



THE CLOTHWORKERS' FOUNDATION

REPORT OF THE TRUSTEES AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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REPORT OF THE TRUSTEES

TRUSTEES AND PROFESSIONAL ADVISERS

TRUSTEES

Lucy Rawson (Chair)
Andrew Blessley *[resigned 31 July 2022]*
Denis Clough
Chloe Holness
Charlie Hutchins
Emma Ingham Clark
Michael Jarvis
Alexander Nelson *[appointed 31 July 2022]*
Susanna O'Leary
Ola Opoosun
Neel Patani
Dhruv Patel
Philip Portal *[resigned 31 July 2022]*
Amir Rizwan *[appointed 27 September 2022]*
Hugo Slim *[appointed 27 September 2022]*
Tom Stoddart-Scott
Hanif Virji

CHIEF EXECUTIVE

Jocelyn Stuart-Grumbar

FOUNDATION DIRECTOR

Jenny North

REGISTERED OFFICE AND PRINCIPAL ADDRESS

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AUDITOR

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BANKERS

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London Chief Office
Old Broad Street
London EC3M 5AN

INVESTMENT MANAGERS

Blackrock Advisors (UK)
Murray House
1 Royal Mint Street
London EC3N 4HH

WEBSITE

www.foundation.clothworkers.co.uk

CHARITY COMMISSION REGISTRATION NUMBER

274100

COMPANY REGISTRATION NUMBER

1321952

The Trustees present their Report and the financial statements of the Foundation for the year ended 31 December 2022; these have been prepared in accordance with the provisions of the Statement of Recommended Practice (FRS102), *Accounting and Reporting by Charities*, issued in 2015, Second Edition, effective 1 January 2019 (the "SORP"). The information on the preceding pages forms part of this report. This report also includes the information required in a Directors' Report and a Strategic Report for the purposes of company law.

THE 2022 CONTEXT

During 2022, the Foundation moved away from the context of emergency grantmaking during the Covid-19 pandemic. Our Covid-19 programmes were spent down and not renewed, and our Open Grants Programmes operated 'as normal', with demand for these programmes high.

Our investment income also recovered during 2022, and our total grantmaking was slightly increased compared to 2021. Towards the end of 2022, we agreed a 10% uplift on recent Open Grant awards to respond to the rising cost of living.

2022 also saw The Foundation undertake a Strategic Review of activities and develop a new five-year strategy which comes into effect from 2023.

- The Strategic Review defined The Foundation's mission as 'to support charities and social businesses that work with marginalised and disadvantaged people and communities, and those working towards a more equitable society.'
- Under this mission, we confirmed our long-term commitment to supporting the infrastructure of these organisations through capital funding via our Open Grants Programme.
- We committed to providing 'core' funding to organisations advancing equity in different ways through our Proactive Programmes.
- We will continue to provide social investment where this can support organisation's impact and/or sustainability.
- We have also identified, and will implement, improvements across our grantmaking which will help us to operate more in line with our values: equitable, adaptive, enabling. Collaborative.

HISTORY, OBJECTIVES, ACHIEVEMENTS AND PUBLIC BENEFIT

History

The Clothworkers' Foundation was incorporated in 1977 as a company limited by guarantee; it is a registered charity.

In over 40 years of activity, grants in excess of £165 million have been made by the Foundation and subsidiary trusts, to charitable organisations and individuals.

Objects

The objects of the charity are the advancement of such charitable purposes as the Foundation shall from time to time determine.

Aims and Strategies

Open Grants Programmes

The Clothworkers' Foundation aims, through its funding, to provide public benefit by improving the lives of people and communities, particularly those that face disadvantage.

It aims to achieve this through two open grants programmes which fund a range of capital projects that meet its eligibility criteria, and which fall within one or more of its specified programme areas.

This programme is the Foundation's portfolio of annual grants to a small number of selected charities with which it wishes to maintain an ongoing relationship. It is not an open grants programme.

Proactive Grants Programme

Launched in 2007, the Proactive Grants Programme is not open to funding enquiries or applications. Initiatives are developed following extensive research and consultation with organisations working in the selected sectors.

Social Investment

The Foundation has established a programme of social investment, initially funded by restricted donations received from The Clothworkers' Company. The latest investment in 2021, which was in Charity Bank, was funded from the Foundation's Expendable Endowment Fund. Future investments are likely to be funded in a similar manner.

Objectives

The objectives of the Foundation are:

- To manage its resources so as to ensure that the budget agreed for charitable grants may be distributed.
- To stimulate a flow of good quality eligible applications for funds that meet its criteria, by setting application guidelines with sufficient clarity to avoid charities wasting valuable resources in preparing submissions that are ineligible.
- To undertake an objective assessment of all applications for grants, appropriate to the scale of support contemplated.
- For the proactive programme, to develop sufficient understanding of the selected areas to allow it to identify particular activities to support and organisations with which to work.
- To maximise public benefit by distributing its income in the most effective way possible.
- To monitor the impact of the grants on the people and communities it seeks to help.
- To identify suitable initiatives for social investment.

Grantmaking Policy

The Foundation is a predominantly reactive capital funder for charities and projects meeting its published eligibility criteria. It undertakes a strategic review approximately every five years, with the most recent carried out in 2022. The review also included a strategy for the Foundation's future social investment plans.

The Foundation's grantmaking activities in 2022 were as follows:

- An open main grants programme funding capital projects of charities in one or more of the following nine programme areas: alcohol and substance misuse, people with disabilities, disadvantaged minority communities, disadvantaged young people, domestic and sexual abuse, homelessness, older people, prisoners and ex-offenders, and visual impairment. Only charities with an annual operating income of less than £15 million are eligible to apply.
- An open small grants programme awarding grants of up to £10,000 (or up to £15,000 towards vehicles) in the above areas to charities with annual income of less than £2 million.
- A regular grants programme through which a limited number of charities selected by the Foundation receive grants every year, subject to regular review.
- A proactive grants programme, established in 2007, which includes four initiatives during 2022: Dramatic Arts II, Better Futures II, Visual Impairment in Developing Countries, and a Care Leavers initiative.

Full details of the Foundation's grant-making policy and guidelines are provided on the website (www.clothworkersfoundation.org.uk); they are also published in the Annual Review, a copy of which may be downloaded from the website or obtained from The Clothworkers' Foundation, Clothworkers' Hall, Dunster Court, Mincing Lane, London EC3R 7AH.

