

PRUDENTIAL STAFF CHARITABLE TRUST

Annual Report and Financial Statements for the year ended 31 December 2023

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 2023

Contents	Page
Reference and administration information	3
Annual report of the Trustee	4-8
Statement of the Trustee's responsibilities	9
Independent auditors' report to the trustee of Prudential Staff Charitable Trust	10-12
Statement of financial activities	13
Balance sheet	14
Statement of cash flows	15
Notes to the financial statements	16 to 20

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
Mr C Bolton (appointed 25 September 2023)
Ms L Fowler
Mr S Horgan
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

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountant and Statutory Auditors
Atria One
144 Morrison Street
Edinburgh
EH3 8EB

Bank

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

Investment adviser

M&G Investment Management Limited
10 Fenchurch Avenue
London
EC3M 5AG

Solicitor

Bates Wells & Braithwaite London LLP
10 Queen Street Place
London
EC4R 1BE

PRUDENTIAL STAFF CHARITABLE TRUST

ANNUAL REPORT OF THE TRUSTEE FOR 2023

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 for England and Wales, 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 Trustee 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 Fund (Charibond), both of which are managed by M&G Securities Limited. M&G Investment Management 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.

UK Equity performance in the calendar year 2023 was strong at +7.9%, buoyed by a resilient consumer and the lack of spill over from heightened geopolitical risks. Inflation remained elevated, as did interest rates, with +1.75% of rate hikes added by the Bank of England in the UK during the calendar year. Government bond yields, especially at longer maturities such as the 10 year point, were broadly flat, as was the FTSE UK Conventional All Stocks Index. The UK MSCI IPD Property Index was down -1.5% as negativity on the office sector weighed on overall performance. Within currencies, sterling strengthened against most peers as UK inflation eclipsed that seen in the United States and most of Europe. Oil prices fell back from their September highs of nearly \$100 per barrel, to end the year below \$80 per barrel as slowing global economic growth tempered demand.

Charifund over 2023 returned +3.6% against its benchmark, the FTSE All-Share Index, of +7.9%. This has seen the fund fall behind its benchmark over 3 and 5 years, by 1.4% and 0.9% p.a. respectively. Against the IA peer group, IA UK Equity Income, Charifund has similarly slipped behind over 1, 3 and 5 years, albeit by small margins.

Charifund distributed 85.5p in 2023, an increase of 3% on 2022, which failed to keep pace with elevated UK RPI inflation, even though it fell back to 5.2% in December 2023. With a distribution yield of 5.94%, Charifund is still at a significant premium compared to the benchmark of 3.8%.

ANNUAL REPORT OF THE TRUSTEE FOR 2023 (continued)

UK equity valuations remain attractive, and relatively cheap compared to other markets globally. The fund's lower volatility than the market means that it is not unusual for the fund to underperform in strong market conditions, like those seen in Q4 2023. Sector allocation was broadly neutral with stock selection mildly detracting, and predominantly due to energy which suffered with lower oil prices. The fund's non-UK exposure was also a slight headwind.

Charibond returned +7.2% in 2023, ahead of its blended benchmark (50% ICE BoAML 1-15 Gilt Index; 50% ICE BoAML 1-15 Non-Gilt Index) of +6.5%. The fund's defensive stance continued to aid performance, as did underlying fixed income volatility that saw UK 10 year government bond yields range from 3.0% to 4.7% over the course of the year, but remain largely unchanged from the start of 2013 to its finish.

Charibond distributed 4p in 2023, an increase of 82% on 2022 when it was negatively impacted by the pace of fixed income yield rises. Further distribution yield increases are unlikely as central banks start considering when interest rate cuts should begin.

Central banks' continue to keep monetary policy tight enough to drive inflation back towards the 2% target, there is growing evidence of a continued softening in inflation and that higher rates are slowing consumer demand. Geopolitical tensions remain heightened but sufficiently contained to not spook markets. Corporate spreads were tighter, as consumers remained stubbornly healthy and the UK economy avoided recession.

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 2023 the Trust received distributions from the Property Fund when assets are sold as noted in the Financial Statements.

