

# **PRUDENTIAL STAFF CHARITABLE TRUST**

**Annual Report and Financial Statements for the year ended 31 December 2022**

# **PRUDENTIAL STAFF CHARITABLE TRUST**

Registered number: 232467

## **Registered and principal office**

10 Fenchurch Avenue  
London  
EC3M 5AG

## **Annual report and financial statements for the year ended 31 December 2022**

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## **PRUDENTIAL STAFF CHARITABLE TRUST**

### **REFERENCE AND ADMINISTRATION INFORMATION**

#### **Trustee**

The Prudential Assurance Company Limited is the holding trustee for the purposes of holding investments and cash belonging to the charity. The directors of the holding trustee at the date of this report are:

Mr R S Bowie (Chairman)  
Mr C P Adamson  
Ms C J Bousfield  
Mr J W Foley (retired 14 September 2022)  
Ms L Fowler  
Mr S Horgan (appointed 15 August 2022)  
Dr I Owen  
Ms M Tannemaat  
Mr D K Watson

#### **Members of the Supervisory Board**

The members of the Supervisory Board are the managing trustees of the charity. The members of the Supervisory Board are:

Mr S Moffatt (Chairman)  
Mr D Green  
Mr S Sharma  
Mr M Thompson  
Mrs C White (appointed 28 March 2022)  
Mr S Lewis (resigned 31 December 2022)

#### **Auditor**

PricewaterhouseCoopers LLP  
Atria One,  
144 Morrison Street,  
Edinburgh,  
EH3 8EX

#### **Bank**

HSBC Bank Plc  
Regional Service Centre, Europe  
PO Box 61004  
2<sup>nd</sup> Floor  
London  
SE1 9RX

#### **Investment adviser**

Prudential Portfolio Management Group Limited  
10 Fenchurch Avenue  
London  
EC3M 5AG

#### **Solicitor**

Bates Wells  
10 Queen Street Place  
London  
EC4R 1BE

## ANNUAL REPORT OF THE TRUSTEES FOR 2022

### Objective

The Prudential Staff Charitable Trust ('the Trust') is an unincorporated charity governed by a Trust Deed. The Supervisory Board has been appointed to administer and manage the Trust under the terms of the Trust Deed dated 15 June 2010, as amended. The objective of the Trust, as registered with the Charity Commission, is the relief in cases of need, hardship or distress of persons who are or were either pensioners or past or present full time or part time employees or their dependants of Prudential plc (prior to 21 October 2019 being the date of the demerger from M&G plc) or of M&G plc or of companies whose ultimate parent company is either Prudential plc (prior to 21 October 2019) or M&G plc.

The Supervisory Board resolved in July 2009 that in order for an individual to apply for assistance from the Trust, they must generally be resident in the UK and participate, or be eligible to participate, in the Prudential Staff Pension Scheme (PSPS). At the October 2009 meeting the Supervisory Board extended the eligibility for applications to members of the Scottish Amicable Staff Pension Scheme (SASPS) and the M&G Group Pension Scheme (M&GGPS).

In setting the Trust's objectives the Supervisory Board has given careful consideration to the Charity Commission's general guidance on public benefit.

The strategies employed to achieve the Trust's objectives are:

- to make grants or loans of money to or provide or pay for items, services or facilities for beneficiaries with and upon such terms and conditions as the Trustees may consider appropriate;
- to pay for such items, services or facilities as aforesaid by way of donations or subscriptions to institutions or organisations which provide, or which undertake in return to provide, such items, services or facilities for beneficiaries; and
- to do all such other lawful things as are necessary for the attainment of the objective of the Trust.

### Investments

The Supervisory Board has the general power of investment defined in the Trustee Act 2000.

### Investment performance

The Trust invests in the Equities Investment Fund for Charities (Charifund) and the Charibond Fixed Interest Common Investment Fund (Charibond), both of which are managed by M&G Securities Limited. Prudential Portfolio Management Group Limited is the investment adviser. Charifund primarily invests in a diversified portfolio of high yielding UK equities and is designed to provide a high and growing income for charities, while at the same time protecting their capital from the erosive effect of inflation. The aim of Charibond is to provide charities with an actively managed fixed interest fund investing in deposits, UK government bonds and other sterling denominated fixed interest securities, designed to produce a high income while preserving capital values.