Social Investment Policy

The Foundation seeks to identify initiatives which are suited to a 'social investment' approach; these are regarded as being complementary to existing grantmaking activities, and they fall within the existing programme areas.

The Foundation has committed to providing funding of £1.75 million from its expendable endowment towards suitable investments (partly funded by a £0.75 million donation from The Clothworkers' Company), as at 31 December 2022 £1.51 million had been invested (2021: £1.47 million).

Recent Significant Activities and Achievements

Grants totalling £7.49 million, 386 in number (2021: 7.11 million, 342 in number), were committed during the year, across the various programmes.

Through these programmes, the Trustees consider that the Foundation provides public benefit by focusing resources in areas of greatest need, and in accordance with its objectives.

Details of grants of £25,000 or more are published in the Annual Review, and case studies on selected projects are featured on the Foundation's website (www.clothworkersfoundation.org.uk). However, a summary of each programme is set out below.

- ***Open grants programme***

£6.25 million was committed under this programme, with £4.56 million being for Large Grants including building and refurbishment projects, large vehicles, and specialist equipment. £1.69 million was allocated for Small Grants, under which grants of up to £10,000 are made to capital projects for smaller charities, increasing to £15,000 in the case of funding for minibuses.

This year we also committed to 20% of spend under this programme going to organisations led by, and/or for, communities experiencing racial inequality. We achieved this, albeit our data collection in this area is nascent and will be improved in 2023 and beyond.

- ***Regular grants programme***

The Foundation continued to award annual grants to a small number of selected charities under the Regular Grants Programme which does not accept applications. These included several organisations making onward grants to very small organisations and individuals in key areas of interest for The Foundation. Commitments totalling £0.37 million were made during 2022.

- ***Research, Development & Partnerships***

This fund was designed to support the Strategic Review in 2022. It was used to support research into grantee experiences, as well as to make small grants to some existing and new grantees. It also allowed us to give a 10% uplift to recent grantees under the Open Grants Programme to reflect the rising cost of living. Commitments totalling £0.43 million were made during 2022.

- ***Proactive initiatives***

The budgets for our four active Proactive Programmes have been fully committed in previous years. In 2022, we made further grants of £0.3 million to existing grantees.

Care Leavers: this is the newest proactive initiative. Its broad aim is to support organisations and projects that help young people leaving the care system to transition successfully to adulthood. A total budget of £1.38 million was allocated, and this was fully committed in 2018 and 2019. £250,000 was allocated to a grantee in 2022.

Its focus was on education, training and employment for care-leavers, as well as standardised professional training for people working with, and for, care-leavers. A final report on the outcomes has been commissioned and will report in 2023.

Visual Impairment in Developing Countries: this initiative was launched in 2012, with an initial allocation of £0.375m. Following a tender process, a single grant of £366,000 was awarded to Vision Aid Overseas, for a five-year eye care project in Sierra Leone.

The Trustees subsequently agreed a further allocation of £0.75m over a period of up to five years from 2017. This was committed through a grant of £410,000 to Orbis, in 2017, for a project which will aim to eliminate trachoma in specified regions of Ethiopia, and a further £350,000 grant to Vision Aid Overseas, in 2018, which built on the previous 2012 project. All funds for this initiative have now been committed.

Better Futures II: this initiative was set up in 2013 as a response to the 2011 riots and to the socio-economic climate felt by many to have been a root cause. With an initial £1.25 million allocation, its overarching aim was (and is) to help young people from disadvantaged backgrounds to reach their full potential.

In 2017, nfpSynergy was engaged to undertake an independent external evaluation of *Better Futures*, which found that it had met its objectives. Based both on the nfpSynergy conclusions, and on the Foundation's own internal assessment of the seven projects it had funded, *Better Futures* was extended by three years, from 2019, with a new £1.25 million allocation, and this was fully committed in 2019 and 2020. A further award of £50,000 was made to a grantee in 2022. The evaluation of the initiative will report in 2023.

Dramatic Arts II: this initiative was initially allocated £1.25 million, over five years, from 2014. It focused on excellence in the dramatic arts, and on mainstream provision. An independent external evaluation was undertaken by Sam-Culture, in 2019. Based on the findings of the evaluation, the Dramatic Arts initiative was extended, with a new £1m allocation, from 2020, and this was fully committed in the same year. A final evaluation is expected in 2023.

- ***Clothworkers' Charity Fund (previously Livery Fund – see below) programme***

Three grants were also awarded from the Clothworkers' Charity Fund (which does not accept applications), a sub-fund which receives donations from members of The Clothworkers' Company, and which are matched by The Company itself. Commitments in 2022 totalled £129,000.

- ***Social investment activities***

The following investments have been made to date:

- 2019: - a loan of £150,000 to the CAF Venturesome Development Fund.
- 2020: - a loan of £50,000 to London Play Design CIC, through the Stepping Stones Finance Facility;
- the approval of an investment of £250,000 in the Women in Safe Housing Fund (finalised in 2021).
- 2021: - a loan of £200,000 to RefuAid;
- an investment of £1 million in Charity Bank;
- 1st tranche of £73,250 drawn down by the Women in Safe Housing Fund.
- 2022: - 2nd tranche of £44,250 drawn down by the Women in Safe Housing Fund.

- ***Strategic Investment Review***

During 2022, the Trustees conducted the latest five-yearly strategic review of investment asset allocation, and spending policy. We will maintain our spending rule of 3% of our total asset value over a moving three-year average. We also agreed a new allocation of 10% of our assets to ESG funds and 15% to private equity funds. Implementation will commence in 2023.

STRATEGIC REVIEW

Significant Trustee and team activity this year as dedicated to the Strategic Review of activities and the development of a new strategy for 2023-27. To guide this strategy, the Trustees agreed the following:

Vision: An equitable society where all can participate and thrive

Mission: We support charities and social businesses that work with marginalised and disadvantaged people and communities, and those working towards a more equitable society

Values:

Equitable - we work to promote equity in our grantmaking and organisation, and to identify and manage bias. We strive to increase participation and representation at all levels of our organisation to advance better decision-making.