In what was a challenging year for the UK commercial property market, as economic headwinds and higher interest rates weighed on asset valuations, the **M&G UK Property Fund (UKPF)** delivered a total return of 13.4%. 8.3% was attributable to capital, primarily driven by the disposal of a rural land holding at Parlington which was sold at a 55% premium to book value, with 5.1% attributable to income. Offices was the weakest performance sector, with returns from retail proving more resilient, despite weaker consumer spending. Both industrials and residential outperformed, as structural tailwinds continued to support occupier and investor demand for these sectors.

As at 31 December 2023, the Property Fund had five remaining assets*, representing 11.8% of the NAV at the start of the liquidation, with an occupancy rate of 89%. Rent collection facilitated income distributions totalling 6% during the year, however, receipts will naturally diminish as the liquidation process is progressed.

*Excluding nominal residual exposure to two indirect holdings, which themselves are in the process of being liquidated

PRUDENTIAL STAFF CHARITABLE TRUST

ANNUAL REPORT OF THE TRUSTEE FOR 2023 (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 (permanent endowment fund) immediately to the income account (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 2023 were £7,258,209 (2022: £6,855,350) and the value of the permanent endowment funds were £11,569,455 (2022: £11,741,369). 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 2023 and 2022 were as follows:

	2023	2022
	£	£
Single grants	4,000	5,169
Grants to supplement income of pensioners	14,192	15,061
	<u>18,192</u>	<u>20,230</u>

PRUDENTIAL STAFF CHARITABLE TRUST

ANNUAL REPORT OF THE TRUSTEE FOR 2023 (continued)

Christmas grants

The Trust makes Christmas grants, currently a payment of £250 (2022: £250), to pensioners who have completed 5 years' service and whose total household income excluding State Benefits is less than £7,457 per annum (2022: £7,102 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 Supervisory 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 Supervisory 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 2023 and 2022 were as follows:

	2023	2022
	£	£
Value of Christmas gifts	527,250	529,250
Number of grants made	2,109	2,117

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 £7,457 per annum (2022: £7,102 per annum) and they do not have savings of more than £12,000. The grant is conditional upon the widow/widower's confirmation that total household income excluding State Benefits is less than £7,457 per annum and they do not have savings of more than £12,000. The offer is extended to common law partners where no spouse's pension is payable.

In 2011 the Supervisory 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 2023 and 2022 were as follows:

	2023	2022
	£	£
Value of Bereavement grants	30,000	195,000
Number of grants made	6	39

Loans to beneficiaries

At the end of 2023 there were 12 (2022:13) loans outstanding, totalling £496,175 (2022: £509,497) including interest capitalised during the year of £736 (2022: £462). Loans advanced to beneficiaries during the year amounted to £Nil (2022: £Nil) and repayments received amounted to £14,058 (2022: £8,333). There were no loans written off in 2023 (2022: 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 2023 (2022: 0% to 2.5%).

Governance costs

The only expenses normally borne by the Trust are audit fees of £43,282 (2022: £40,076), legal fees and bank charges of £6,055 (2022: £160) incurred in the ordinary course of business.

Fundraising

The Trust has not undertaken any fundraising activity during 2023 or 2022. Included under income in the Statement of Financial Activities, is £43,282 of donations. This relates to audit fees for the Charity which have been paid by The Prudential Assurance Company Limited.

PRUDENTIAL STAFF CHARITABLE TRUST

ANNUAL REPORT OF THE TRUSTEE FOR 2023 (continued)

Post balance sheet event

During March 2024, a £1,000,000 new investment payment was made into the "M&G Sustainable Total Return Credit Investment Fund" (STRCI Fund). The STRCI fund aims to offer investors a sustainable multi-asset credit fund, combining M&G's expertise in credit investing with an assessment of ESG factors. The fund applies a positive ESG selection to focus on investments that meet environmental and social sustainability criteria. A further £1,000,000 payment was invested into this fund at the end of June 2024.

Plans for future periods

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

Going concern

The Trustee has 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. It has 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.

Auditors

PricewaterhouseCoopers LLP (PwC), who were appointed by the Trustee in 2022, remained in office during 2023 and will remain in office as auditor of the Trust for 2024.