Equity market performance in the 2022 calendar year was flat, providing a return of +0.3%. This comes off the back of very strong gains of +18.3% in the previous year. As central banks in the developed world raised interest rates to battle high inflation, fixed income and UK property fared less well. The FTSE UK Conventional All Stocks Index was down -23.8% as UK 10 year government bond yields rose from 0.97% to 3.67%. The IPD Monthly Property Index fell -16.9% during 2022 as the cost of borrowing rose and concerns around property valuations sapped investor demand. In terms of currencies, sterling strengthened against other currencies, while the US dollar weakened, having gained in value for most of the year. Elsewhere, oil prices eased amid concerns that a global recession might curb demand, although they rose in 2022 as a whole.

Over 2022, **Charifund** returned -0.2%, mildly behind the market's +0.3% return, but with Equities strongly ahead of other asset classes. Longer term, over five years and ten years, the fund is ahead of the market, FTSE All Share Index. Against the Investment Association peer group, UK Equity Income, Charifund is ahead over one, seven and ten years, inline over three years and behind over five years. (Source: FE Analytics., as at 31 December 2022, total return)

**ANNUAL REPORT OF THE TRUSTEES FOR 2022 (continued)**

Charifund distributed 83.00p in 2022, an increase of 12% on 2021, but its distribution yield fell behind UK RPI inflation, which had risen to 13.4% in December. The fund yield of 5.6% at the year end, represents a meaningful 56% premium to the average yield on the FTSE All-Share Index of 3.6%.

The environment for dividends has improved significantly with the fund equalling its previous record high. 2023 suggests a tougher and mixed economic backdrop but UK plc is in good shape and the manager is confident of delivering its distribution growth goals. The overseas segment of Charifund has got smaller, standing at approximately 7.7%, as the manager sees good opportunities locally for income enhancement.

The end of 2022 brought relative calm to an otherwise tumultuous year in UK stockmarkets. The fourth quarter began with the fallout from the government's disastrous September 'mini-budget', which prompted Bank of England intervention in the government bond market, the appointment of a new Prime Minister and Cabinet and a more fiscally restrained Autumn Statement. Combined with hopes that inflation may have peaked and interest rates may not need to go much higher, this subsequently helped the UK equity market to stage a recovery from lows, outpacing other major regional markets barring Europe. Over the calendar year, UK equities delivered a modest positive return, again ahead of many other regional markets, thanks mainly to the FTSE 100 Index of larger companies and its dominant mix of miners and energy companies, banks, which have benefited from rising interest rates, and defensive stocks such as pharmaceutical companies. Sterling weakness provided an additional support as it boosted the value of multinationals' overseas earnings.

**Charibond** returned -8.9% over 2022 versus a -12.4% return by its blended benchmark (50% ICE BoAML 1-15 Gilt Index; 50% ICE BoAML 1-15 Non-Gilt Index). This reflected the fund's defensive stance with the maintenance of a short duration and holding around 45% in high quality corporate bonds.

The fund distributed 2.20p in 2022, representing a 12% reduction on the 2.50p distribution in 2021. The fund's distribution yield at the year-end was 2.03%. While a reduction in income is never welcome, this will re-base future distributions at a level that will allow an appropriate balance to be maintained between capital risk and the provision of a sustainable income which will remain competitive when compared to UK cash deposits and the UK Gilts Index.

Global bond markets rose over the fourth quarter, although overall 2022 was still a very poor year for all corners of fixed income. Investors did welcome signs of high inflation coming down, especially for the US economy, and potentially fewer interest rate increases in the coming months. Most of the recovery during the quarter came in October and November - December proved altogether weaker.

The macro-economic background of rising inflation coupled with better than expected economic growth meant the Bank of England embarked on an interest rate tightening cycle throughout 2022. UK base rates began the year at 0.5% after the UK central bank had started raising interest rates in late 2021. Interest rates ended the calendar year at 3.5% with little prospect of the pace of increases slowing. UK CPI remained in double digit territory at 10.4% at the end of 2022 having peaked at 11.1% only two months earlier in October.

