

PRUDENCE 'TRUST'

ANNUAL REPORT OF THE TRUSTEE AND FINANCIAL STATEMENTS

FOR THE YEAR TO
31 DECEMBER 2022

(Registered Charity No. 1187700)

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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 | | <u>3,291,835</u> | <u>4,151,875</u> |
| | | <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 |
| | <hr/> | <hr/> |
| Total Grants payable | 6,624,846 | 3,949,949 |
| | <hr/> | <hr/> |

Grants have been awarded restricted and unrestricted funds as follows:

| | | |
|--------------|------------------|------------------|
| Restricted | 3,259,282 | 450,000 |
| Unrestricted | 3,365,564 | 3,499,949 |
| | <hr/> | <hr/> |
| | 6,624,846 | 3,949,949 |
| | <hr/> | <hr/> |

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 |
| | <hr/> | <hr/> |
| Total Support costs | 444,310 | 345,900 |
| | <hr/> | <hr/> |

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

| | | |
|--------------|----------------|----------------|
| Restricted | 409 | 30 |
| Unrestricted | 443,901 | 345,870 |
| | <hr/> | <hr/> |
| | 444,310 | 345,900 |
| | <hr/> | <hr/> |

| | Total 2022 £ | Total 2021 £ |
|---|--------------------|--------------------|
| Governance Costs: | | |
| Legal fees | 5,187 | 12,142 |
| Audit fees | 14,040 | 9,600 |
| | <hr/> | <hr/> |
| Total Governance costs: | 19,227 | 21,742 |
| | <hr/> | <hr/> |
| Governance costs are allocated to unrestricted funds. | | |
| | <hr/> | <hr/> |
| 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 |
| | <hr/> | <hr/> |
| | <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