Adaptive - we strive to be responsive to the needs of our grantees and to listen to their experience as experts. We learn from them, from our peers and from our own experience to drive improvements in our work. We adapt to external change when necessary.

Enabling – we strive to provide funding and support that enables our grantees to be more impactful and sustainable, and which minimises burden on them. We aim to empower our own team through flexible and trust-based ways of working.

Collaborative - we seek to work with other funders, research organisations, and networks. We do this to serve grantees more effectively, to learn, and to share our learning.

New grantmaking and investment activities have been agreed and implementation begins in 2023.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Membership

The Clothworkers' Company is the sole member of the Foundation.

Recruitment and Induction of Trustees

The Board of Trustees comprises between eight and fifteen individuals who, until 2020, had been drawn exclusively from the Court and Livery of The Company, offering a range of pertinent experience and qualifications. The Company's objective had been for the Foundation to have a board of Trustees which was balanced as to age and skills, capable of formulating the policies and strategies of the Foundation, and able to provide direction to the Chief Executive and staff on the conduct of its affairs

In 2020, the Foundation's newly formed Nominations Committee had initiated the first open recruitment process within the Company's wider membership. Two applicants had been successful and had joined the Board in late 2020. Further to this, the Nominations Committee, on behalf of the Board of Trustees, initiated a search for two independent Trustees (with no prior connection with The Company). The Board now retains, for the first time, three independent Trustees, who joined the Board in February 2021 and September 2022.

Trustees are expected to be conversant with their responsibilities. New Trustees have a full induction programme, and all Trustees are alerted to training and CPD opportunities as they arise. A register of training undertaken is maintained.

On their appointment, new Trustees are provided with a detailed induction package, including a copy of the Policy and Procedures Manual (PPM) of the Foundation, which is a compilation of the key regulations, administrative arrangements, and codes of conduct by which the Foundation operates; the PPM is regularly reviewed.

Presentations are regularly made to the Trustees on topical issues by charities operating in key spheres of the Foundation's charitable activity.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of The Clothworkers' Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company, and of the incoming resources and application of resources, including the income and expenditure of the charitable company, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles contained within 'Accounting and Reporting by Charities – Statement of Recommended Practice' (the SORP).
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy, at any time, the financial position of the charitable company, and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware, there is no relevant information that has not been disclosed to the Foundation's auditors, and each of the Trustees believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Foundation's auditors have been made aware of that information.

Public Benefit

The Trustees confirm that they have paid due regard to the guidance of the Charity Commission in respect of public benefit in reviewing aims and objectives, and in planning future activities, setting grantmaking policies, and awarding grants.

Fundraising

The Foundation derives all donation income from The Clothworkers' Company, the sole member, its subsidiaries and members. Therefore, the Foundation does not engage in any public fundraising activities. The Foundation nevertheless observes and complies with the relevant fundraising regulations and codes. During the year there was no non-compliance with these regulations and codes and the Foundation received no complaints relating to its fundraising practice.

Committees of the Board of Trustees

The Board of Trustees has delegated specific duties to a number of standing, and other, committees which deal with operational matters:

Grants Committee:	For assessment of grant applications under the main programmes
Small Grants Committee:	For assessment of grant applications under the small grants programme
Proactive Grants Committee:	For formulating proposals for new areas of grantmaking under the proactive programme - and for assessing grants to be made in such areas, once determined
Regular Grants Committee:	For assessment of annually recurring grants
Nominations Committee:	For consideration of Board, committee, and key staff appointments
Finance, Investment and General Purposes Committee:	For financial and investment strategy/management and general matters

There is also a Clothworkers' Charity Fund Committee which determines grants to be made from the Clothworkers' Charity Fund.

Decision-making Processes

Trustees' meetings are held four times each year. The business of these meetings is, broadly, to develop strategy, to set and monitor objectives, and to consider reports and recommendations from the standing committees referred to above.

The standing committees are permitted to make decisions on operational matters within the policies previously agreed by the Trustees; their duties are laid down in the policy and procedures manual. In particular, grants of up to £50,000 may be approved by the relevant committee. Above this threshold, the Trustee Board itself will make decisions as to whether to award a grant, a visit having been undertaken by a Trustee and a Visit Report viewed by the Board.

Committees have the ability to form sub-committees to deal with more detailed matters, and for taking decisions in accordance with delegated authorities agreed by the Trustees. Currently, there are three standing sub-committees, all of which report to the Finance, Investment and General Purposes Committee: Budget, Risk and Audit, and Social Investment.

The duties of these sub-committees reflect their areas of specialism. In particular, the Budget Sub-Committee recommends the annual budget, and undertakes detailed monitoring of the budget throughout the year. The principal duties of the Risk and Audit Sub-Committee are as follows: to determine the nature and scope of the audit, request specific investigations from the auditors from time to time, and consider any issues arising therefrom; to ensure that the assets and funds are accounted for and safeguarded; to ensure that adequate financial controls are maintained; to monitor compliance in all respects; and to review risk exposure and ensure that appropriate steps are taken to mitigate risks. The Social Investment Sub-Committee assesses potential social investment opportunities and monitors the performance of the existing portfolio.

Risk Assessment – Principal Risks and Uncertainties

The major risks to which the Foundation is exposed, as identified by the Trustees, are reviewed on an annual basis, and systems have been established to manage those risks; this process is overseen by the Risk and Audit Sub-Committee. The Risk Register is reviewed and updated, discussed by the Finance, Investment and General Purposes Committee and approved by the Trustees annually.

The Trustees have identified the following principal risks which are assessed as a significant threat to the Foundation:

Reputational risk	<ul style="list-style-type: none"> • Transparency of strategy in Annual Review and via website. • Ongoing dialogue with stakeholders.
Inadequate financial controls	<ul style="list-style-type: none"> • Structured committee oversight. • Management processes in place.
Investment portfolio does not exhibit appropriate risk and return attributes	<ul style="list-style-type: none"> • Structured investment policy. • External investment advice and management. • Diversity, prudence and liquidity criteria. • Regular performance monitoring.
IT systems are inadequate and / or not robust	<ul style="list-style-type: none"> • Use of service and support contracts. • Security and authorisation procedures.. • Ongoing monitoring of operating environment.