In fixed income markets, yields rose at their fastest pace in decades and led to one of the worst years of performance for bond funds. UK 10 year government bond yields rose from 0.97% to 3.67% leading to the FTSE Conventional Gilts All Stocks Index to return -23.8%. Short-dated gilts (-5.5%) outperformed the long end of the market (-40.2%) as the latter was more impacted by the rising government bond yield. Accordingly, investors in index-linked gilts fared better with a return of -4.4% as indicated by the ICE BofA 10 year UK Inflation Linked Gilt index. Corporate bonds as measured by the ICE BofA 10 year Sterling Corporate bond index returned -19.9% over the year as businesses remained resilient but yields still rose dramatically.

In September 2021 the Supervisory Board of the Trust were advised that the **M&G UK Property Fund (UKPF)** Management Company had decided to conduct an orderly closure of the Fund in the interests of unitholders, subject to receipt of certain regulatory approvals. Given the impact of increased redemption orders, the Management Company was of the opinion that it is no longer possible for the Fund to meet its long term investment objectives and maintain a balanced, diversified portfolio of assets. As a result during 2022 the Trust received distributions from the Property Fund when assets are sold as noted in the Financial Statements.

**ANNUAL REPORT OF THE TRUSTEES FOR 2022 (continued)****Supervisory Board**

The present members of the Supervisory Board are shown on page 3. Board members, from time to time, shall be appointed by any member of the Group Executive Committee of M&G plc who shall also appoint the Chairman of the Supervisory Board. The Supervisory Board meets on a quarterly basis. Appropriate training sessions are made available to all Supervisory Board members.

**Reserves policy**

Income which becomes available to a charity to be spent at the Trustees' discretion in furthering any of the charity's objectives, but is not yet spent, committed or designated is described as free reserves. It is the policy to transfer income earned on the capital account immediately to the unrestricted fund (Note 1(b) Funds structure).

The Supervisory Board on behalf of the holding Trustee is committed to maintaining the capital of the Trust as described in Note 1(b) Funds structure.

The actual free reserves (unrestricted fund) in excess of the capital as at 31 December 2022 were £6,855,350 (2021: £7,168,202) and the value of the permanent endowment funds were £11,741,369 (2021: £12,544,691). It is the policy of the Supervisory Board that the reserves maintained in excess of the capital at the balance sheet date should be sufficient to meet the Trust's objectives. The Supervisory Board aims to maintain free reserves in the unrestricted fund at a stable level to ensure that there are sufficient funds available to respond to future applications from beneficiaries. The Supervisory Board is satisfied that the current level of free reserves are sufficient. The Supervisory Board acts in accordance with the Trust Deed by not setting a target level of reserves. The Supervisory Board monitors the level of free reserves on a quarterly basis. It is the view of the Supervisory Board that the Trust has sufficient reserves available to meet future needs, opportunities, contingencies and risks of the Trust without having to realise any investments from the capital account.

**Risk management**

The Supervisory Board periodically reviews the major risks to which the Trust is exposed. The Supervisory Board ensures that the Trust's investment policy and performance is appropriate and that the funds are distributed in line with agreed policies. The Board ensures that there are sufficient funds to meet the current and future requests from beneficiaries using independent experts where appropriate. One of the key risks identified is that the investment performance is poor leading to a reduction in the funds available to meet the Trust's objectives. The Trust has implemented various controls to mitigate this, such as:

- Regular review of the investments and investment strategy.
- Use of skilled personnel across the business to monitor the investment performance.
- Maintaining a balanced portfolio.

There is also a risk that the Trust receives a significant increase in applications leading to a significant reduction in the funds available. This risk is mitigated by the eligibility criteria that are reviewed periodically by the Supervisory Board.

**General grants**

Grants made in 2022 and 2021 were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Single grants	5,169	5,793
Grants to supplement income of pensioners	15,061	13,624
	<u>20,230</u>	<u>19,417</u>

# PRUDENTIAL STAFF CHARITABLE TRUST

## ANNUAL REPORT OF THE TRUSTEES FOR 2022 (continued)

### Christmas grants

The Trust makes Christmas grants, currently a payment of £250 (2021: £250), to pensioners who have completed 5 years' service and whose total household income excluding State Benefits is less than £7,102 per annum (2021: £6,889 per annum). The income limit has in the past been increased each year by the same rate as PSPS discretionary increases granted to pensions in payment. In 2011 the Board resolved that this gift can be offered to pensioners in SASPS who retired/ left the Scheme after 30 June 2002 and to M&GGPS pensioners who retired/ left the Scheme after 16 October 2005. In 2012 the Board agreed that children of PSPS Defined Contribution Section members who die in service could receive the discretionary Christmas Gift while they are under 18 or 23 if in full time education.