The annual report of the Trustee on pages 4 to 8 was approved by the Supervisory Board on behalf of the Trustee, and was signed on its behalf by,



S Moffatt

Chairman of the Supervisory Board

Date: 30 September 2024

PRUDENTIAL STAFF CHARITABLE TRUST

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES IN RESPECT OF THE TRUSTEE'S 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 Trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and regulations. The Trustee has 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 incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the trustee is required to:

- selects suitable accounting policies and then apply them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states 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;
- assesses the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- uses 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 Trustee is required to act in accordance with the Trust Deed and the rules of the Charity, within the framework of trust law. It is 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 it 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.

Approved and signed on behalf of the Supervisory Board



S Moffatt

Chairman of the Supervisory Board

Date: 30 September 2024

Independent auditors' report to the trustee of Prudential Staff Charitable Trust

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 2023 and of its incoming resources, 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, including 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 2023; the Statement of Financial Activities for the year then ended; 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 trustee's 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 trustee 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 trustee is 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.

With respect to the Trustee's report, we also considered whether the disclosures required by the Charities Act 2011 have been included.

Trustees' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustee's report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable requirements.

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we did not identify any material misstatements in the Trustee's report.

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 Trustee's Responsibilities in respect of the Trustees' Annual Report and the Financial Statements, the trustee is 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 trustee is 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 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 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 and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and relevant regulations made of having an effect thereunder, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact 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 trustee 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 by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria;
- Enquire with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant trustee meeting minutes; 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.

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. 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

30 September 2024

PRUDENTIAL STAFF CHARITABLE TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2023

	Unrestricted	Permanent	Total	Unrestricted	Permanent	Total	Note
	Fund	Endowment	Funds	Fund	Endowment	Funds	
	2023	2023	2023	2022	2022	2022	
	£	£	£	£	£	£	
Income from:							
Donations	43,282	—	43,282	40,076	—	40,076	
Investments	1,038,971	—	1,038,971	2,024,498	—	2,024,498	3
Total	<u>1,082,253</u>	<u>—</u>	<u>1,082,253</u>	<u>2,064,574</u>	<u>—</u>	<u>2,064,574</u>	
Expenditure on:							
Charitable activities	624,845	—	624,845	784,716	—	784,716	5
Total	<u>624,845</u>	<u>—</u>	<u>624,845</u>	<u>784,716</u>	<u>—</u>	<u>784,716</u>	
(Losses) / gains on investments	<u>(54,549)</u>	<u>(171,914)</u>	<u>(226,463)</u>	<u>(1,592,710)</u>	<u>(803,322)</u>	<u>(2,396,032)</u>	4
Net Expense / (Income)	<u>402,859</u>	<u>(171,914)</u>	<u>230,945</u>	<u>(312,852)</u>	<u>(803,322)</u>	<u>(1,116,174)</u>	
Net movement in funds	<u>402,859</u>	<u>(171,914)</u>	<u>230,945</u>	<u>(312,852)</u>	<u>(803,322)</u>	<u>(1,116,174)</u>	
Reconciliation of funds:							
Total funds brought forward	<u>6,855,350</u>	<u>11,741,369</u>	<u>18,596,719</u>	<u>7,168,202</u>	<u>12,544,691</u>	<u>19,712,893</u>	
Total funds carried forward	<u><u>7,258,209</u></u>	<u><u>11,569,455</u></u>	<u><u>18,827,664</u></u>	<u><u>6,855,350</u></u>	<u><u>11,741,369</u></u>	<u><u>18,596,719</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 2023