Accordingly, the Foundation has established prudent investment and spending policies. Most of its general income is derived from its listed investment portfolio, or as a donation from The Clothworkers' Company, the latter being ultimately derived from listed and property investments. Subject to reserve requirements, the Foundation's policy is to spend all available income, plus any additional amounts that may be transferred from expendable endowment funds, when considered appropriate.

The Foundation has received a significant annual donation from The Clothworkers' Company for many years. Although there is no absolute assurance that these donations will continue, the Company has confirmed its intention to carry on providing such support, and it is expected that the Company would inform the Foundation in the event of a change in its policy. In 2022 the Company made a special donation of £71.6 million following the completion of a significant property transaction. This consisted of £33.3 million in the form of leasehold property interests, where the Company retains the freehold interest, £14.7 million in the form of listed equity investments and £23.6 million in cash.

The Trustees consider that, since the nature of the Foundation's grantmaking activity involves very little by way of un-accrued future commitments, it is unlikely that any unplanned reduction in funds available for grants would have an impact on beneficiaries to whom commitments have already been made. Furthermore, the maintenance of general reserves allows commitments to be fulfilled in a timely fashion.

Connected Charities and Restricted Funds

Until 2013, The Clothworkers' Foundation was the corporate trustee of three Trusts: The Clothworkers' Charity for Education, The Clothworkers' Charity for Relief in Need and The Clothworkers' Charity for Welfare of the Blind, and of The Clothworkers' Foundation Common Investment Fund (the CFCIF). In that year, with the concurrence of the Charity Commission, the assets of the three Trusts were transferred to the Foundation, to be held as restricted funds of the Foundation going forward, and the CFCIF was liquidated.

The Trustees continue to apply the income and assets contained within the three restricted funds in accordance with the trust deeds of the three liquidated Trusts.

Further information about the transfer and the restricted funds is contained within notes 1(j) and 16.

Related Party Transactions

The Clothworkers' Foundation is a related party of The Clothworkers' Company and its subsidiary company, Ramteazle Limited. The Clothworkers' Company is a City of London Livery Company. Further details of related parties, and any associated transactions, are disclosed in note 18.

The policy of the Foundation, in respect of potential related party transactions involving Trustees, is to avoid any conflicts of interest. Accordingly, when a Trustee has a material interest in any matter being considered by the Foundation, that Trustee does not participate in the decision-making process.

Remuneration of key management personnel

No staff are directly employed by the Foundation. Staff costs are incurred by Ramteazle Limited (a wholly owned subsidiary of The Clothworkers' Company), from which the Foundation purchases administrative services in accordance with its service agreement.

Staff salaries including key management personnel are assessed annually by The Clothworkers' Company's Staff Sub-Committee, which includes Company Members who are also Trustees of the Foundation and therefore represent the Foundation's interests. The Staff Sub-Committee make their assessment based on market benchmarking and prevailing economic conditions, ensuring that staff are paid fairly with a view to retaining and attracting appropriately skilled staff to deliver the Company and Foundation's objectives.

FINANCIAL REVIEW AND PERFORMANCE

Investment Policy

The Foundation seeks to maximise the total return on its portfolio, within the constraints imposed by the need to control risk.

The assets of the Foundation (incorporating those of the three liquidated Trusts) are allocated in accordance with the results of an investment strategy review, conducted in 2016, and implemented in 2017. A further review was undertaken in 2022, and implementation is anticipated to begin in 2023. The adopted asset allocation seeks to achieve diversification and hence enhance risk control, and encompasses UK equities, overseas equities, emerging market equities and fixed interest. The one direct property holding has now been enhanced by the two leasehold interests donated by The Clothworkers' Company in December 2022. The equities allocation is managed in conjunction with our investment manager and held in the form of unitised investments.

The primary strategic long-term investment objective is the requirement that the overall investment portfolio should perform in accordance with the FTSE All-Share Index. In addition, there is a secondary objective that the portfolio should maintain its value in real terms over time, as measured by the Retail Price Index.

The Foundation uses the income arising from the portfolio in furtherance of its charitable objectives, and of those of its restricted funds. It also considers the capital return earned on its portfolio, and any further endowment donations received, and is prepared to utilise some of its expendable endowment to support current grantmaking, if it is considered appropriate to do so.

Funds of the Foundation and Reserves Policy

The net assets of the Foundation are divided between 'restricted funds' and 'unrestricted funds' as set out below:

- Restricted Funds

Permanent Endowment Fund: this fund totals £60.97 million (2021: £65.82 million) and represents donations received which were subject to a condition requiring their permanent retention as an endowment. Income arising is credited to the General Fund.

Expendable Endowment Fund: this fund totals £107.55 million (2021: £38.67 million) and represents donations received which were subject to a condition requiring their retention as an endowment, but allowing the Trustees to spend the fund in accordance with the Foundation's objects, if they so decide. Income arising is credited to the General Fund.

Members' Endowment Fund: this fund totals £0.35 million (2021: £0.36million) and represents donations received from members of The Clothworkers' Company, which were subject to a condition requiring their retention as an endowment. Income arising is credited to the Clothworkers' Charity Fund (previously Livery Fund).

Social Investment Fund: this fund totals £1.75 million (2021: £1.75 million), and was established during 2017, following the receipt of an initial donation from The Clothworkers' Company, which was subject to a restriction that it be used for social investment; the Company made a further donation during 2018, and these funds were subsequently committed or allocated. During 2021, the Trustees agreed a transfer of £1 million from the Expendable Endowment Fund to the Social Investment Fund, which has now been committed in full. (see section above).

Other restricted funds: there are three further restricted funds, totaling £51.90 million (2021: £56.10 million), which represent the capital of three Trust funds transferred to the Foundation in 2013 (see above). The income arising on these three funds is used to fund grants which correspond with the objects of the three Trust funds; however, the capital is currently retained to act as an endowment.

- **Unrestricted Funds**

Designated Capital Fund: this fund totals £94.28 million (2021: £101.78 million) and was established in 1996 to represent the capital of the Foundation at that time (see Note 1(k)), and to act as a fund to generate income for the benefit of future beneficiaries. It is the intention of the Trustees to continue to maintain this fund going forward, although income arising is credited to the General Fund.