Payments made in 2022 and 2021 were as follows:

	2022	2021
	£	£
Value of Christmas gifts	529,250	552,500
Number of grants made	2,117	2,210

### Bereavement grants

With effect from 6 November 2015 the bereavement grant has been set at a maximum of £5,000. The grant is offered to each widow/widower following the death of the PSPS member where the spouse's pension is less than £7,102 per annum (2021: £6,889 per annum). The grant is conditional upon the widow/widower's confirmation that total household income excluding State Benefits is less than £7,102 per annum. The offer is extended to common law partners where no spouse's pension is payable.

In 2011 the Board resolved that this gift can be offered to SASPS and M&GGPS members, but with the same service requirements as for the Christmas Gift.

Payments made in 2022 and 2021 were as follows:

	2022	2021
	£	£
Value of Bereavement grants	195,000	140,000
Number of grants made	39	28

### Loans to beneficiaries

At the end of 2022 there were 13 (2021:14) loans outstanding, totalling £509,497 (2021: £517,368) including interest capitalised during the year of £462 (2021: £462). Loans advanced to beneficiaries during the year amounted to £Nil (2021: £Nil) and repayments received amounted to £8,333 (2021: £23,105). There were no loans written off in 2022 (2021: Nil). The loans are secured, generally against fixed property, and are repayable at any time at par. Interest is charged at beneficial rates which ranged from 0% to 2.5% during 2022 (2021: 0% to 2.5%).

### Governance costs

The only expenses normally borne by the Trust are audit fees of £40,076 (2021: £37,251), legal fees and bank charges of £160 (2021: £630) incurred in the ordinary course of business.

### Fundraising

The Trust has not undertaken any fundraising activity during 2022 or 2021. Included under income in the Statement of Financial Activities, is £40,076 of donations. This relates to audit fees for the Charity which have been paid by another group company.

### Plans for future periods

The Trust intends to continue to provide on-going support both to its current and prospective beneficiaries.

**ANNUAL REPORT OF THE TRUSTEES FOR 2022 (continued)**

**Going concern**

The Trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust or to cease its operations and they have concluded that the Trust's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could cast significant doubt over its ability to continue as a going concern for at least 12 months from the date of approval of the financial statements ("the going concern period"). The key areas considered in the assessment of going concern are the net assets of the Trust and liquidity. Due to the uncertainty regarding future market performance and future operating costs, prudence has been applied to the Trust's cash flow forecasts to ensure that the Trust can withstand a sharp economic downturn for a sustained period. In addition to this, all grants are fully at the discretion of the Trust and if the Trust were to become illiquid in the future, there is no liability that the Trust is obligated to other than the administrative expenses which are fully borne by the holding trustee. As such, the Trustees have a reasonable expectation that the Trust has adequate resources to continue its operations for a period of at least 12 months from the date that the financial statements are approved.

**Auditor**

KPMG LLP resigned as the Group's statutory auditors at the conclusion of the 2021 audit and both the M&G plc Board and Company resolved to appoint PricewaterhouseCoopers LLP (PwC) to fill the vacancy. A resolution to appoint PwC as auditor was approved by the M&G plc shareholders at the Annual General Meeting which took place on 25 May 2022.

The accounts on pages 10-20 were approved by the Supervisory Board on 25th October 2023 and were signed on its behalf by,



S Moffatt

Chairman of the Supervisory Board

Date: 25th October 2023

## PRUDENTIAL STAFF CHARITABLE TRUST

### STATEMENT OF THE TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The holding trustee is The Prudential Assurance Company Limited. The Supervisory Board has been appointed to administer and manage the Trust for the holding trustee under the terms of the Trust Deed dated 15 June 2010, as amended, and within the framework of Trust Law.

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

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

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

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

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

Signed on behalf of the Supervisory Board



S Moffatt

Chairman of the Supervisory Board

Date: 25th October 2023

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Prudential Staff Charitable Trust's financial statements (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, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 8 of The Charities (Accounts and Reports) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Financial Activities for the year then ended, the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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 charity's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the charity's ability to continue as a going concern.

