
Roundhouse Trust	To run their community arts programme	£45,000
Ebony Horse Club	Expand their youth work	£32,000
Environment		
Sustainable Food Trust	To help develop the Global Farm Metric	£200,000

19. KEY SERVICE PROVIDERS

Bankers:

C Hoare & Co

37 Fleet Street, Temple. London, EC4Y 1BT

J.P. Morgan Bank Luxembourg S.A. – London

Branch PO Box 68214, 1 Knightsbridge, London,
SW1P 9UH

J.P. Morgan Bank Luxembourg S.A

6 Route de Treves, L-2633 Senningerberg, Luxembourg

Investment Managers:

Veritas Investment Partners (UK) Limited

Riverside House, 2a Southwark Bridge Road, London, SE1 9HA

Brown Advisory

18 Hanover Square, 1st Floor, London, W1S 1JY

Ruffer LLP,

80 Victoria Street, London SW1E 5JL

Solicitors:

Womble Bond Dickinson

4 More London Riverside, Greater London, SE1 2AU

Accountants:

Rawlinson & Hunter LLP

Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ

Independent Auditor:

Sayer Vincent LLP

Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

THE PRUDENCE TRUST

England & Wales - Charity number 1187700

Accounts

PRUDENCE 'TRUST'

ANNUAL REPORT OF THE TRUSTEE AND FINANCIAL STATEMENTS

FOR THE YEAR TO
31 DECEMBER 2021

(Registered Charity No. 1187700)

CONTENTS

	Page
Annual Report of the Trustee	1-9
Independent Auditor's Report	10-13
Statement of Financial Activities (including Income and Expenditure Account)	14
Balance Sheet	15
Statement of Cash Flows	16
Notes to the Financial Statements	17-29

THE PRUDENCE TRUST

ANNUAL REPORT OF THE TRUSTEE

FOR THE YEAR TO 31 DECEMBER 2021

The Trustee Directors present their report and independently audited financial statements of The Prudence Trust (“the Trust” or “the Charity”), for the year to 31 December 2021. These have been prepared in accordance with the accounting policies set out in note 1 and comply with applicable charity law.

1. REFERENCE AND ADMINISTRATIVE DETAILS

The Prudence Trust, (registered charity number 1187700) is based and administered in the United Kingdom. The registered address is 16 Berkeley Street, London, W1J 8DZ.

Trustee:

The Trustee of the Trust who held office during the period and continues to serve at the date of this report is Prudence Trust Company Limited

The Trustee did not hold any beneficial interest in the Trust at 31 December 2021 or at any time during or since that period.

Key Management:

The Directors of the Corporate Trustee (“Trustee Directors”) are in charge of directing and controlling the Trust. Day to day operations of the Trust are delegated to the Director, Tara Leathers.

Trustee Directors:

The following persons act as Directors of the Trustee

- Prudence MacLeod
- Guy Elliott
- Beatrice Hollond
- Julia Samuel MBE
- Peter Bennett-Jones CBE

2. OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The objects of the Trust are restricted specifically to the application of Trust funds, at such time or times and in such manner, for the public benefit, as the Trustee Director may in their discretion think fit for any exclusively charitable purposes in any part of the world. The Charity operates as a grant-making charity, with a view to support charitable projects and organisations with grants of varying sizes and durations.

The Trustee Directors have defined a programme of grant-making to charities which will achieve one or more of the following:

- The advancement of mental health especially in the UK;
- The advancement of the arts especially in the UK;
- The relief of those in need because of youth, age, financial hardship or other disadvantage; and
- Any other general purpose that the Trustee Directors think fit.

During 2021 the Trustee Directors refined the funding priorities for its first years of operation. These are to:

- a) Build young people's resilience and tools to cope with life's challenges and prevent mental illness.
- b) Improve young people's access to support when they have signs of mental illness.
- c) Build the evidence of what treatments work to prevent and treat youth mental illness, alongside building the community of adolescent mental health researchers.

The emphasis will be on young people in the UK aged 11-25 years, although this will not exclude support to other groups.

The Trustee Directors have pursued a broad strategy of ensuring proper due diligence in the assessment of potential grants and ensuring that grants are made subject to appropriate terms and conditions.

Statement of Public Benefit

As a grant-funder, the Charity's activities will provide public benefit to the individuals and communities who are beneficiaries of the Charity's funded projects. The Charity's public benefit is not limited with reference to geography, by the charging of fees or otherwise. The Trustee Directors are aware of the Charity Commission guidance on Public Benefit and confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to it. They consider the information which follows in this annual report, about the Charity's aims, activities and achievements in the areas of interest that the Charity supports, demonstrates the benefit to its beneficiaries and through them to the public, that arise from those activities.

Grant Making Policies

A grant making and social investment policy to guide the Trustee's decisions in achieving the charitable objectives was approved by trustees on 21 January 2021. In November 2021 Trustees approved some further funding parameters. The policy and parameters allow the Trustee Directors to properly select appropriate grantees and impose prudent terms on

grants, including, as appropriate, monitoring and evaluation of the way in which funds are applied by grantees. The Trustees' grant making policy was generally to consider making donations by way of direct funding and also by way of grants to charitable organisations recognised as such in their respective jurisdictions, for projects that are exclusively charitable under English law.

3. ACHIEVEMENT AND PERFORMANCE

Set-up and enabling activities

The main aims during the period were to:

1. Build the grant-making capacity of the Charity
2. Deepen our knowledge and increase our profile
3. Create operating capacity for higher level of grants activity
4. Monitor investments against the objectives.

During this period, the following was achieved:

Build the grant-making capacity of the Charity

In 2021 the Charity considered a number of grants to advance the Charity's funding priorities detailed in section 2. The total of grants awarded in 2021 was £3.95m (2020: £434,000).

Grants were made to the following charities, all of which are registered charities:

Prince's Trust for the Get Started with Arts programme with young people	£450,000
East London Dance for their youth dance programmes	£150,000
Ebony Horse Club to expand their youth work	£32,000
The Mix for their digital counselling service for young people	£50,000
Anna Freud Centre for their Schools Support Service, offering remote support to young people, parents and teachers	£140,000
Sustainable Food Trust to help develop the Global Farm Metric	£200,000
Onside Youth Zones to provide Wellbeing Youth Workers and Arts programmes in some Centres	£377,250
Place2Be to help them expand their offer of counselling and whole-school support to more schools	£456,000
Dulwich Picture Gallery for their social prescribing programme with the Tessa Jowell Health Centre	£92,120
Create to provide and evaluate arts programmes in adolescent psychiatric settings	£161,579
Roundhouse to run their community arts programme	£45,000
Climbing Out for their residential programme for young people following a trauma	£16,000
Core-Arts for capital costs for their art school canal boat to help promote positive mental health	£180,000
King's College London for a Fellowship scheme for a researcher in adolescent mental health	£400,000
University College London for a researcher in adolescent mental health	£400,000
University of Bristol for a researcher in adolescent mental health	£400,000
University of Oxford for a researcher in adolescent mental health	£400,000

Deepen our knowledge and increase our profile

The Charity's Mental Health Advisory Panel, chaired by Prof Peter Fonagy, has advised the Trustee Directors on developing a research programme in adolescent mental health. The Advisory Panel has been supported by a Research Sub-committee, comprising UK-based academics, international academics and young people with experience of mental illness.

The Research Sub-committee oversaw the process to select research partners. During 2021 the recommendation was made to appoint four research partners: the University of Bristol, University of Oxford, University College London and King's College London.

The Charity is working with these partners to select research projects for funding and has supported a three-year fellowship scheme at each for researchers in child and adolescent mental health. The Research Committee has been advising the trustee directors on the selection of these research projects which have been evaluated during 2021 and early 2022 and will be granted in the Spring of 2022.

In September the Prudence Trust website went live with the aim of providing potential grantee organisations with more information about the Charity's aims and funding priorities, as well as being a place for charities to make grant applications.

The Charity held its first in-person event in December, "Conversations on Art and Mental Health" as a way of building its profile in the area of social prescribing and bringing together frontline organisations with experts and funders in this field.

Create operating capacity for higher level of grants activity

To support the greater volume of grant-activity, the Charity has built a small team. In April, a Head of Grants was recruited to both design and run the grants process. In January of 2022 two further team-members were recruited – a grants manager and a team executive assistant.

A Grant Management System, Salesforce, was chosen and successfully implemented in August 2021 to enable the Charity to track the pipeline of grant applications, record funding commitments and manage relationships with grantees and others.

This implementation formed part of developing and formalising a systematic grant-making process which is now in place. This process sets out the procedures and practices for research and due diligence, grant- approval and the monitoring of grants and their impact.

Monitor investments against the objectives.

The Investment & Audit Committee oversee the Charity's investments, supported by an investment consultant, JTFM.

During the year, as part of diversifying the Charity's assets, the Trustee Directors approved the addition of a third investment manager which is expected to be appointed in 2022, alongside a transition from one manager to another. The details are outlined in the Financial Review.