Clothworkers' Charity Fund: this Fund was established in 2005 as the 'Livery Fund', to receive donations from members of the Livery of The Clothworkers' Company; it was renamed during 2019, partly to reflect that non-Livery (therefore, Freedom) members might also choose to donate. All such donations (other than those credited to the Members' Endowment Fund – see above) are used to fund grants to charities selected by the Clothworkers' Charity Fund Committee of the Foundation. The balance at 31 December 2022 was £14,889 (2021: £18,840).

Designated Proactive Grants Fund (DPGF): this fund was created in 2019. All commitments made under the various proactive grants programmes are debited to the fund. Each year, a fixed amount of income is transferred from the General Fund (see below), the amount being set at a level which represents the expected long-term average annual commitment to proactive grants. Consequently, over the long-term, it is expected that total income credited to the DPGF will be equal to total commitments. However, in years when cumulative commitments exceed cumulative income, the resulting negative fund balance is offset by a short-term loan from the Expendable Endowment Fund. In 2022, the Trustees agreed a transfer of £0.5 million from the General Fund, from which grants amounting to £0.3 million were committed. The balance at 31 December 2022 was £0.2 million (2021: nil).

General Fund: this fund is credited with all income arising, excepting amounts credited to the Clothworkers' Charity Fund, or restricted funds, as set out above. It is the intention of the Trustees to distribute all such income each year, subject only to the agreed general reserves policy, as described below.

- **General Reserves Policy:** during 2022, the Trustees reviewed the level of the General Fund. The previous policy was for the balance on the Fund to be set at the level of 15% (+/- 2%) of anticipated (General Fund) income for the year. After due consideration, the Trustees decided that it was appropriate to set the size of the General Fund at 7.5% (+/- 2%) of grant commitments, in order to allow the Foundation to fulfil its commitments in a timely fashion.

At 1 January 2022, the balance on the General Fund totalled £0.79 million which was equivalent to 21% of total (General Fund) income, as explained above; during 2022, the balance on the General Fund decreased to £0.64 million which was equivalent to 8.6% of total grants commitments.

Income

Total income in 2022 was £80.07 million (2021: £11.64 million), of which £74.60 million (2021: £6.90 million) was a donation from The Clothworkers' Company and subsidiary companies. £33.27 million was in the form of leasehold property interests, where the Company retains the freehold interest, £14.7 million was in the form of listed equity investments, and the remainder in cash. Other donations totalled £0.07 million (2021: £0.07 million).

The remaining income of £5.40 million (2021: £4.67 million) was derived from investment assets, or cash holdings.

Of the donation provided by The Clothworkers' Company, £71.93 million (2021: £4.09 million) was subject to a restriction that it be used as an expendable endowment (see note 1(g)).

Expenditure

Grants to charitable organisations totalling £7.49 million (2021: £7.11 million) were committed during the year (see note 6), which included the recommitment of cancelled and returned grants accrued in earlier years, totalling £0.01 million (2021: £0.01 million). Details of grants made, in excess of £25,000, are published in the Annual Review, and on the Foundation's website (www.clothworkersfoundation.org.uk).

Total expenditure during the year, excluding grants, was £1.30 million (2021: £1.00 million), of which expenditure on raising funds totalled £0.34 million (2021: £0.20 million).

Investment Performance

The disposition of assets is shown below:

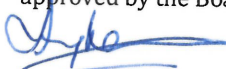
	2022	2021
	%	%
UK equity units	31	33
Overseas equity units	28	34
Emerging markets units	9	8
Fixed interest units	3	5
Commodities units	-	2
Direct freehold property	27	17
Uninvested cash	2	1
	<u>100</u>	<u>100</u>

Over the course of 2022, after allowing for new funds received, the Foundation's investment assets (excluding property) earned a total return of -5.3% (2021: 16.7%). The FTSE All-Share Index, against which the Fund benchmarks itself, decreased by 5.6% (2021: 17.8%), whilst RPI increased by 13.5% (2021: 7.5%).

AUDITORS

Saffery Champness LLP were appointed during the period and have signified their willingness to continue in office as auditors.

The Trustees' Report, which includes the Directors' Report and Strategic Report for the purposes of company law, was approved by the Board of Trustees on 28th June 2023 and signed on their behalf by:



Dr Lucy Rawson
Chair

Clothworkers' Hall
Dunster Court
Mincing Lane
London EC3R 7AH

28th June 2023

Opinion

We have audited the financial statements of The Clothworkers' Foundation for the year-ended 31 December 2022 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Statement of Financial Position, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 charitable company or to cease operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

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

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates.

Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

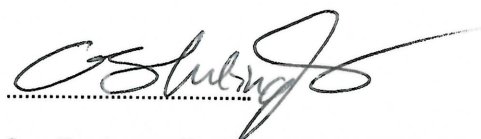
During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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 is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Cara Turtington (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

24 July 2023

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE CLOTHWORKERS' FOUNDATION
YEAR ENDED 31 DECEMBER 2022
STATEMENT OF FINANCIAL ACTIVITIES

		Unrestricted Funds (note 14)		Restricted Funds 15, 16)		(notes	Total	Total
		Clothworkers' Charity, Designated Proactive Grants, and General (notes 1l, 1m,1n)	Designated Capital (note 1k)	Endowments (notes 1f, 1g,1h)	Social Investment, and Other (note 1i, 1j)		2022	2021
	Not es	2022	2022	2022	2022		2022	2021
		£	£	£	£		£	£
INCOME from:								
Donations	2	2,724,153	-	71,943,850	-		74,668,003	6,973,415
Rental income		1,573	-	-	427		2,000	2,000
Investment income	3	4,187,950	-	-	1,135,853		5,323,803	4,662,568
Deposit interest and other income		78,433	-	-	-		78,433	4,886
Total Income		6,992,109	-	71,943,850	1,136,280		80,072,239	11,642,869
EXPENDITURE on:								
Raising funds	5	(10,047)	(126,107)	(129,947)	(69,383)		(335,484)	(202,407)
Charitable activities								
Grants to charitable organisations	7	(6,177,085)	-	-	(1,214,060)		(7,391,145)	(6,985,005)
Support costs	8	(960,629)	-	-	-		(960,629)	(800,812)
Costs of grant-making		(7,137,714)	-	-	(1,214,060)		(8,351,774)	(7,785,817)
Total Expenditure		(7,147,761)	(126,107)	(129,947)	(1,283,443)		(8,687,258)	(7,988,224)
Operating (deficit)/surplus		(155,652)	(126,107)	71,813,903	(147,163)		71,384,981	3,654,645
Transfers	6	196,409	-	(196,409)	-		-	-
Gains /(losses) on investments:								
- realised	9	-	37,144	38,274	20,437		95,855	-
- unrealised	9	-	(7,405,657)	(7,631,170)	(4,074,544)		(19,111,371)	28,931,012
Net (expenditure)/income		40,757	(7,494,620)	64,024,598	(4,201,270)		52,369,465	32,585,657
Fund balances brought forward at 1 January		813,854	101,778,114	104,846,836	57,848,134		265,286,938	232,701,281
Fund balances carried forward at 31 December		854,611	94,283,494	168,871,434	53,646,864		317,656,403	265,286,938

The Statement of Financial Activities incorporates the Statement of Income.
All income and expenditure is derived from continuing operations.