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

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## PRUDENTIAL STAFF CHARITABLE TRUST

Based on our work undertaken in the course of the audit, the Charities Act 2011 requires us also to report certain opinions and matters as described below.

### Trustees' Report

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of the trustees' responsibilities in respect of the trustees' annual report and the financial statements, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

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

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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, is detailed below.

Based on our understanding of the charity/industry, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and relevant regulations made or having an effect thereunder, including The Charities (Accounts and Reports) Regulations 2008, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated the incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) by the trustees and those responsible for, or involved in, the preparation of the financial statements, and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant board meeting minutes;
- Testing journal entries where we identified particular fraud risk criteria; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

## PRUDENTIAL STAFF CHARITABLE TRUST

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Charities Act 2011 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors  
Edinburgh

25th October 2023

# PRUDENTIAL STAFF CHARITABLE TRUST

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

	Unrestricted	Permanent	Total	Unrestricted	Permanent	Total	Note
	Fund	Endowment	Funds	Fund	Endowment	Funds	
	2022	2022	2022	2021	2021	2021	
	£	£	£	£	£	£	
<b>Income from:</b>							
Donations	40,076	—	40,076	37,251	—	37,251	
Investments	2,024,498	—	2,024,498	833,087	—	833,087	3
<b>Total</b>	<u>2,064,574</u>	<u>—</u>	<u>2,064,574</u>	<u>870,338</u>	<u>—</u>	<u>870,338</u>	
<b>Expenditure on:</b>							
Charitable activities	784,716	—	784,716	749,797	—	749,797	5
<b>Total</b>	<u>784,716</u>	<u>—</u>	<u>784,716</u>	<u>749,797</u>	<u>—</u>	<u>749,797</u>	
(Losses) / gains on investments	<u>(1,592,710)</u>	<u>(803,322)</u>	<u>(2,396,032)</u>	<u>357,101</u>	<u>1,161,763</u>	<u>1,518,864</u>	4
<b>Net Expense / (Income)</b>	<u>(312,852)</u>	<u>(803,322)</u>	<u>(1,116,174)</u>	<u>477,642</u>	<u>1,161,763</u>	<u>1,639,405</u>	
<b>Net movement in funds</b>	<u>(312,852)</u>	<u>(803,322)</u>	<u>(1,116,174)</u>	<u>477,642</u>	<u>1,161,763</u>	<u>1,639,405</u>	
<b>Reconciliation of funds:</b>							
<b>Total funds brought forward</b>	<u>7,168,202</u>	<u>12,544,691</u>	<u>19,712,893</u>	<u>6,690,560</u>	<u>11,382,928</u>	<u>18,073,488</u>	
<b>Total funds carried forward</b>	<u><u>6,855,350</u></u>	<u><u>11,741,369</u></u>	<u><u>18,596,719</u></u>	<u><u>7,168,202</u></u>	<u><u>12,544,691</u></u>	<u><u>19,712,893</u></u>	

The Statement of Financial Activities relates to continuing operations.

The Trust has no recognised gains or losses other than the net movement in funds for the year.

The accounting policies on page 16 along with the accompanying notes on pages 16 to 20 form an integral part of these financial statements.

# PRUDENTIAL STAFF CHARITABLE TRUST

## BALANCE SHEET AS AT 31 DECEMBER 2022

	Unrestricted Fund 2022 £	Permanent Endowment Fund 2022 £	Total Funds 2022 £	Unrestricted Fund 2021 £	Permanent Endowment Fund 2021 £	Total Funds 2021 £	Note
<b>Fixed assets:</b>							
Investments	4,449,140	11,741,369	16,190,509	6,041,850	12,544,691	18,586,541	4
<b>Current assets:</b>							
Sundry debtors	—	—	—	15,925	—	15,925	6
Loans to beneficiaries	509,497	—	509,497	517,368	—	517,368	7
Cash at bank	1,896,712	—	1,896,712	593,059	—	593,059	
<b>Total current assets</b>	<u>2,406,209</u>	<u>—</u>	<u>2,406,209</u>	<u>1,126,352</u>	<u>—</u>	<u>1,126,352</u>	
<b>Liabilities:</b>							
<b>Creditors amounts falling due within one year</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
<b>Net current assets</b>	<u>2,406,209</u>	<u>—</u>	<u>2,406,209</u>	<u>1,126,352</u>	<u>—</u>	<u>1,126,352</u>	
<b>Total net assets</b>	<u>6,855,349</u>	<u>11,741,369</u>	<u>18,596,718</u>	<u>7,168,202</u>	<u>12,544,691</u>	<u>19,712,893</u>	
<b>The funds of the Charitable Trust</b>	<u>6,855,349</u>	<u>11,741,369</u>	<u>18,596,718</u>	<u>7,168,202</u>	<u>12,544,691</u>	<u>19,712,893</u>	