	Unrestricted Fund 2023 £	Permanent Endowment Fund 2023 £	Total Funds 2023 £	Unrestricted Fund 2022 £	Permanent Endowment Fund 2022 £	Total Funds 2022 £	Note
Fixed assets:							
Investments	4,394,590	11,569,455	15,964,045	4,449,140	11,741,369	16,190,509	4
Current assets:							
Loans to beneficiaries	496,175	—	496,175	509,497	—	509,497	6
Cash at bank	2,367,444	—	2,367,444	1,896,712	—	1,896,712	
Total current assets	<u>2,863,619</u>	<u>—</u>	<u>2,863,619</u>	<u>2,406,209</u>	<u>—</u>	<u>2,406,209</u>	
Liabilities:							
Creditors amounts falling due within one year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
Net current assets	<u>2,863,619</u>	<u>—</u>	<u>2,863,619</u>	<u>2,406,209</u>	<u>—</u>	<u>2,406,209</u>	
Total net assets	<u>7,258,209</u>	<u>11,569,455</u>	<u>18,827,664</u>	<u>6,855,349</u>	<u>11,741,369</u>	<u>18,596,718</u>	
The funds of the Charitable Trust	<u>7,258,209</u>	<u>11,569,455</u>	<u>18,827,664</u>	<u>6,855,349</u>	<u>11,741,369</u>	<u>18,596,718</u>	8

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 on pages 13 to 20 were approved by the Supervisory Board on 13 September 2024, on behalf of the Trustee.

Signed on behalf of the Supervisory Board



S Moffatt

Chairman of the Supervisory Board

Dated: 30 September 2024

PRUDENTIAL STAFF CHARITABLE TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022	
	£	£	Note
Net cash used in operating activities	(568,239)	(720,380)	7
Cash flows from investing activities:			
Dividends	833,690	749,777	
Distributions from property fund	118,831	1,262,616	
Interest	86,450	11,640	
Net cash provided by investing activities	<u>1,038,971</u>	<u>2,024,033</u>	
Change in cash and cash equivalents in the year	<u>470,732</u>	<u>1,303,653</u>	
Cash and equivalents brought forward	1,896,712	593,059	
Cash and equivalents carried forward	<u><u>2,367,444</u></u>	<u><u>1,896,712</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 Prudential Staff Charitable Trust (the Trust") is a registered charity (incorporated in the UK and registered in England and Wales, number 232467). The objects of the Trust are set out on page 4 of the Annual Report.

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

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 Trustee has 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 of the Trustee of the Trust 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 without recharge to the Trust. 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 the statement of financial activities (SoFA) in accordance with FRS 102.11 & 102.12. Net gains and losses, including any interest or dividend income, are recognised in the SoFA. This includes assets that are held-for-trading or are part of a portfolio that is managed on a fair value basis.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Related party transactions and trustees' expenses and remuneration

The holding trustee received no remuneration or expenses for the year (2022: £Nil) and bore all of the Trust's administrative expenses, including the costs of the Supervisory Board, without recharge to the Trust. The Trust has no employees (2022: Nil) and no payments were made to Trustees. The audit fees of £43,282 (2022: £40,076) are paid for by The Prudential Assurance Company Limited and are shown as a donation in the Statement of Financial Activities.

M&G Investment Management Limited provide strategic investment advisory services. The sum of £1 is due as good and valuable consideration for the provision of services under the Agreement, as no payment is made for this amount, it is treated as a donation in the Statement of Financial Activities. Investment management fees are levied against the assets of the fund vehicles by M&G Securities Ltd via the daily unit prices; individual investors are not invoiced for monetary amounts and no further fees are payable.

3. Investment income	2023 £	2022 £
Unit trusts - dividends	833,690	749,777
Distributions from property fund	118,831	1,262,618
Loan interest:		
Interest receivable in the year	275	313
Interest capitalised	736	462
Bank interest	85,439	11,327
	<u>1,038,971</u>	<u>2,024,498</u>

Of total income, £643,743 (2022: £388,894) 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	2023 £	2022 £
Opening carrying value	16,190,509	18,586,541
Movements during the year:		
Unrealised (losses)	(226,464)	(2,396,032)
Closing carrying value	<u>15,964,045</u>	<u>16,190,509</u>

Analysis of market value at end of the year

Permanent endowment fund *

Charibond	1,914,240	1,853,821
Charifund	9,655,215	9,887,548
	<u>11,569,455</u>	<u>11,741,369</u>

Unrestricted fund *

Charibond	2,041,851	1,977,404
Charifund	1,962,314	2,009,533
Property Fund	390,425	462,203
	<u>4,394,590</u>	<u>4,449,140</u>
	<u>15,964,045</u>	<u>16,190,509</u>

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

The investments of the Trust are held in the above noted funds. These funds in turn invest in underlying assets. The Equities Investment Fund for Charities (Charifund) primarily invests in a diversified portfolio of UK equities. The Charibond Fixed Interest Fund (Charibond) fund primarily invests in deposits, UK government

NOTES TO THE FINANCIAL STATEMENTS (continued)

bonds and other sterling denominated fixed interest securities. The Charifund and the Charibond fund are both managed by M&G Securities Limited. The M&G UK Property Fund invests in property.