The notes on pages 21 to 35 form part of these accounts.

THE CLOTHWORKERS' FOUNDATION
YEAR ENDED 31 DECEMBER 2022
SUMMARY INCOME AND EXPENDITURE ACCOUNT

	2022 £	2021 £
Total income of continuing operations	80,072,239	11,642,869
Total expenditure of continuing operations	(8,605,703)	(7,939,605)
Total net (losses) / gains on investments	<u>(14,250,228)</u>	<u>21,646,183</u>
Net income for the year	<u>57,216,308</u>	<u>25,349,447</u>

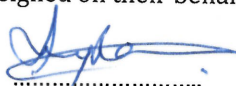
The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 17 which, together with the notes to the accounts on pages 21 to 35, provides full information on the movements during the year of all the funds of the Foundation.

THE CLOTHWORKERS' FOUNDATION
YEAR ENDED 31 DECEMBER 2022
STATEMENT OF FINANCIAL POSITION

Company No. 1321952		2022		2021	
	Notes	£	£	£	£
FIXED ASSETS					
Investments at market value:					
Listed investments	9	207,923,674		214,884,807	
Investment property	9	77,200,000		46,300,000	
Uninvested cash	12	6,276,591		1,424,574	
		<u>291,400,265</u>		<u>262,609,381</u>	
Social investments	10	1,511,786		1,473,250	
CURRENT ASSETS					
Debtors	11	333,378		10,131	
Cash at bank and on deposit	12	33,173,961		8,356,952	
		<u>33,507,339</u>		<u>8,367,083</u>	
CREDITORS					
Amounts falling due within one year	13	(8,488,987)		(6,797,476)	
NET CURRENT ASSETS					
		25,018,352		1,569,607	
CREDITORS					
Amounts falling due after more than one year	13	(274,000)		(365,300)	
NET ASSETS					
	18	<u>317,656,403</u>		<u>265,286,938</u>	
RESTRICTED FUNDS					
Permanent Endowment Fund	1(f), 16, 18	60,969,560		65,816,403	
Expendable Endowment Fund	1(g), 16, 18	107,553,980		38,673,874	
Members' Endowment Fund	1(h), 16, 18	347,894		356,559	
Social Investment Fund	1(i), 17, 18	1,750,041		1,749,000	
Other restricted funds	1(j), 17, 18	51,896,823		56,099,134	
UNRESTRICTED FUNDS					
Designated Capital Fund	1(k), 15, 18	94,283,494		101,778,114	
Clothworkers' Charity Fund	1(l), 15, 18	14,889		18,840	
Designated Proactive Grants Fund	1(m), 15, 18	200,000		-	
General Fund	1(n), 15, 18	639,722		795,014	
TOTAL FUNDS					
		<u>317,656,403</u>		<u>265,286,938</u>	

The notes on pages 21 to 35 form part of these accounts.

The financial statements were approved by the Board of Trustees and authorised for issue on 28th June 2023 and are signed on their behalf by:



Dr Lucy Rawson
Chair of The Clothworkers' Foundation



Denis Clough
Chair of the Finance, Investment and General Purposes Committee

THE CLOTHWORKERS' FOUNDATION
YEAR ENDED 31 DECEMBER 2022
CASH FLOW STATEMENT

		2022		2021	
	Notes	£	£	£	£
Net cash outflow from operating activities	14		(4,350,123)		(5,061,816)
Cash flows from investing activities					
Investment income receipts		4,987,785		4,480,190	
Rental and interest income		80,433		6,886	
Purchases of investments		(9,302,071)		(1,273,250)	
Sales of investments		14,308,893		-	
Net cash inflow from investing activities			10,075,040		3,213,826
Cash flows from financing activities					
Endowment donations received		23,944,109		4,112,818	
Increase in cash awaiting investment		(4,852,017)		(1,361,405)	
Net cash inflow from financing activities			19,092,092		2,751,413
Increase in cash and cash equivalents			24,817,009		903,423

ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	Managed funds	Cash at bank	Total
	£	£	£
At 1 January 2021	942,252	6,511,277	7,453,529
Net cash (outflow)/inflow	2,758,424	(1,855,001)	903,423
At 31 December 2021	3,700,676	4,656,276	8,356,952
Net cash inflow/(outflow)	2,790,801	22,026,208	24,817,009
At 31 December 2022	6,491,477	26,682,484	33,173,961

1. ACCOUNTING POLICIES

The Clothworkers' Foundation is a charity registered with the Charity Commission (registration number: 274100) and a company limited by guarantee (registration number: 1321952) in England and Wales. The registered office and principal address is Clothworkers' Hall, Dunster Court, Mincing Lane, London EC3R 7AH.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and in accordance with applicable accounting standards. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and the applicable accounting standards (FRS 102). The financial statements have been prepared in UK sterling currency and rounded to the nearest £1.

The financial statements have been prepared on a going concern basis and the Foundation meets the definition of a public entity under FRS 102.

The principal accounting policies adopted are described below and are consistent with previous years.

(b) Investments

Investments are stated at market value and consist of units in listed investment funds, a freehold property, two leasehold properties and cash awaiting investment. Gains and losses on the sale and revaluation of investments are shown in the Statement of Financial Activities.