4. FINANCIAL REVIEW

The Statement of Financial Activities on page 14 shows total incoming resources for the period of £49,493,999 (2020: £116,376,894) and expenditure on charitable activities of £4,317,591 (2020: £604,789). Direct charitable expenditure of £3,949,949 (2020: £434,000) was incurred in the year by way of awarding grants. Governance costs amounted to £21,742 (2020: £66,376) and are included within charitable activities. The balance of charitable activities comprised support costs totalling £345,900 (2020: £104,413). The increase in support costs was primarily driven by office costs and additional staff being recruited.

The Trust spent £864,825 (2020: £216,337) on investment management fees. The total reserve at 31 December 2021 amounted to £190,253,543 (2020: £120,643,940).

At the beginning of 2021 the Charity held its investments across four portfolios with 80% held with CCLA Investment Management and 20% with Veritas Investment Partners (UK) Limited. In November 2021 the investments held with CCLA were transferred in specie to Brown Advisory.

The investment managers operate under a discretionary mandate with advice provided by JTFM Limited.

As at 31 December 2021 the funds held with CCLA Investment Management and subsequently transferred to Brown Advisory returned 15.01% over the year on a time weighted return basis. Veritas Investment Partners (UK) Limited returned 23.12% over the year on a time weighted return basis. The total investment income for the year across all portfolios was £4,424,964 (2020: £578,966).

The benchmark of inflation as measured by the UK Consumer Price Index ("CPI") plus 4.0% totalled 9.92%, which the investment managers outperformed.

The Trustee Directors have reviewed the performance of the portfolios and are satisfied with the returns to date.

In April 2022 a third manager, Ruffer LLP, was appointed to manage approximately 25% of the Charity's investment assets.

Reserves policy and going concern

The Trustee Directors have examined the Charity's requirement for resources in light of the main risks to the organisation and have no outstanding commitments or cash demands which are not adequately covered by existing resources. The net unrestricted assets of the Charity are regarded as free reserves and the funds at 31 December 2021 will be retained to make grants in accordance with the Charity's charitable objects and any policies. The Trustee Directors consider that the freely expendable funds are appropriate and adequate taking into account plans for grants to be awarded in future years. The Trustee Directors have agreed that at least £10m of reserves is held in cash and/or liquid investments that can be realised and their settlement proceeds are available within 5 business days.

The Covid-19 pandemic has created significant operational pressures on all charities. The Trustee also notes that the war in Ukraine has impacted the financial markets and has resulted in a material depreciation in the valuation of the Charity's investments of £7,893,460 (4.36%) as at 31 March 2022. They do not believe however that this will have an impact on going concern. The Trustee Directors consider the adoption of the going concern basis in preparing these financial statements continues to be appropriate

Investment Policy

The investment objective is to maintain and grow the real value of the assets and to generate stable, sustainable, distributable returns (capital and income), sufficient to at least maintain the purchasing power of those distributions.

The long-term total return objective is to achieve inflation as measured by UK Consumer Price Index ("CPI") plus 4.0% per annum to be measured over 5 year rolling periods.

Remuneration Policy

The Trust aims to ensure that staff are paid appropriately according to the nature of the work and the experience, knowledge and skills needed to carry out their job.

The Trust aims to remunerate at a median level when benchmarked against similar organisations in the sector. The Charity is committed to principles ensuring that pay and conditions of employment do not discriminate unlawfully and are free from bias.

The Trustee determines the salary for the Director and seek to pay a fair salary to attract and retain a skilled and expert senior leader for the organisation taking into account the median range for similar organisations in the UK Charity sector. The Trustee Directors ensure that the Director's performance is reviewed and reported at least annually by the Chair of the Board of Trustees. The Director is responsible for determining the salaries of other staff in line with the remuneration policy above and as approved in the budget.

5. PLANS FOR THE FUTURE

The Trustee Directors do not propose to deviate from the current objectives and activities of the Charity as detailed in Section 2 of this report. The Trustees Directors have approved a grants plan to 2022-2023 to deliver on the areas of focus.

With the expanded grant-making capability, the Prudence Trust has the systems and structures to expand grant-making further in 2022 and 2023 to meet these aims. The executive team have set out a schedule of grant rounds until December 2023.

The Charity's Research Grants Programme was launched in November and will be completed in March 2022, following a two-stage application and external review process. A grants round to support more places to go for young people with anxiety and depression was opened up to applications and grants will be awarded in May.

The Prudence Trust profile and networks will be built further with the aim of attracting high quality applications for open rounds and to identify opportunities for collaboration with other funders.

The Charity will ensure that the Trustee board is appropriately informed and supported, by reviewing the composition and skills of sub-committees, including how it further involves young people in research and grant-making.

The Trustee Directors will continue to develop and refine their strategies, policies and procedures in future.

A further donation of £11m was received by the Trust in February 2022

6. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a trust governed by its declaration of trust dated 20 May 2019 and is registered as a charity with the Charity Commission for England and Wales.

The Charity is controlled by its sole corporate trustee, the Prudence Trust Company Ltd. The charity resolved to appoint the Prudence Trust Company Ltd as sole corporate trustee in June 2020. Charity Commission approval for this appointment was received in September 2020.

The Trustee Directors liaise regularly and meet at least quarterly to discuss and develop the Charity's goals and strategy and to review grant proposals and general grant requests.

In the reporting period the Trust appointed an investment and audit sub-committee with oversight of investment, audit, risk management and financial performance. The committee meets at least twice a year.

The number of Trustees shall be a minimum of three at any one time, or one Trustee if said trustee is a Trust corporation, and new Trustees shall be appointed in writing by the Founding Trustee. The range of skills represented on the Trustee Board will be kept under review as the Charity develops over time.

Induction and Training

As part of their training, Trustee Directors are given an information pack which includes the Charity's Constitution. Trustee Directors are given annual training on the Charity Commission guidance on Trustees' Responsibilities. All Trustee Directors are aware of their legal duties and obligations in respect of the management of the Charity, including in relation to the protection of its assets.

Statement of Trustees' Responsibilities

The Trustee Directors are responsible for preparing the Annual Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the Trustee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and statement of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustee is responsible for keeping proper accounting records that 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.

The Trustee Directors have signed fit and proper declarations in line with HMRC guidance.

[Charity Governance Code](#)

In addition, each year the Trustee Directors give due consideration to Good Governance – A Code for the Voluntary and Community Sector, ensuring that the seven main principles of the Code are adhered to. These are:

- Understanding the Trustees' role;
- Doing what the organisation was set up to do;
- Working effectively;
- Control;
- Behaving with integrity;
- Equality, diversity and inclusion; and
- Openness and accessibility.

The Trustee recognises that good governance plays an essential part in securing the future of the Charity and confirm that the said main principles of the Code are followed by them in leading, directing and managing the Charity.

No Trustee Director received any remuneration during the year to 31 December 2021.

The Trust does not carry out fundraising activities.

[Internal Controls](#)

The Trustee has overall responsibility for ensuring that the Charity has appropriate systems of internal controls. They are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements follow best practice and all applicable law regulation and guidance. The Trustee is also responsible for the Charity safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The system of internal controls is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

Risk Management & Corporate Governance

A risk assessment has been performed during the preparation of this report and the Financial Statements. The risk assessment undertaken comprises of:

- A review of the risks the Charity faced during the period, since the period end and which it may face in the future;
- The establishment of systems and procedures to mitigate those risks; and
- The implementation of procedures designed to minimise any potential impact on the Charity should those risks materialise.

This continuing process will identify risk areas to which the Charity is vulnerable and highlight any necessary safeguards that will need to be put in place. The current version of the Charity's Risk Register was approved by the Board of Trustee Directors in January 2022.

The risk register is reviewed every six months by the Board. Mitigation plans are in place for all risks and are reviewed by the Investment & Audit Committee and overseen by the Trustee Directors.

Principle risks for the Charity were identified as:

- The decision to add fund managers to reduce manager-specific risk for its assets has meant a transfer of funds in 2021-2022. This process is overseen by the Investment & Audit Committee, the fund transfers governed by mandates with managers and the transfer process tracked and reconciled at each stage.
- The volume of grant-making has increased meaning that the grant-making processes need to be adhered to in order to manage the volume and risks related to grants. Through 2021, systems have been created and strengthened to ensure the team has the capacity and procedures to meet the grant-making objectives, and that Trustee Directors have oversight of the whole process.

Related Party Transactions

The Trust has no subsidiary undertakings and has not entered into any co-operation agreements with other Charities in pursuit of its charitable objectives. Where the Trust engages in a transaction with which one of the Trustee Directors is connected, the conflicted Trustee Director recuses themselves from the decision making process. Any related party transactions are disclosed in note 13 to the Financial Statements.

A Trustee Director, Beatrice Hollond is a Non-Executive Director of Brown Advisory. Beatrice Hollond recused herself from any decisions on appointing Brown Advisory as an Investment Manager and the decision was made independently of her Directorship and with the assistance of external and independent investment consultants.

During the year a donation of £140,000 (2020: £Nil) was made to Anna Freud Centre where a spouse of one of the Trustee Directors, Julia Samuel is the Chair. Julia recused herself from the decision-making process related to this grant.