The accounting policies on page 16 along with the accompanying notes on pages 16 to 20 form an integral part of these financial statements.

These financial statements were approved by the Supervisory Board on 25th October 2023.

Signed on behalf of the Supervisory Board



S Moffatt

Chairman of the Supervisory Board

Dated: 25th October 2023

**PRUDENTIAL STAFF CHARITABLE TRUST**

**STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2022**

	<b>2022</b>	<b>2021</b>	
	<b>£</b>	<b>£</b>	<b>Note</b>
<b>Net cash used in operating activities</b>	(720,380)	(689,441)	8
<b>Cash flows from investing activities:</b>			
Dividends	749,777	745,157	
Distributions from property fund	1,262,616	87,000	
Interest	11,640	468	
<b>Net cash provided by investing activities</b>	<u>2,024,033</u>	<u>832,625</u>	
<b>Change in cash and cash equivalents in the year</b>	<u>1,303,653</u>	<u>143,184</u>	
Cash and equivalents brought forward	593,059	449,875	
<b>Cash and equivalents carried forward</b>	<u><u>1,896,712</u></u>	<u><u>593,059</u></u>	

The accounting policies on page 16 along with the accompanying notes on pages 16 to 20 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**1 Accounting policies**

**a. Basis of preparation**

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) issued in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019.

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 United Kingdom and Republic of Ireland (FRS 102) issued in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trust is confident that it will be able to continue to meet planned expenditure based on the current level of free reserves for the foreseeable future and thus has continued to adopt the going concern basis of accounting in preparing the financial statements. The key areas considered in the assessment of going concern are the net assets of the Trust and liquidity. Due to the uncertainty regarding future market performance and future operating costs, prudence has been applied to the Trust's cash flow forecasts to ensure that the Trust can withstand a sharp economic downturn for a sustained period. In addition to this, all grants are fully at the discretion of the Trust and if the Trust were to become illiquid in the future, there is no liability that the Trust is obligated to other than the administrative expenses which are fully borne by the holding trustee. As such, the Trustees have a reasonable expectation that the Trust has adequate resources to continue its operations for a period of at least 12 months from the date that the financial statements are approved.

**b. Funds structure**

The Trust has a single permanent endowment fund - the capital account. The capital account contains the original investments and any investments bought out of the sale of the original investments. Any realised / unrealised gains / (losses) on the investments in the capital account are kept within the capital account. The Trust has an unrestricted fund – the income account. The income from the capital account is available to use for the charitable purposes of the Trust and is wholly unrestricted and is transferred to the unrestricted fund. The unrestricted fund comprises those funds which the Supervisory Board is free to use for any purpose in furtherance of the Trust's objectives.

**c. Income recognition**

Investment income is included on an accruals basis. Dividends on ordinary shares are included by reference to ex-dividend dates. UK dividends are grossed up by the recoverable tax credits.

**d. Expenditure recognition**

Grants are accounted for when committed. The Trust has no employees and any administration support costs are borne by the holding Trustee. It is not possible to quantify the amount of this donation.

**e. Investments**

Investments are stated at fair value. Realised gains and losses are calculated as the difference between net proceeds on disposal and original costs. Movements in unrealised gains comprise the change in the value of investments held at the balance sheet date and the reversal of unrealised investment gains and losses recognised in earlier accounting periods in respect of investment disposals.