(c) Social investments

Social investments comprise concessionary loans and mixed motive investments. Where the investment is a concessionary loan, the carrying value of the loan reflects the original loan value net of any repayments or provisions for amounts not expected to be recovered. Mixed motive investments are initially measured at the transaction price of the investment and subsequently at their fair value where this can be measured reliably. Where this is not possible, they are measured at cost less impairment. Any movements on mixed motive investments are included as gains or losses on financial investments within the Statement of Financial Activities.

(d) Income

Donations are accounted for when they become receivable. Investment income is recognised when it becomes 'ex-dividend'. Rental income, and deposit interest, are recognised according to the period to which it relates.

(e) Costs of generating funds

These are the costs of managing listed, property and cash investments. Investment management fees suffered within fund investments are grossed up, based on the fee rate applied to market value.

(f) Grants to charitable organisations

Grants are accounted for in the year in which a binding obligation arises. This includes grants payable in a future year where any relevant conditions have been fulfilled by the balance sheet date, or are dependent on an external event over which the Foundation has no control.

(g) Permanent Endowment Fund

The permanent endowment has been received by way of donations over a number of years. All such donations have been made subject to a restriction, stipulated by the donors, that the capital should be invested and not distributed. However, the income arising from the invested capital is to be used for general purposes and is, therefore, included in the General Fund. An

1. ACCOUNTING POLICIES (continued)

appropriate proportion of the costs of generating income is charged to this Fund. Also included within this Fund is the capital transferred from the Charity of Margaret Holligrave in 2004 (see note 16).

(h) Expendable Endowment Fund

The expendable endowment has been received by way of donations over a number of years subject to a condition that capital could be retained or distributed as the Trustees determined. The income arising from the invested capital is to be used for general purposes and is, therefore, included in the General Fund. An appropriate proportion of the costs of generating income is charged to this Fund.

(i) Members' Endowment Fund

At 1 January 2010, £3,000 was transferred from the Permanent Endowment Fund to a new Members' Endowment Fund. This amount represented certain legacies, lifetime gifts, and donations from members of The Clothworkers' Company, relating to the years 2001 to 2009, plus accumulated capital appreciation. Subsequent endowment donations from such members have also been credited to this Fund; investment income arising from its assets is credited to the Clothworkers' Charity Fund. An appropriate proportion of the costs of generating income is also charged to the Members' Endowment Fund.

(j) Social Investment Fund

The Social Investment Fund was established in 2017, to which are credited donations received subject to a restriction that they be applied to social investment (see note 17).

(k) Other restricted funds

Three restricted funds relate to three previous Trusts which formerly existed as separate charities.

During 2013, the Foundation applied to The Charity Commission for permission to pay the assets of the three Trusts, for which it acted as corporate trustee, to The Clothworkers' Foundation. The transfer was in accordance with section 282 of the Charities Act 2011 and, having gained the consent of the Commission, it took place as at 3 October 2013.

The assets transferred, and the income arising on those assets, are administered by the Foundation as restricted funds, with grants being made to beneficiaries broadly in accordance with the objects and distribution policies of the three original charities (see note 17).

(l) Designated Capital Fund

The Designated Capital Fund was set aside in 1996 out of unrestricted funds for the purpose of providing for the furtherance of the charitable aims of the Foundation. The Fund represented the disposal proceeds arising from the sale of a leasehold property investment in 1994, together with the amounts previously retained in recognition of the depreciation of the lease. Although the Fund is not restricted, it is the Trustees' intention to maintain it over the long term in order to generate resources for future beneficiaries. Income arising from the Fund is credited to the General Fund. An appropriate proportion of the costs of generating income is charged to the Designated Capital Fund.

(m) Clothworkers' Charity Fund (previously Livery Fund)

The Livery Fund was established in 2005; it was renamed as the Clothworkers' Charity Fund (CCF) in 2019.

The CCF is made up of regular donations from the membership of The Clothworkers' Company, which are matched by donations from the Company itself. Investment income arising on the Members' Endowment Fund is also credited to the CCF (see note 15).

1. ACCOUNTING POLICIES (continued)

The income of the Fund is distributed annually; distributions are recommended by the Clothworkers' Charity Fund Committee, taking into account preferences expressed by the donors regarding the selected beneficiary charities of the year. In the event of a deficit arising on the Fund, a compensating transfer is made from the General Fund.

(n) Designated Proactive Grants Fund (DPGF)

The DPGF was established during 2019, in order to provide greater clarity in the reporting of the Proactive grants programme.

A transfer is made to the DPGF each year based upon the average amount to be allocated to proactive grants; this transfer is paid from the General Fund, or restricted funds, as appropriate.

Proactive grant commitments are charged to the DPGF; it is planned that these will match the transfers received, taking one year with another. If a deficit arises on the DPGF in a particular year, this is offset in full by a temporary loan from the Expendable Endowment Fund.

(o) General Fund

With the exception of restricted donations, and investment income allocated to the Clothworkers' Charity Fund and restricted funds, all income arising is credited to the General Fund. Expenditure on support costs and governance is charged to the General Fund. When budgets are set, the level of grants is determined with reference to the agreed reserves policy.

(p) Significant accounting judgments and estimates

The preparation of the financial statements in accordance with FRS 102 requires management to exercise judgement in applying the Foundation's accounting policies. The areas where the Foundation considers the judgements to be the most significant involve assumptions or estimates in respect of future events where actual results may differ from these estimates. The estimate of the valuation of investment properties is considered significant (see note 9).

2. DONATIONS

	Unrestricted Funds		Restricted Funds		TOTAL 2022	TOTAL 2021
	General Fund	Clothworkers' Charity Fund	Members' Endowment Fund	Expendable Endowment Fund		
	2022	2022	2022	2022	2022	2021
	£	£	£	£	£	£
The Clothworkers' Company	2,493,559	58,797	9,206	71,925,438	74,487,000	6,794,000
Ramteazle Limited	113,000	-	-	-	113,000	106,000
Member donations	-	58,797	9,206	-	68,003	64,415
Other donations	-	-	-	-	-	9,000
	2,606,559	117,594	18,412	71,925,438	74,668,003	6,973,415

Member donations are received from members of the Livery of The Clothworkers' Company, including Gift Aid recoveries, and are credited to the Clothworkers' Charity Fund, or Members' Endowment Fund, in accordance with each member's wishes.

3. INVESTMENT INCOME

Investment income arises from units held in various listed investment funds; these funds are invested in UK equities, overseas equities, fixed interest funds, and a commodities fund.