Approved by the Trustee and signed on their behalf by:

Guy Elliott

Date: 14 June 2022

Director of the Prudence Trust Company Limited (Trustee)

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF THE

THE PRUDENCE TRUST

Opinion

We have audited the financial statements of The Prudence Trust (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2021 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
- 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 Auditor's 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 UK, including the FRC'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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Prudence Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustee's annual report, other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- The information given in the trustee's annual report is inconsistent in any material respect with the financial statements;
- 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 trustee

As explained more fully in the statement of trustee's responsibilities set out in the trustee's annual report, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines 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 trustee is 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 trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and investment committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustee as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustee 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 the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

20 June 2022

Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

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

THE PRUDENCE TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR TO 31 DECEMBER 2021

	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Income from:					
Donations	2	69,035	45,000,000	45,069,035	115,797,928
Investments	3	1,825,934	2,599,030	4,424,964	578,966
Total Income		<u>1,894,969</u>	<u>47,599,030</u>	<u>49,493,999</u>	<u>116,376,894</u>
Expenditure on:					
Charitable activities	4	3,867,561	450,030	4,317,591	604,789
Raising funds: investment management	6	411,772	453,053	864,825	216,337
Total Expenditure		<u>4,279,333</u>	<u>903,083</u>	<u>5,182,416</u>	<u>821,126</u>
Net income before gains on investments		(2,384,364)	46,695,947	44,311,583	115,555,768
Net gains on investments	7	10,472,131	14,829,311	25,301,442	5,086,486
Net income		<u>8,087,767</u>	<u>61,525,258</u>	<u>69,613,025</u>	<u>120,642,254</u>
Other recognised (losses)/gains		1,389	(4,811)	(3,422)	26
Net movement in funds		<u>8,089,156</u>	<u>61,520,447</u>	<u>69,609,603</u>	<u>120,642,280</u>
Reconciliation of funds:					
Total funds brought forward		69,604,280	51,039,660	120,643,940	1,660
Total funds carried forward		<u>77,693,436</u>	<u>112,560,107</u>	<u>190,253,543</u>	<u>120,643,940</u>

All of the above results are derived from continuing activities. There were no recognised gains and losses for year 31 December 2021 other than those stated above. Movement in funds are disclosed in Note 15 to the Financial Statements. A comparative Statement of Financial Activity is included as Note 17.

THE PRUDENCE TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Investments and cash under management	7	189,525,371	115,492,792
Tangible Assets	8	2,045	-
Total fixed assets		<u>189,527,416</u>	<u>115,492,792</u>
Current assets			
Debtors	9	99,359	34,429
Cash at bank		4,151,875	5,240,452
Total Current Assets		<u>4,251,234</u>	<u>5,274,881</u>
Current liabilities			
Creditors - amounts falling due within one year	10	(1,503,289)	(105,733)
Net current assets		<u>2,747,945</u>	<u>5,169,148</u>
Total assets less current liabilities		192,275,361	120,661,940
Non-current liabilities			
Creditors – amounts falling due in more than one year	11	(2,021,818)	(18,000)
Total net assets		<u>190,253,543</u>	<u>120,643,940</u>
The funds of the charity:			
Unrestricted funds		77,693,436	69,604,280
Restricted funds		112,560,107	51,039,660
Total charity funds		<u>190,253,543</u>	<u>120,643,940</u>

The financial statements were approved and authorised for issue by the Trustee and were signed on their behalf by:

Guy Elliott

**Director of Prudence Trust Company Limited
(Trustee)**

Beatrice Hollond

**Director of Prudence Trust Company Limited
(Trustee)**

Date: 14 June 2022

THE PRUDENCE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR TO 31 DECEMBER 2021

	Note	2021	2020
		£	£
Net cash flow from Operating Activities			
Net movement in funds for the year		69,609,604	120,642,280
Less: Investment income and deposit interest		(4,424,964)	(578,966)
Depreciation charge	8	511	-
Net gain on investment assets		(25,301,442)	(5,086,486)
Increase in debtors		(64,931)	(26,047)
Increase in creditors		3,401,374	111,151
		<u>43,220,152</u>	<u>115,061,932</u>
Cash flows from investing activities			
Investment income	3	4,424,964	578,966
Purchase of tangible Assets		(2,556)	-
Purchase of investments		(230,677,464)	(82,812,203)
Proceeds from sale of investments	7	162,474,096	228,546
		<u>(63,780,960)</u>	<u>(82,004,691)</u>
Change in cash and cash equivalents in the year		<u>£ (20,560,808)</u>	<u>£ 33,057,241</u>
Reconciliation of net cash flow to movement in net funds			
Net cash resources at 1 January 2021		33,063,101	5,860
Net (decrease)/increase in cash		<u>(20,560,808)</u>	<u>33,057,241</u>
Net cash resources at 31 December 2021		<u>£ 12,502,293</u>	<u>£ 33,063,101</u>
Analysis of net funds:			
Cash held in investment portfolio	7	8,350,418	27,822,649
Cash at Bank		4,151,875	5,240,452
		<u>£ 12,502,293</u>	<u>£ 33,063,101</u>

THE PRUDENCE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2021

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The Prudence Trust ("the Trust"), registered charity number 1187700, is based and administered in the United Kingdom. The registered address is 16 Berkeley Street, London, W1J 8DZ. The nature of the Trust's operations and principal activities are set out in the Trustees' Annual Report.

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) ("Charities SORP FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trust constitutes a public benefit entity as defined by Charities SORP FRS 102.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

In applying the financial reporting framework, the Trustee has made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

Incoming Resources

Investment income is derived from interest and dividends receivable from investments and is accounted for in the period in which the Trust is entitled to receipt. Interest from deposit accounts are included as and when received only. All incoming resources are included in the SOFA when the Trust is entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary donations include donations under Gift Aid with the associated tax credits included when receivable. Interest from deposit accounts are included when received.

Resources Expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation committing the Trustee to the expenditure. Irrecoverable VAT is charged against the activity for which expenditure was incurred.

Charitable activities include governance costs made during the period and are expended through the SOFA when the offer is conveyed to the recipient.

Cost of raising funds relate to the costs incurred by the Trust in managing its investment portfolios.

Governance costs relating to the general running of the Trust, as opposed to the management functions inherent in generating funds.

Grants payable

Grants payable are made to third parties in furtherance of the Trust's objects. Single or multi- year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustee has agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the Trust.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/ (losses) on investments" in the statement of financial activities. The Trust does not trade in options, derivatives or other complex financial instruments.

Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Tangible fixed assets are included at their cost value and depreciated using the straight line method over 5 years.

Status of funds

Restricted funds are to be used for specific purposes as laid down by the donor. Income arising from the investment of those funds and expenditure which meets the criteria set out by the donor is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are converted at the rate of exchange ruling at the date of the transaction. All translation differences are taken to the statement of financial activities as they arise.

Taxation

The Trust is not subject to any taxes on its charitable activities.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised as expenditure.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Provisions

Provisions are recognised when the Trust has an obligation at the Balance Sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Going concern

The Covid-19 pandemic has created significant operational pressures on all charities. The Trust is in the position of having significant assets with expenditure requirements which are within control of the Trustee. The pandemic, therefore, has not had a negative impact on the financial sustainability of the organisation and therefore, the Trustee considers the adoption of the going concern basis in preparing these financial statements is appropriate.

The Trustee notes that the war in Ukraine has impacted the Financial Markets and has resulted in a material depreciation in the valuation of the Charity's investments of £7,893,460 (4.36%) as at 31 March 2022. They do not believe however that this will have an impact on going concern given the overall value of the investments and forecast expenditure.

2. INCOME FROM DONATIONS	Unrestricted	Restricted	Total 2021 £
Donations received	£69,035	£45,000,000	£45,069,035
	Unrestricted	Restricted	Total 2020 £
Donations received	53,297,928	50,000,000	103,297,928
Gift Aid Tax Relief	12,500,000	-	12,500,000
	£65,797,928	£50,000,000	£115,797,928
3. INCOME FROM INVESTMENTS	Unrestricted	Restricted	Total 2021 £
UK quoted securities income	1,554,202	2,243,596	3,797,798
Overseas quoted securities income	271,368	355,201	626,569
Deposit interest	364	233	597
	£ 1,825,934	£ 2,599,030	£ 4,424,964
	Unrestricted	Restricted	Total 2020 £
UK quoted securities income	534,654	1,498	536,152
Overseas quoted securities income	30,483	3,348	33,831
Deposit interest	7,538	1,445	8,983
	£ 572,675	£ 6,291	£ 578,966

4. EXPENDITURE ON CHARITABLE ACTIVITIES

Grants payable:

The Trust awarded grants totalling £3,949,949 to thirteen UK registered charities and four UK Universities during the year to 31 December 2021 (2020: £434,000 to twelve UK registered charities). The grants awarded were in the following areas of focus of the Trust with the cumulative amount per area shown:

	Total 2021 £	Total 2020 £
Mental Health Research	1,600,000	-
Mental Health	1,203,250	200,000
Arts	853,699	30,000
General	200,000	154,000
Disadvantaged	93,000	50,000
Total Grants payable	3,949,949	434,000