**f. Financial instruments - recognition and measurement**

The Trust classifies and measures all its financial assets and liabilities at either amortised cost or fair value through profit or loss ('FVTPL') in accordance with FRS 102.11 & 102.12. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. This includes assets that are held-for-trading or are part of a portfolio that is managed on a fair value basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

g. Loans to beneficiaries

Loans issued by the Trust to its beneficiaries are accounted for as concessionary loans in accordance with the charity SORP 11.21. Concessionary loans are those loans made or received by a charity to further its purposes and any interest charged is below the prevailing market rates.

2 Related party transactions and trustees' expenses and remuneration

The holding trustee received no remuneration or expenses for the year (2021: £Nil) and bore all of the Trust's administrative expenses, including the costs of the Supervisory Board. The only expenses normally borne by the Trust are audit fees of £40,076 (2021: £37,251), legal fees and bank charges of £160 (2021: £630) incurred in the ordinary course of business. Expenditure is accounted for on an accruals basis. The Trust has no employees (2021: Nil) and no payments were made to Trustees. The audit fees are paid for by another group company and are shown as a donation in the Statement of Financial Activities.

Prudential Portfolio Management Group Limited provide investment management services, no fees are charged for advice (2021: Nil). An investment management fee is implicitly charged via the unit price.

3. Investment income	2022 £	2021 £
Unit trusts - dividends	749,779	745,157
Distributions from property fund	1,262,616	87,000
Loan interest:		
Interest receivable in the year	313	468
Interest capitalised	462	462
Bank interest	11,327	—
	<u>2,024,498</u>	<u>833,087</u>

Of total income, £388,894 (2021: £534,160) was earned on the capital account and immediately applied to the income account. The income account represents the accumulation of income from previous years which was not spent on benefits (Note 1(b) Funds structure).

4. Investments	2022 £	2021 £
Opening carrying value	18,586,541	17,067,677
Movements during the year:		
Unrealised (losses) / gains	(2,396,032)	1,518,864
Closing carrying value	<u>16,190,509</u>	<u>18,586,541</u>

Analysis of market value at end of the year

Permanent endowment fund \*

Charibond	1,853,821	2,073,931
Charifund	9,887,548	10,470,760
	<u>11,741,369</u>	<u>12,544,691</u>

Unrestricted fund \*

Charibond	1,977,404	2,212,187
Charifund	2,009,533	2,128,066
Property Fund	462,203	1,701,597
	<u>4,449,140</u>	<u>6,041,850</u>
Total investments at market value	<u>16,190,509</u>	<u>18,586,541</u>

\* The Trust Deed of the current scheme requires that memorandum Financial Statements are kept in the form of a capital account and an income account (Note 1(b) Funds structure).

NOTES TO THE FINANCIAL STATEMENTS (continued)

The investments of the Trust are held in the above noted funds. These funds in turn invest in underlying assets. The Charifund Inc. fund primarily invests in a diversified portfolio of UK equities. The Charibond Inc. fund primarily invests in deposits, UK government bonds and other sterling denominated fixed interest securities. The Property Fund invests in property.

The Trust's reserves are £6,855,349 (2021: £7,168,202) which is the balance of the unrestricted fund as shown on page 7. It is the view of the Supervisory Board that the Trust has sufficient reserves available to meet the future needs, opportunities, contingencies and risks of the Trust.

<b>5. Analysis of charitable expenditure</b>	<b>2022 £</b>	<b>2021 £</b>
General grants	20,230	19,417
Christmas grants	529,250	552,500
Bereavement grants	195,000	140,000
Governance costs	40,236	37,880
	<u>784,716</u>	<u>749,797</u>

All grants are provided to individuals, as such, there is no requirement to disclose recipients of the grants.

<b>6. Debtors: amounts falling due within one year</b>	<b>2022 £</b>	<b>2021 £</b>
Dividends due	—	15,925

<b>7. Loans to beneficiaries</b>	<b>2022 No. of loans</b>	<b>2021 No. of loans</b>	<b>2022 £</b>	<b>2021 £</b>
Loans at beginning of year	14	15	517,368	540,011
Repayments	(1)	(1)	(8,333)	(23,105)
New loans	—	—	—	—
Interest capitalised			462	462
Loans at end of year	<u>13</u>	<u>14</u>	<u>509,497</u>	<u>517,368</u>