The Trust's reserves are £7,258,209 (2022: £6,855,349) which is the balance of the unrestricted fund. 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.

5. Analysis of charitable expenditure	2023 £	2022 £
General grants	18,192	20,230
Christmas grants	527,250	529,250
Bereavement grants	30,000	195,000
Governance costs	49,403	40,236
	<u>624,845</u>	<u>784,716</u>

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

6. Loans to beneficiaries	2023 No. of loans	2022 No. of loans	2023 £	2022 £
Loans at beginning of year	13	14	509,497	517,368
Repayments	(1)	(1)	(14,058)	(8,333)
Interest capitalised			736	462
Loans at end of year	<u>12</u>	<u>13</u>	<u>496,175</u>	<u>509,497</u>

Analysis of Loans to beneficiaries	2023 £	2022 £
Loans: amounts falling due within one year	6,000	6,000
Loans: amounts falling due after one year	490,175	503,497
Loans at end of year	<u>496,175</u>	<u>509,497</u>

7. Reconciliation of net movement in funds to net cash used in operating activities	2023 £	2022 £
Net movement in funds	230,945	(1,116,175)
Deduct dividend income shown in investing activities	(833,690)	(749,777)
Deduct distributions from property funds	(118,831)	(1,262,616)
Deduct interest income shown in investing activities	(86,450)	(11,640)
Add back (losses) on investments	226,464	2,396,032
Movement in sundry debtors	—	15,925
movement in loans to beneficiaries	13,322	7,871
Net cash used in operating activities	<u>(568,240)</u>	<u>(720,379)</u>

8. Reconciliation of net movement in funds to net funds in the Statement of Financial Activities

2023

Fund name	Balances brought forward £	Income £	Expenditure £	Transfers* £	Gains and losses £	Balances carried forward £
Permanent Endowment Fund	11,741,369	643,743	—	(643,743)	(171,914)	11,569,455
Unrestricted Fund	6,855,350	438,510	(624,845)	643,743	(54,549)	7,258,209
Total funds	<u>18,596,719</u>	<u>1,082,253</u>	<u>(624,845)</u>	<u>—</u>	<u>(226,463)</u>	<u>18,827,664</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

**It is the policy to transfer income earned on the capital account (permanent endowment fund) immediately to the income account (unrestricted fund) (Note 1(b) Funds structure).*

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

9 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 Fair Value through income and expenditure (FVTIE) or amortised cost.

2023

	Fair value through income and expenditure £	Amortised Cost £	Total carrying value £	Fair value where applicable £
Financial Assets				
Charibond	3,956,091	—	3,956,091	3,956,091
Charifund	11,617,529	—	11,617,529	11,617,529
Property fund	390,425	—	390,425	390,425
Loans to beneficiaries	—	496,175	496,175	496,175
Cash at bank and in hand	—	2,367,444	2,367,444	2,367,444
Total	15,964,045	2,863,619	18,827,664	18,827,664

2022

	Fair value through income and expenditure £	Amortised Cost £	Total carrying value £	Fair value where applicable £
Financial Assets				
Charibond	3,831,225	—	3,831,225	3,831,225
Charifund	11,897,081	—	11,897,081	11,897,081
Property fund	462,203	—	462,203	462,203
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

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.

10 Post Balance Sheet Events

During March 2024, a £1,000,000 new investment payment was made into the "M&G Sustainable Total Return Credit Investment Fund" (STRCI Fund). The STRCI fund aims to offer investors a sustainable multi-asset credit fund, combining M&G's expertise in credit investing with an assessment of ESG factors. The fund applies a positive ESG selection to focus on investments that meet environmental and social sustainability criteria. A further £1,000,000 payment was invested into this fund at the end of June 2024.