Grants have been awarded restricted and unrestricted funds as follows:

Restricted	450,000	-
Unrestricted	3,499,949	434,000
	3,949,949	434,000

Support Costs:

Staff costs (note 5)	178,135	54,599
Office costs	69,035	-
Charity consultants	59,004	25,880
Bookkeeping services and tax advice	23,752	22,418
Events for charity partners	7,450	-
Miscellaneous costs and bank charges	7,546	1,516
Depreciation	511	-
Trustee liability insurance	467	-
Total Support costs	345,900	104,413

Support costs are allocated between restricted and unrestricted funds as follows:

Restricted	30	-
Unrestricted	345,870	104,413
	345,900	104,413

	Total 2021 £	Total 2020 £
Governance Costs:		
Legal fees	12,142	57,376
Audit fees	9,600	9,000
Total Governance costs:	21,742	66,376
Governance costs are allocated to unrestricted funds.		
Total Charitable activities	£ 4,317,591	£ 604,789

Auditor remuneration in respect of their audit of the Financial Statements for the year to 31 December 2021 totalled £8,000 excluding VAT. (2020: £7,500 excluding VAT)

5. STAFF COSTS

During the year to 31 December 2021, the average number of employees was 2 (2020: 1). The associated costs of employment are as follows:

	Total 2021 £	Total 2020 £
Gross Salaries	140,018	45,039
Employers Social Security	16,800	5,505
Employers Pension contribution	10,251	4,055
Staff benefits and insurance	11,066	-
	£ 178,135	£ 54,599

The total amount of benefit received by key management personnel was £122,056 (2020: £54,599). Key management personnel represent the Trustee and the Foundation Director. One employee earned between £100,000 and £110,000 during the year (2020: 0)

6. EXPENDITURE ON INVESTMENT MANAGEMENT	Unrestricted	Restricted	Total 2021 £
JTFM Limited – Financial consultant	34,800	-	34,800
Veritas Investment management fees	126,994	91,496	218,490
CCLA investment management fee	247,593	357,683	605,276
Brown Advisory investment management fee	2,385	3,874	6,259
	<u>£ 411,772</u>	<u>£ 453,053</u>	<u>£ 864,825</u>

	Unrestricted	Restricted	Total 2020 £
JTFM Limited – Financial consultant	24,000	-	24,000
Veritas Investment management fees	53,475	16,863	70,338
CCLA investment management fee	105,655	16,344	121,999
	<u>£ 183,130</u>	<u>£ 33,207</u>	<u>£ 216,337</u>

CCLA investment management fees are shown net of management fee rebates and are deducted directly from the fund value. The investment management fee is treated as an indirect cost and accounted for as a reduction in the book value of the investment.

Brown Advisory was appointed in November 2021. The fees shown above represent a six week window and are net of a management fee rebate received in respect of the period.

7. FIXED ASSET INVESTMENTS	2021 £	2020 £
Quoted investments	181,174,953	87,670,143
Cash held as part of portfolios	8,350,418	27,822,649
Total investments and cash under management	<u>£ 189,525,371</u>	<u>£ 115,492,792</u>
Net gain on investments	<u>£ 25,301,442</u>	<u>£ 5,086,486</u>
Market value at 1 January	87,670,143	-
Additions at cost	230,677,464	82,812,203
Disposals	(161,456,134)	(50,101)
Indirect investment management fees (gross of rebate)	(1,017,962)	(178,445)
Net realised investment gain/(loss)	21,090,670	(25)
Net unrealised investment gain	4,210,772	5,086,511
Market Value at 31 December	<u>£ 181,174,953</u>	<u>£ 87,670,143</u>

8. TANGIBLE FIXED ASSET	2021 £
Fixtures, fittings and equipment at cost	
Balance at 1 January 2021	-
Purchases of fixtures, fittings and equipment	
Computer equipment	2,556
Balance at 31 December 2021	2,556
Accumulated depreciation	
Balance at 1 January	-
Charge for the year	511
Balance at 31 December 2021	511
Net Book Value at 31 December 2021	£ 2,045

Tangible fixed assets are depreciated over a five year period using the straight line method.

The fixed assets are still being used by the Trust.

9. DEBTORS	2021 £	2020 £
Prepayments	9,800	-
Investment management fee rebate	89,559	34,429
	<u>£ 99,359</u>	<u>£ 34,429</u>
10. CREDITORS - amounts falling due within one year	2021 £	2020 £
Accounts payable	80,901	72,983
Accruals	14,615	14,750
Grants payables	1,407,773	18,000
	<u>£ 1,503,289</u>	<u>£ 105,733</u>
11. CREDITORS - amounts falling due in more than one year	2021 £	2020 £
Grants payable	<u>£ 2,021,818</u>	<u>£ 18,000</u>

12. GRANTS PAYABLE

During the year the Trustee awarded fifteen new multi-year commitments, with one commitment (The Forward Trust) brought forward from the year ended 31 December 2020. The following amounts outstanding as at 31 December 2021:

Organisation	Amount falling due within one year	Amounts falling due in more than one year	Total £
The Forward Trust (Action on Addiction)	18,000	-	18,000
Ebony Horse Club	16,000	-	16,000
The Prince's Trust	146,902	196,490	343,392
OnSide	125,750	125,750	251,500
Sustainable Food Trust	100,000	-	100,000
East London Dance	75,000	75,000	150,000
Place2Be	152,000	304,000	456,000
Core Arts	90,000	90,000	180,000
Create	46,106	115,473	161,579
Dulwich Picture Gallery	57,015	35,105	92,120
Roundhouse Trust	15,000	30,000	45,000
Climbing out	16,000	-	16,000
Bristol University	133,333	266,667	400,000
Kings College London	133,333	266,667	400,000
University of Oxford	150,000	250,000	400,000
University College London	133,334	266,666	400,000
	<u>£ 1,407,773</u>	<u>£ 2,021,818</u>	<u>£ 3,429,591</u>

13. RELATED PARTY TRANSACTIONS

Brown Advisory was appointed as an investment manager in November 2021. A Trustee director, Beatrice Hollond, is a Non-Executive director of Brown Advisory. Beatrice Hollond recused herself from any decisions on appointing Brown Advisory and the decision was made independently of her Directorship and with the assistance of external and independent investment consultants. Investment management fees paid to Brown Advisory in the six week period to 31 December 2021 totalled £6,259 (2020: £Nil), further details can be found in note 6.

During the year a donation of £140,000 (2020: £Nil) was made to Anna Freud Centre where a spouse of one of the Trustee Directors, Julia Samuel is the Chair. Julia recused herself from the decision-making process related to this grant.

A donation of £30,000 was made in the year to 31 December 2020 to Soho Theatre of which one of the Trustee Directors is also a Trustee

No Trustee Director received any remuneration or reimbursement of expenses during the year to 31 December 2021 (2020: £nil).

Trustee Liability insurance of £467 was paid by the Charity on behalf of the Trustee Director (2020: £nil)

14. ULTIMATE CONTROLLING PARTY

The Trustee Directors consider that the Trust is jointly controlled by the Directors of The Prudence Trust Company and therefore there is no one ultimate controlling party.

15.	FUNDS	Balance brought forward £	Income and Gains £	Expenditure and Losses £	Balance carried forward £
	For the year ended 31 December 2021:				
	Unrestricted	69,604,280	12,368,489	(4,279,333)	77,693,436
	Restricted	51,039,660	62,428,341	(907,894)	112,560,107
		<u>£120,643,940</u>	<u>£74,796,830</u>	<u>£(5,187,227)</u>	<u>£190,253,543</u>
	For the year to 31 December 2020:				
	Unrestricted	1,660	70,390,539	(787,919)	69,604,280
	Restricted	-	51,072,867	(33,207)	51,039,660
		<u>£ 1,660</u>	<u>£121,463,406</u>	<u>£ (821,126)</u>	<u>£120,643,940</u>

Analysis of net assets between funds

	Unrestricted £	Restricted £	Total 2021 £
Fixed assets	78,048,064	111,479,352	189,527,416
Debtors	43,924	55,435	99,359
Cash at Bank	2,751,271	1,400,604	4,151,875
Creditors	(3,149,823)	(375,284)	(3,525,107)
Total Funds	<u>£ 77,693,436</u>	<u>£112,560,107</u>	<u>£190,253,543</u>

	Unrestricted £	Restricted £	Total 2020 £
Fixed assets	64,451,544	51,041,248	115,492,792
Debtors	24,016	10,413	34,429
Cash at Bank	5,235,590	4,862	5,240,452
Creditors	(106,870)	(16,863)	(123,733)
Total Funds	<u>£ 69,604,280</u>	<u>£51,039,660</u>	<u>£120,643,940</u>

Restricted funds are to be used for specific purposes as laid down by the donor and must be used to furthering the charitable objectives and not for day to day operations of the Trust.

Income arising from the investment of those funds and expenditure which meets the criteria set out by the donor is charged to the fund.