<b>Analysis of Loans to beneficiaries</b>	<b>2022 £</b>	<b>2021 £</b>
Loans: amounts falling due within one year	6,000	6,000
Loans: amounts falling due after one year	503,497	511,368
Loans at end of year	<u>509,497</u>	<u>517,368</u>

<b>8 Reconciliation of net movement in funds to net cash flow from operating activities</b>	<b>2022 £</b>	<b>2021 £</b>
Net movement in funds	(1,116,175)	1,639,405
Deduct dividend income shown in investing activities	(2,012,393)	(832,157)
Deduct interest income shown in investing activities	(11,640)	(468)
Deduct gains / add back (losses) on investments	2,396,032	(1,518,864)
Sundry Debtors	15,925	—
Loans to beneficiaries	7,871	22,643
Net cash used in operating activities	<u>(720,380)</u>	<u>(689,441)</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 9 Reconciliation of net movement in funds to net funds in the Statement of Financial Activities

## 2022

Fund name	Balances brought forward £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances carried forward £
Permanent Endowment Fund	12,544,691	388,894	—	(388,894)	(803,322)	11,741,369
Unrestricted Fund	7,168,202	1,675,681	(784,716)	388,894	(1,592,710)	6,855,351
Total funds	19,712,893	2,064,575	(784,716)	—	(2,396,032)	18,596,720

## 2021

Fund name	Balances brought forward £	Income £	Expenditure £	Transfers £	Gains and losses £	Balances carried forward £
Permanent Endowment Fund	11,382,928	534,160	—	(534,160)	1,161,763	12,544,691
Unrestricted Fund	6,690,560	336,178	(749,797)	534,160	357,101	7,168,202
Total funds	18,073,488	870,338	(749,797)	—	1,518,864	19,712,893

## 10 Financial Assets and Financial Liabilities

## A. Financial assets and financial liabilities – classification and measurement

Under FRS 102, the financial assets and financial liabilities of the Trust are valued at either FVTPL or amortised cost.

## 2022

	Fair value through profit or loss £	Amortised Cost £	Total carrying value £	Fair value where applicable £
Financial Assets				
Charibond Inc	3,831,225	—	3,831,225	3,831,225
Charifund Inc	11,897,081	—	11,897,081	11,897,081
Property fund	462,203	—	462,203	462,203
Other debtors	—	—	—	—
Loans to beneficiaries	—	509,497	509,497	509,497
Cash at bank and in hand	—	1,896,712	1,896,712	1,896,712
Total	16,190,509	2,406,209	18,596,718	18,596,718

## 2021

	Fair value through profit or loss £	Amortised Cost £	Total carrying value £	Fair value where applicable £
Financial Assets				
Charibond Inc	4,286,119	—	4,286,119	4,286,119
Charifund Inc	12,598,825	—	12,598,825	12,598,825
Property fund	1,701,597	—	1,701,597	1,701,597
Other debtors	—	15,925	15,925	15,925
Loans to beneficiaries	—	517,368	517,368	517,368
Cash at bank and in hand	—	593,059	593,059	593,059
Total	18,586,541	1,126,352	19,712,893	19,712,893

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**B. Financial assets and financial liabilities - determination of fair value**

The fair values of the financial assets and liabilities as included in the table above have been determined on the following bases.

The fair values of the financial instruments are determined by the use of current market bid prices for quoted investments, or by using quotations from independent third-parties, such as brokers and pricing services or by using appropriate valuation techniques. Investments valued using valuation techniques include financial investments which by their nature do not have an externally quoted price based on regular trades and financial investments for which markets are no longer active as a result of market conditions e.g. market illiquidity. The property fund is valued using a Net Asset Value (NAV) provided by the investment manager which is assessed as to whether it is an appropriate basis for fair value and if not adjusted as necessary. When determining the inputs into the valuation techniques used priority is given to publicly available prices from independent sources, when available but overall, the source of pricing is chosen with the objective of arriving at a fair value measurement which reflects the price at which an orderly transaction would take place between market participants on the measurement date.

The fair value estimates are made at a specific point in time, based upon available market information and judgements about the financial instruments, including estimates of the timing and amount of expected future cash flows and the credit standing of counterparties. Such estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument, nor do they consider the tax impact of the realisation of unrealised gains or losses from selling the financial instrument being fair valued. In some cases the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realised in immediate settlement of the financial instrument.