16. FINANCIAL INSTRUMENTS

2021
£

2020
£

The carry amounts of the Trust's financial instruments are as follows:

Financial assets

Measured at fair value through SOFA:

-Fixed asset quoted investments	181,174,953	87,670,143
-Tangible Fixed assets	2,045	-
-Cash under management	8,350,418	27,822,649
-Cash at bank and in hand	4,151,875	5,240,452
-Measured at amortised costs	-	34,429

Financial liabilities

Measured at amortised cost

-Creditors	3,525,107	123,733
------------	-----------	---------

The net gains attributable to the Trust's financial instruments are summarised as follows:

Income and expense

Measured at fair value through SOFA:

-Net gains (including changes in fair value)	25,298,020	5,086,512
--	------------	-----------

17. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
Income from:			
Donations (note 2)	65,797,928	50,000,000	115,797,928
Investments (note 3)	572,675	6,291	578,966
Total Income	<u>66,370,603</u>	<u>50,006,291</u>	<u>116,376,894</u>
Expenditure on:			
Charitable activities (note 4)	604,789	-	604,789
Raising funds (note 5)	183,130	33,207	216,337
Total Expenditure	<u>787,919</u>	<u>33,207</u>	<u>821,126</u>
Net gains on investments (note 6)	<u>4,019,927</u>	<u>1,066,559</u>	<u>5,086,486</u>
Net income	<u>69,602,611</u>	<u>51,039,643</u>	<u>120,642,254</u>
Other recognised gains	9	17	26
Net movement in funds	<u>69,602,620</u>	<u>51,039,660</u>	<u>120,642,280</u>
Reconciliation of funds:			
Total funds brought forward	1,660	-	1,660
Total funds carried forward	<u>£69,604,280</u>	<u>£51,039,660</u>	<u>£120,643,940</u>

18. KEY SERVICE PROVIDERS

Bankers:

C Hoare & Co

37 Fleet Street, Temple. London, EC4Y 1BT

J.P. Morgan Bank Luxembourg S.A. – London

Branch PO Box 68214, 1 Knightsbridge, London,
SW1P 9UH

J.P. Morgan Bank Luxembourg S.A

6 Route de Treves, L-2633 Senningerberg, Luxembourg

Investment Managers:

Veritas Investment Partners (UK) Limited

Riverside House, 2a Southwark Bridge Road, London, SE1 9HA

Brown Advisory

18 Hanover Square, 1st Floor, London, W1S 1JY

Ruffer LLP,

80 Victoria Street, London SW1E 5JL

Solicitors:

Womble Bond Dickinson

4 More London Riverside, Greater London, SE1 2AU

Accountants:

Rawlinson & Hunter LLP

Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ

Independent Auditor:

Sayer Vincent LLP

Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

THE PRUDENCE TRUST

England & Wales - Charity number 1187700

Accounts

PRUDENCE 'TRUST'

ANNUAL REPORT OF
THE TRUSTEE AND
FINANCIAL
STATEMENTS

FOR THE YEAR TO
31 DECEMBER 2020

(Registered Charity No. 1187700)

CONTENTS

	Page
Annual Report of the Trustee	1 - 10
Independent Auditor's Report	11 - 14
Statement of Financial Activities (including Income and ExpenditureAccount)	15
Balance Sheet	16
Statement of Cash Flows	17
Notes to the Financial Statements	18 - 26

THE PRUDENCE TRUST

ANNUAL REPORT OF THE TRUSTEE

FOR THE YEAR TO 31 DECEMBER 2020

The Trustee Directors present their report and independently audited financial statements of The Prudence Trust ("the Trust"), for the year to 31 December 2020. These have been prepared in accordance with the accounting policies set out in note 1 and comply with applicable charity law.

1. REFERENCE AND ADMINISTRATIVE DETAILS

The Prudence Trust, (registered charity number 1187700) is based and administered in the United Kingdom. The registered address is 16 Berkeley Street, London, W1J 8DZ.

Trustees:

The Trustees of the Trust who held office during the period and continue to serve at the date of this report are:

- Prudence MacLeod (appointed 20 May 2019, resigned 18 September 2020)
- Guy Elliott (appointed 20 May 2019, resigned 18 September 2020)
- Beatrice Hollond (appointed 20 May 2019, resigned 18 September 2020)
- Julia Samuel MBE (appointed 13 May 2020, resigned 18 September 2020)
- Peter Bennett-Jones CBE (appointed 13 May 2020, resigned 18 September 2020)
- The Prudence Trust Company Limited (appointed 18 September 2020)

The Trustees did not hold any beneficial interest in the fund at 31 December 2020 or at any time during or since that period.

Key Management:

The Directors of the Corporate Trustee ("Trustee Directors") who are in charge of directing and controlling the Foundation. Day to day operations of the Trust are delegated to the Director, Tara Leathers.

Trustee Directors:

The following persons act as Directors of the Trustee

- Prudence MacLeod (appointed 18 September 2020)
- Guy Elliott (appointed 18 September 2020)
- Beatrice Hollond (appointed 18 September 2020)
- Julia Samuel MBE (appointed 18 September 2020)
- Peter Bennett-Jones CBE (appointed 18 September 2020)

2.OBJECTIVES AND ACTIVITIES FOR THEPUBLIC BENEFIT

The objects of the Trust are restricted specifically to the application of Trust funds, at such time or times and in such manner, for the public benefit, as the Trustee Director may in their discretion think fit for any exclusively charitable purposes in any part of the world. The Charity operates as a grant-making charity, with a view to support charitable projects and organisations with grants of varying sizes and durations.

The Trustee Directors have defined a programme of grant-making to charities which will achieve one or more of the following:

- The advancement of mental health especially in the UK
- The advancement of the arts especially in the UK
- The relief of those in need because of youth, age, financial hardship or other disadvantage
- Any other general purpose that the Trustee Directors think fit

During 2020 the Trustee Directors refined the funding priorities for its first years of operation.

These are to:

- a) Provide greater support for young people suffering from mental ill health
- b) Advance a broader understanding of what mental health treatments and support work
- c) Connect people to their community and to the many benefits of creativity

The emphasis will be on young people in the UK aged 11-25 years, although this will not exclude support to other groups.

The Trustee Directors have pursued a broad strategy of ensuring proper due diligence in the assessment of potential grants and ensuring that grants are made subject to appropriate terms and conditions.

Statement of Public Benefit

As a grant-funder, the Charity's activities will provide public benefit to the individuals and communities who are beneficiaries of the Charity's funded projects. The Charity's public benefit is not limited with reference to geography, by the charging of fees or otherwise. The Trustee Directors are aware of the Charity Commission guidance on Public Benefit and confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to it. They consider the information which follows in this annual report, about the Charity's aims, activities and achievements in the areas of interest that the Charity supports, demonstrates the benefit to its beneficiaries and through them to the public, that arise from those activities.

Grant Making Policies

A preliminary grant making and social investment policy was put in place to guide the Trustee's decisions in achieving the charitable objectives. The Charity's Director refined the policy, and an updated version was presented to the Trustee Directors for consideration on 21 January 2021. The updated policy allows the Trustee Directors to properly select appropriate grantees and impose prudent terms on grants, including, as appropriate,

monitoring and evaluation of the way in which funds are applied by grantees. In the interim the Trustees' grant making policy was generally to consider making donations by way of direct funding and also by way of grants to charitable organisations recognised as such in their respective jurisdictions, for projects that are exclusively charitable under English law.

3. ACHIEVEMENT AND PERFORMANCE

Set-up and enabling activities

The main aims during the period were to:

- a) Establish the governance framework and to create the necessary policies – operational, administrative and finance – for the Charity
- b) Appoint an executive director
- c) Appoint professional advisers
- d) Appoint a panel of professional mental health advisers
- e) Award the Charity's first grants

During this period, the following was achieved:

Establish the governance framework and policies

As this was the Prudence Trust's first operational period, several processes and policies were written and approved by the Board of Trustees including:

- Financial controls (approved May 20)
- Investment policy (approved July 20)
- Anti-bribery policy (approved Dec 20)
- Conflicts policy (approved Dec 20)
- Data protection policy (approved Dec 20)
- Receipt of donations policy (approved Dec 20)
- Safeguarding policy (approved Dec 20)
- Grant-making policy (approved Jan 21)
- Risk framework (approved Jan 21)
- Directors' expenses policy (approved Jan 21)
- Reserves policy (approved Feb 21)

These policies together with the governing documents constitute the Charity's Operational Manual which will be further developed in the year ahead.

Appoint a Director

In order to start operating as a grant-maker, the charity interviewed and appointed a professional director to run the day-to-day operations. The director was selected based on their relevant skills, experience and knowledge and has been in post since June 2020.

Appoint professional advisers

In establishing an appropriate governance and control framework for the Charity's funds, five professional adviser appointments were made through competition and selection interviews:

- The Trustee appointed Rawlinson & Hunter LLP as accountants to the Charity and that firm will examine the finances of the Charity
- The Trustee appointed Sayer Vincent as auditors to the Charity
- The Trustee appointed JTFM Investment Consulting to assist with the evaluation of investment managers
- The Trustee appointed CCLA Investment Management Ltd and Veritas Investment Partners Ltd as investment managers to oversee the investment of the assets of the charity
- The Trustee appointed Womble, Bond, Dickenson to act as legal advisers, in addition to the advice given by Taylor Wessing during the reporting period

Appoint a panel of professional mental health advisers

The Charity formed a Mental Health Advisory Panel to advise the Trustee Directors on the most appropriate and effective ways of supporting people suffering from mental health. The Panel met twice in 2020. Members of the panel are:

- (Chair of the Panel) Professor Peter Fonagy Professor of Psychoanalysis and Developmental Science, University College London; Chief Executive of the Anna Freud Centre, London
- Wol Kolade, Managing Partner Livingbridge and Chair Guys & St Thomas' Charity
- Prof Eammon McCrory, Professor of Developmental Neuroscience and Psychopathology, UCL
- Bharat Mehta, Chief Executive, Trust for London (and former CEO RETHINK)
- Dr Sandeep Ranote, Paediatric Psychiatrist, NHS Medical Director, Greater Manchester Medical Exec Lead Mental Health
- Emma Quinn, Prince's Trust Ambassador
- Prof Sir Simon Wessely, Professor Psychological Medicine, Kings College

Award the Charity's first grants

In 2020 the Charity considered a number of grants, both in response to the Covid-19 pandemic and also grants that would advance the Charity's funding priorities detailed in section 2. The total of grants awarded in 2020 was £434,000.

Grants were made to the following charities, all of which are registered charities:

<i>Covid-Response Grants</i>	
NSPCC which provides support for children suffering from abuse, including a 24-hour helpline for children and those who care for them	£25,000
The Trussell Trust which brings communities together to end hunger and poverty in the UK	£25,000
Oxfordshire Community Foundation which supports Oxfordshire's most disadvantaged people through community organisations	£25,000
The Silver Line Helpline which provides a free, confidential helpline to give information, friendship and advice to older people	£25,000
<i>Strategic Grants – Advancement of mental health</i>	
Core Arts, an arts school for those with moderate to severe mental health needs	£50,000
Place2Be which offers mental health support in schools for pupils as well as advice for parents and teachers, a grant for their secondary school programme	£50,000
The Listening Place which offers ongoing face-to-face support for those who feel life is no longer worth living	£25,000
Young Minds which provides information, advice and support for young people suffering from mental health worries, as well as their parents and teachers	£50,000
<i>Strategic Grants – Relief of those in need</i>	
Action on Addiction, where the Trust has made a grant for residential support for those suffering from addiction	£54,000
Into University which supports deprived communities through local learning centres which inspire young people to achieve, a grant for their East London Centres	£50,000
East London Cares which connects younger and older neighbours to help and support each other	£25,000
<i>Strategic Grants - Advancement of the arts</i>	
Soho Theatre for their new theatre project, the Walthamstow Granada, for the programme to engage the local community	£30,000

4. FINANCIAL REVIEW

The Statement of Financial Activities on page 15 shows total incoming resources for the period of £116,376,894 (2019: £199,628) and expenditure on charitable activities of £604,789 (2019: £nil). Direct charitable expenditure of £434,000 (2019: £nil) was incurred in the year by way of awarding grants. Governance costs amounted to £66,376 (2019: £nil) and are included within charitable activities. The balance of charitable activities comprised support costs totalling £104,413 (2019: £nil)

The Trustee Directors spent £216,337 (2019: £nil) on investment management fees. The balance of reserves at 31 December 2020 is £120,643,940 (2019: £1,660).

In June 2020 the Charity began the process of investing a total £110,038,750 across four portfolios held with CCLA Investment Management and Veritas Investment Partners (UK) Limited, with 80% of the funds going to CCLA and 20% of the funds going to Veritas.

The investment managers operate under a discretionary mandate with advice provided by JTFM Limited.

As at 31 December 2020 the funds held with CCLA Investment Management appreciated in value by 7.77% since inception on a time weighted return basis. The portfolio had also yielded income totalling £533,674.

Between inception and 31 December 2020 Veritas Investment Partners (UK) Limited appreciated in value by 5.27% on a time weighted return basis and returned income totalling £43,892.

As a benchmark, over the period since inception inflation plus 4.0% as measured by the UK Consumer Price Index ("CPI") totalled 3.3%, which both Veritas and CCLA outperformed.

The Trustee Directors have reviewed the performance of the portfolios and are satisfied with the returns to date.

Reserves Policy and Going Concern

The Trustee Directors have examined the Charity's requirement for resources in light of the main risks to the organisation and have no outstanding commitments or cash demands which are not adequately covered by existing resources. The net assets of the Charity are regarded as free reserves and the funds at 31 December 2020 will be retained to make grants in accordance with the Charity's charitable objects and any policies. The Trustee Directors consider that the freely expendable funds are appropriate and adequate taking into account plans for grants to be awarded in future years. The Trustee Directors have agreed that at least £10m of reserves is held in cash and/or liquid investments that can be realised and their settlement proceeds are available within 5 business days.

The Covid-19 pandemic has created significant operational pressures on all charities. The Trust is in the position of having significant assets with expenditure requirements which are within control of the Trustee. The pandemic has not had a negative impact on the financial sustainability of the organisation and, therefore, the Trustee Directors consider the adoption of the going concern basis in preparing these financial statements continues to be appropriate.

Investment Policy

The investment objective is to maintain and grow the real value of the assets and to generate stable, sustainable, distributable returns (capital and income), sufficient to at least maintain the purchasing power of those distributions.

The long-term total return objective is to achieve inflation as measured by UK Consumer Price Index ("CPI") plus 4.0% per annum to be measured over 5 year rolling periods.

Remuneration Policy

The Trust aims to ensure that staff are paid appropriately according to the nature of the work and the experience, knowledge and skills needed to carry out their job.

The Trust aims to remunerate at a median level when benchmarked against similar organisations in the sector. The charity is committed to principles ensuring that pay and conditions of employment do not discriminate unlawfully and are free from bias.

The Trustees determine the salary for the Director, and seek to pay a fair salary to attract and retain a skilled and expert senior leader for the organisation taking into account the median range for similar organisations in the UK Charity sector. Trustees ensure that the Director's performance is reviewed and reported at least annually by the Chair of the Board of Trustees.

5. PLANS FOR THE FUTURE

The Trustees do not propose to deviate from the current objectives and activities of the Charity as detailed in Section 2 of this report but will further develop and refine their strategies, policies and procedures in future.

During 2020, activity has been focused on establishing the foundation of the Charity which is still in its infancy. During this next full year of operations, the Charity will be creating further operating processes for the organisation. This will be supported by recruiting a small team and further strengthening grant due diligence, grant monitoring, impact measurement procedures appropriate for the planned level of grants. A grants-management system will be introduced.

Trustees have prioritised further development of a strategy and deepening the Charity's knowledge of the issues it seeks to address through building connections and dialogue with organisations in each field. This, together with the advice of the Mental Health Advisory Panel, will mean that the Charity will be in a good position to build its grant-making capacity and accelerate grant-making.

There are three grant programmes planned – Small Grants, Partnership Grants and Major Grants. Trustees will prioritise funding areas and the executive will research potential recipients before making recommendations to the Trustee board across all grant programmes. There will not be open calls for applications for the foreseeable future.

A further donation of £45m was received by the Trust in March 2021.

6. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a trust governed by its declaration of trust dated 20 May 2019 and is registered as a charity with the Charity Commission for England and Wales.

The Charity is controlled by its sole corporate trustee, the Prudence Trust Company Ltd. The charity resolved to appoint the Prudence Trust Company Ltd as sole corporate trustee in June 2020. Charity Commission approval for this appointment was received in September 2020.

The Trustee Directors liaise regularly and meet at least quarterly to discuss and develop the Charity's goals and strategy and to review grant proposals and general grant requests.

In the reporting period the Trust appointed an investment and audit sub-committee with oversight of investment, audit, risk management and financial performance. The committee meets at least twice a year.

The number of Trustees shall be a minimum of three at any one time, or one Trustee if said trustee is a Trust corporation, and new Trustees shall be appointed in writing by the Founding Trustee. The range of skills represented on the Trustee Board will be kept under review as the Charity develops over time.

Induction and Training

As part of their training, Trustee Directors are given an information pack which includes the Charity's Constitution. Trustee Directors are given annual training on the Charity Commission guidance on Trustees' Responsibilities. All Trustees are aware of their legal duties and obligations in respect of the management of the Charity, including in relation to the protection of its assets.

Statement of Trustees' Responsibilities

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

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and statement of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustee is responsible for keeping proper accounting records that 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.

The Trustee Directors have signed fit and proper declarations in line with HMRC guidance.

In addition, each year the Trustee Directors give due consideration to Good Governance – A Code for the Voluntary and Community Sector, ensuring that the six main principles of the Code are adhered to. These are:

- Understanding the Trustees' role;
- Doing what the organisation was set up to do;
- Working effectively;
- Control;
- Behaving with integrity; and
- Openness and accessibility.

The Trustee recognises that good governance plays an essential part in securing the future of the Charity and confirm that the said main principles of the Code are followed by them in leading, directing and managing the Charity.

No Trustee Director received any remuneration during the year to 31 December 2020. The Trust does not carry out fundraising activities.

Internal Controls

The Trustee has overall responsibility for ensuring that the Charity has appropriate systems of internal controls. They are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements follow best practice and all applicable law regulation and guidance. The Trustee is also responsible for the Charity safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The system of internal controls is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

Risk Management & Corporate Governance

A risk assessment has been performed during the preparation of this report and the Financial Statements. The risk assessment undertaken comprises of:

- A review of the risks the Charity faced during the period, since the period end and which it may face in the future;
- The establishment of systems and procedures to mitigate those risks; and
- The implementation of procedures designed to minimise any potential impact on the Charity should those risks materialise.

This continuing process will identify risk areas to which the Charity is vulnerable and highlight any necessary safeguards that will need to be put in place. The current version of the Charity's Risk Register was approved by the Board of Trustee Directors in January 2021.

The risk register is reviewed every six months by the Board. Mitigation plans are in place for all risks and are overseen by the Investment & Audit Committee.

Principle risks for the Charity were identified as:

- Adverse investment performance, which is mitigated by holding the investment portfolio with two managers in a diverse portfolio, with performance monitored by an independent investment consultant.
- Insufficient resources to deliver the grant-making plan as the charity had one employee during the reporting period. This is being mitigated by recruiting another member of staff joining in April 2021 and more recruitment planned for later in the year.
- Activities outside of the terms of objects, powers or terms of gift (restricted funds), which is mitigated by the Trustee Directors factoring this into their decision-making processes, by ensuring there is clear segregation of restricted funds within investment managers and by bookkeepers monitoring and reporting back to the Trustee and charity management on the use of restricted funds.

Related Party Transactions

The Trust has no subsidiary undertakings and has not entered into any co-operation agreements with other Charities in pursuit of its charitable objectives. Where the Trust engages in a transaction with which one of the Trustee Directors is connected, the conflicted Trustee Director recuses themselves from the decision making process. Related party transactions are disclosed in note 12 to the Financial Statements.

Approved by the Trustee and signed on their behalf by:

Guy Elliott
Director of the Prudence Trust Company Limited (Trustee)

10 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE THE PRUDENCE TRUST

Opinion

We have audited the financial statements of The Prudence Trust (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2020 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
- 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 Auditor's 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 UK, including the FRC'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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Prudence Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Other matter

The financial statements of The Prudence Trust for the period ended 31 December 2019 were unaudited. An independent examination was performed which expressed an unmodified opinion on those statements.

Other Information

The other information comprises the information included in the trustee's annual report, other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- The information given in the trustee's annual report is inconsistent in any material respect with the financial statements;
- 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 trustee

As explained more fully in the statement of trustee's responsibilities set out in the trustee's annual report, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines 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 trustee is 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 trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and investment committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustee as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustee 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 the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

15 June 2021

Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

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

THE PRUDENCE TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE

YEAR TO 31 DECEMBER 2020

	Note	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 (12 months) £	Total Funds 2019 (8 months) £
Income from:					
Donations	2	65,797,928	50,000,000	115,797,928	199,628
Investment Income	3	572,675	6,291	578,966	-
Total Income		<u>66,370,603</u>	<u>50,006,291</u>	<u>116,376,894</u>	<u>199,628</u>
Expenditure on:					
Charitable activities	4	604,789	-	604,789	-
Raising funds: investment management	5	183,130	33,207	216,337	-
Setup Costs	6	-	-	-	197,968
Total Expenditure		<u>787,919</u>	<u>33,207</u>	<u>821,126</u>	<u>197,968</u>
Net gains on investments	7	<u>4,019,927</u>	<u>1,066,559</u>	<u>5,086,486</u>	<u>-</u>
Net income		<u>69,602,611</u>	<u>51,039,643</u>	<u>120,642,254</u>	<u>1,660</u>
Other recognised gains		<u>9</u>	<u>17</u>	<u>26</u>	<u>-</u>
Net movement in funds		<u>69,602,620</u>	<u>51,039,660</u>	<u>120,642,280</u>	<u>1,660</u>
Reconciliation of funds:					
Total funds brought forward		<u>1,660</u>	<u>-</u>	<u>1,660</u>	<u>-</u>
Total funds carried forward		<u>69,604,280</u>	<u>51,039,660</u>	<u>120,643,940</u>	<u>1,660</u>

All of the above results are derived from continuing activities. There were no recognised gains and losses for year 31 December 2020 other than those stated above. Movement in funds are disclosed in Note 14 to the Financial Statements.

THE PRUDENCE TRUST
(REGISTERED CHARITY NO. 1187700)
BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments and cash under management	7	115,492,792	-
Current assets			
Debtor	8	34,429	8,382
Cash at bank	9	5,240,452	5,860
Total Current Assets		5,274,881	14,242
Current liabilities			
Creditors - amounts falling due within one year	10	(105,733)	(12,582)
Net current assets		5,169,148	1,660
Total assets less current liabilities		120,661,940	1,660
Non-current liabilities			
Creditors – amounts falling due in more than one year	11	(18,000)	-
Total net assets		120,643,940	1,660
The funds of the charity:			
Unrestricted funds		69,604,280	1,660
Restricted funds		51,039,660	-
Total charity funds		120,643,940	1,660

The financial statements were approved and authorised for issue by the Trustee and were signed on their behalf by:

Guy Elliott
Director of the Prudence Trust Company Limited (Trustee)

10 June 2021

THE PRUDENCE TRUST STATEMENT OF CASH FLOWS FOR THE YEAR TO 31 DECEMBER 2020

	Note	2020 (12 Months) £	2019 (8 months) £
Net cash flow from Operating Activities			
Net movement in funds for the year		120,642,280	1,660
Less: Investment income and deposit interest		(578,966)	-
Net gain on investment assets		(5,086,486)	-
(Increase) in debtors		(26,047)	(8,382)
Increase in creditors		111,151	12,582
		<u>115,061,932</u>	<u>5,860</u>
Returns on investments			
Investment income	3	<u>578,966</u>	<u>-</u>
Capital expenditure and financial investment			
Purchase of investments	7	(82,812,203)	-
Proceeds from sale of investments	7	<u>228,546</u>	<u>-</u>
		<u>(82,583,657)</u>	<u>-</u>
Net increase in cash in the year		<u>£ 33,057,241</u>	<u>£ 5,860</u>
Reconciliation of net cash flow to movement in net funds			
Net cash resources at 1 January 2020		5,860	-
Net increase in cash		<u>33,057,241</u>	<u>5,860</u>
Net cash resources at 31 December 2020		<u>£ 33,063,101</u>	<u>£ 5,860</u>
Analysis of net funds:			
Cash held in investment portfolio	7	27,822,649	-
Cash at Bank	10	<u>5,240,452</u>	<u>5,860</u>
		<u>£ 33,063,101</u>	<u>£ 5,860</u>

THE PRUDENCE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE

YEAR TO 31 DECEMBER 2020

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The Prudence Trust (“the Trust”), registered charity number 1187700, is based and administered in the United Kingdom. The registered address is 16 Berkeley Street, London, W1J 8DZ. The nature of the Trust’s operations and principal activities are set out in the Trustees’ Annual Report.

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) (“Charities SORP FRS 102”), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

The financial statements have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following 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) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trust constitutes a public benefit entity as defined by Charities SORP FRS 102.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

In applying the financial reporting framework, the Trustee has made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

The comparative figures throughout the Financial Statements and supporting notes are from inception on 20 May 2019 to 31 December 2019.

Incoming Resources

Investment income is derived from interest and dividends receivable from investments and is accounted for in the period in which the Trust is entitled to receipt. Interest from deposit

accounts are included as and when received only. All incoming resources are included in the SOFA when the Trust is entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary donations include donations under Gift Aid with the associated tax credits included when receivable. Interest from deposit accounts are included when received.

Resources Expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation committing the Trustee to the expenditure. Irrecoverable VAT is charged against the activity for which expenditure was incurred.

Charitable activities include governance costs made during the period and are expended through the SOFA when the offer is conveyed to the recipient.

Cost of raising funds relate to the costs incurred by the Trust in managing its investment portfolios.

Governance costs relating to the general running of the Trust, as opposed to the management functions inherent in generating funds.

Grants payable

Grants payable are made to third parties in furtherance of the Trust's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustee has agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the Trust.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The Trust does not trade in options, derivatives or other complex financial instruments.

Status of funds

Restricted funds are to be used for specific purposes as laid down by the donor. Income arising from the investment of those funds and expenditure which meets the criteria set out by the donor is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are converted at the rate of exchange ruling at the date of the transaction. All translation differences are taken to the statement of financial activities as they arise.

Taxation

The Trust is not subject to any taxes on its charitable activities.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised as expenditure.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Provisions

Provisions are recognised when the Trust has an obligation at the Balance Sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Going concern

The Covid-19 pandemic has created significant operational pressures on all charities. The Trust is in the position of having significant assets with expenditure requirements which are within control of the Trustee. The pandemic, therefore, has not had a negative impact on the financial sustainability of the organisation and therefore, the Trustee considers the adoption of the going concern basis in preparing these financial statements is appropriate.

2. INCOME FROM DONATIONS	Unrestricted	Restricted	Total 2020 (12 months) £	Total 2019 (8 months) £
Donations received	53,297,928	50,000,000	103,297,928	199,628
Gift Aid Tax Relief	12,500,000	-	12,500,000	-
	<u>£65,797,928</u>	<u>£50,000,000</u>	<u>£115,797,928</u>	<u>£ 199,628</u>

All donations received in the period 20 May 2019 to 31 December 2019 were unrestricted.

3. INCOME FROM INVESTMENTS	Unrestricted	Restricted	Total 2020 (12 months) £	Total 2019 (8 months) £
UK quoted securities income	534,654	1,498	536,152	-
Overseas quoted securities income	30,483	3,348	33,831	-
Deposit interest	7,538	1,445	8,983	-
	<u>£ 572,675</u>	<u>£ 6,291</u>	<u>£ 578,966</u>	<u>£ -</u>

4. EXPENDITURE ON CHARITABLE ACTIVITIES

	Total 2020 (12 months) £	Total 2019 (8 months) £
Grants payable:		
The Trust awarded grants totalling £434,000 to twelve UK registered charities during the year to 31 December 2020 (2019: nil). The grants awarded were in the following areas of focus of the Trust with the cumulative amount per area shown:		
Mental Health	200,000	-
General	154,000	-
Disadvantaged	50,000	-
Arts	30,000	-
Total Grants payable	<u>434,000</u>	<u>-</u>
Support Costs:		
Staff costs	54,599	-
Charity consultants	25,880	-
Bookkeeping services and tax advice	22,418	-
Miscellaneous costs and bank charges	1,516	-
Total Support costs	<u>104,413</u>	<u>-</u>
Governance Costs:		
Legal fees	57,376	-
Audit fees	9,000	-
Total Governance costs:	<u>66,376</u>	<u>-</u>
Total Charitable activities	<u>£ 604,789</u>	<u>£ -</u>

Auditor remuneration in respect of their examination of the Financial Statements for the year to 31 December 2020 totalled £7,500 excluding VAT.

The average number of employees during the period was 1 (2019: 0). Included in staff costs are gross salaries £45,039, social security costs totalling £5,505 and pension contributions of £4,055.

The total amount of benefit received by key management personal was £54,599 (2019: £nil). Key management personnel represent the Trustee and the Foundation Director. No employee earned more than £60,000 during the year (2019: 0)

5. EXPENDITURE ON INVESTMENT MANAGEMENT	Unrestricted	Restricted	Total 2020 (12 months) £	Total 2019 (8 months) £
JTFM Limited – Financial consultant	24,000	-	24,000	-
Veritas Investment management fees	53,475	16,863	70,338	-
CCLA investment management fee	105,655	16,344	121,999	-
	<u>£ 183,130</u>	<u>£ 33,207</u>	<u>£ 216,337</u>	<u>-</u>

CCLA investment management fees are shown net of management fee rebates and are deducted directly from the fund value. The investment management fee is treated as an indirect cost and accounted for as a reduction in the book value of the investment.

6. SETUP COSTS

Legal Fees	-	157,066
Tax advice, accountancy and independent examination fees	-	27,132
Charity consultants	-	13,630
Bank charges	-	140
	<u>£ -</u>	<u>£ 197,968</u>

7. FIXED ASSET INVESTMENTS

Quoted investments	87,670,143	-
Cash held as part of portfolios	27,822,649	-
Total investments and cash under management	<u>£ 115,492,792</u>	<u>£ -</u>
Net realised investment (loss)	(25)	-
Net unrealised investment gain	5,086,511	-
Net gain on investments	<u>£ 5,086,486</u>	<u>£ -</u>
Investments and cash under management		
Market value at 1 January 2020	-	-
Additions at cost	82,812,203	-
Disposals	(50,101)	-
Indirect investment management fees	(178,445)	-
Net realised investment loss	(25)	-
Net unrealised investment gain	5,086,511	-
Market Value at 31 December 2020	<u>£ 87,670,143</u>	<u>£ -</u>

	2020 £	2019 £
8. DEBTORS		
Investment management fee rebate	34,429	-
Accrued Income	-	8,382
	<u>£ 34,429</u>	<u>£ 8,382</u>
9. CASH AT BANK		
Cash at bank	<u>£ 5,240,452</u>	<u>£ 5,860</u>
10. CREDITORS - amounts falling due within one year		
Accounts payable	72,983	8,382
Accruals	32,750	4,200
	<u>£ 105,733</u>	<u>£ 12,582</u>
11. CREDITORS - amounts falling due in more than one year		
Accruals	<u>£ 18,000</u>	<u>-</u>

During the year the Trustee agreed awarded a grant to Action on Addiction of £54,000 payable in equal tranches over a three year period. At 31 December 2020, two payments totalling £36,000 (2019: £nil) remain outstanding and as such are included in Creditors – amounts falling due within one year and Creditors – amounts falling due in more than one year relative to when the payment falls due.

12. RELATED PARTY TRANSACTIONS

During the period the Trust was deemed to receive donations totalling £47,052 (2019: £199,628) from a Trustee Director used in direct settlement of expenses of the Trust. The same former Trustee Director made an unrestricted donation of £50m to the Trust.

A donation of £30,000 was made to Soho Theatre of which Beatrice Hollond (Trustee Director) is also a Trustee. During the decision making process to award the grant Beatrice Hollond recused herself and the decision was made independently of her Directorship.

No Trustee received any remuneration or reimbursement of expenses during the year to 31 December 2020 (2019: £nil).

13. ULTIMATE CONTROLLING PARTY

The Trustee Directors consider that the Trust is jointly controlled by the Directors of The Prudence Trust Company and therefore there is no one ultimate controlling party.

	Balance brought forward £	Income and Gains £	Expenditure and Losses £	Balance carried forward £
14. FUNDS				
For the year ended 31 December 2020:				
Unrestricted	1,660	70,390,539	(787,919)	69,604,280
Restricted	-	51,072,867	(33,207)	51,039,660
	<u>£ 1,660</u>	<u>£121,463,406</u>	<u>£ (821,126)</u>	<u>£120,643,940</u>
For the period to 31 December 2019:				
Unrestricted	-	199,628	197,968	1,660
Restricted	-	-	-	-
	<u>£ -</u>	<u>£ 199,628</u>	<u>£ 197,968</u>	<u>£ 1,660</u>
Analysis of net assets between funds				
	Unrestricted £	Restricted £	Total 2020 £	Total 2019 £
Fixed assets	64,451,544	51,041,248	115,492,792	-
Debtors	24,016	10,413	34,429	8,382
Cash at Bank	5,235,590	4,862	5,240,452	5,860
Creditors	(106,870)	(16,863)	(123,733)	(12,582)
Total Funds	<u>£ 69,604,280</u>	<u>£51,039,660</u>	<u>£120,643,940</u>	<u>£ 1,660</u>

Restricted funds are to be used for specific purposes as laid down by the donor and must be used to furthering the charitable objectives and not for day to day operations of the Trust. Income arising from the investment of those funds and expenditure which meets the criteria set out by the donor is charged to the fund. For the period 20 May 2019 to 31 December 2019 all funds were unrestricted.

15. FINANCIAL INSTRUMENTS	Page	2020 £	2019 £
The carry amounts of the Trust's financial instruments are as follows:			
Financial assets			
Measured at fair value through SOFA:			
-Fixed asset quoted investments	26	87,670,143	-
-Cash under management	26	27,822,649	-
-Cash at bank and in hand	27	5,240,452	5,860
-Measured at amortised costs	27	34,429	8,382
Financial liabilities			
Measured at amortised cost			
-Creditors	27	<u>123,733</u>	<u>12,582</u>
The net gains attributable to the Trust's financial instruments are summarised as follows:			
Income and expense			
Measured at fair value through SOFA:			
-Net gains (including changes in fair value)	26	<u>5,086,512</u>	<u>-</u>

16. KEY SERVICE PROVIDERS

Bankers:

C Hoare & Co
37 Fleet Street, Temple. London, EC4Y 1BT

J.P. Morgan Bank Luxembourg S.A. – London Branch
PO Box 68214, 1 Knightsbridge, London, SW1P 9UH

J.P. Morgan Bank Luxembourg S.A
6 Route de Treves, L-2633 Senningerberg, Luxembourg

Investment Managers:

CCLA Investment Management
85 Queen Victoria Street London EC4V 4ET

Veritas Investment Partners (UK) Limited
Riverside House, 2a Southwark Bridge Road, London, SE1 9HA

Solicitors:

Womble Bond Dickinson
4 More London Riverside, Greater London, SE1 2AU

Accountants:

Rawlinson & Hunter LLP
Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ

Independent Auditor:

Sayer Vincent LLP
Invicta House, 108-114 Golden Lane, London, EC1Y 0TL