4. OPERATING LEASES

The Foundation acts as a lessor in connection with operating leases and continues to recognise the assets subject to the operating lease as assets on its balance sheet. The lease amounts received from the lessees are recognised in the Statement of Financial Activities on a receivable basis. The leases relate to the rental of property. The future minimum lease receipts arising from non-cancellable operating leases are shown below.

The amounts due to the Foundation fall due as follows:

	2022 £	2021 £
Within one year	806,000	2,000
Between two and five years	3,223,000	8,000
After five years	28,140,000	1,000
	<u>32,169,000</u>	<u>11,000</u>

5. COSTS OF GENERATING FUNDS

The cost of generating funds consists of listed investment management fees and investment property management costs; these are charged to the Designated Capital Fund (see note 15), the endowment Funds (see note 16), and some restricted Funds (see note 17) in proportion to the investment holdings of each fund.

Some additional fees are also incurred in respect of the Foundation's cash management service; these are charged to income (General Fund – see note 15).

6. TRANSFERS

The following transfers were made during the year:

	Expendable Endowment Fund	General Fund	Designated Proactive Grants Fund (DPGF)	Social Investment Fund	TOTAL
	£	£	£		£
Funding for Proactive Grants programme	-	(500,000)	500,000	-	-
Allocate to current year	(196,409)	196,409	-	-	-
	<u>(196,409)</u>	<u>(303,591)</u>	<u>500,000</u>	<u>-</u>	<u>-</u>

6. TRANSFERS (continued)

- The Trustees agreed to make a transfer from the Expendable Endowment Fund to the Designated Proactive Grants Fund to fund two specific commitments made under the Proactive Grants programme.
- The Trustees decided to transfer £196,409 (2021: £886,513) from the Expendable Endowment Fund to the General Fund in order to supplement income from the listed investment portfolio, and to facilitate a higher level of grant-making.

7. CHARITABLE GRANTS

	2022 £	2021 £
Proactive programmes:		
Better Futures	50,000	-
Care Leavers	250,000	-
	300,000	-
Alcohol and Substance Misuse	206,100	125,032
Domestic and Sexual Abuse	427,150	810,959
Homelessness	381,300	694,310
Minority Communities	1,595,980	1,064,514
Older People	514,310	282,893
People with Disabilities	1,585,000	1,540,892
Prisoners and Ex-Offenders	69,000	157,861
Visual Impairment	112,400	268,923
Young People	2,031,300	1,735,078
Other	268,520	426,133
Total grant commitments	7,491,060	7,106,595
Returned /cancelled grants	(99,915)	(121,590)
Total grants	7,391,145	6,985,005

Details of grants made are published in the Foundation's Annual Review which can be downloaded from the Foundation's website (www.clothworkersfoundation.org.uk).

Eleven grants accrued in a prior year were returned or cancelled (2021: eight).

All grants were awarded to institutions.

8. SUPPORT COSTS

	2022 £	2021 £
Administrative services provided by Ramteazle Ltd:		
Staff costs	618,747	502,731
Other costs	286,253	262,269
	<u>905,000</u>	<u>765,000</u>
Direct costs:		
Auditors' remuneration - audit services	13,750	8,925
- non-audit services	-	2,480
Trustees' expenses	-	-
Other governance costs	13,090	11,600
Other support costs	28,789	12,807
	<u>960,629</u>	<u>800,812</u>

No staff are directly employed by the Foundation. Staff costs are incurred by Ramteazle Limited (a wholly owned subsidiary of The Clothworkers' Company), from which the Foundation purchases administrative services in accordance with its service agreement.

Staff salaries including key management personnel are assessed annually by The Clothworkers' Company's Staff Sub-Committee, which includes Company Members who are also Trustees of the Foundation and therefore represent the Foundation's interests. The Staff Sub-Committee make their assessment based on market benchmarking and prevailing economic conditions, ensuring that staff are paid fairly with a view to retaining and attracting appropriately skilled staff to deliver the Company and Foundation's objectives.

The Foundation's share of total remuneration paid to key management personnel provided as part of this service was £152,268 (2021: £166,685).

No Trustee may receive any salary or fees or receive any remuneration or other benefit, other than expenses reimbursed, from the Foundation save as expressly permitted by the Articles of Association. During the year payments to Trustees totalled £175 (2021: £ nil).

9. INVESTMENTS

	2022 £	2021 £
Listed investments		
Carrying value at 1 January	214,884,807	188,253,796
Add: Acquisitions at cost	23,992,562	-
Less: disposals at carrying value (proceeds: £14,303,179)	(14,207,324)	-
Net (loss) / gain on revaluation at 31 December	(16,746,371)	26,631,011
Market value at 31 December	<u>207,923,674</u>	<u>214,884,807</u>
Investment property		
Carrying value at 1 January	46,300,000	44,000,000
Add: Acquisitions at cost	33,265,000	-
Net (loss) / gain on revaluation at 31 December	(2,365,000)	2,300,000
Market value at 31 December	<u>77,200,000</u>	<u>46,300,000</u>
Cash to be invested	<u>6,276,591</u>	<u>1,424,574</u>
Total Investments at Market Value	<u>291,400,265</u>	<u>262,609,381</u>

The investment properties were formally professionally revalued at open market value as at 31 December 2022 and 2021 by Capital Real Estate Partners LLP, Chartered Surveyors. The properties were valued using the investment method of valuation; this means that the passing rent and estimated rental values have been capitalised using investment yields. Purchaser's costs have then been deducted to arrive at a net value.

The valuation of the Foundation's investment portfolio is inherently subjective. It is based on a number of assumptions including, but not limited to, matter such as the underlying tenure and tenancy details for the properties, prevailing market yields and comparable market transactions. As a result the estimated values of the Foundation's investment properties are subject to a degree of uncertainty and are determined on the basis of assumptions which may not prove to be accurate.

10. SOCIAL INVESTMENTS

During 2019 and 2020, commitments of £150,000 and £50,000 were made to the CAF Venturesome Fund, and London Play Design, respectively. Both commitments were fully paid up during 2020.

In 2021 three commitments totalling £1.45 million were made: Refuaid (£200,000, fully paid); Charity Bank (£1million, fully paid); and Women In Safe Homes Fund (£250,000, £73,250 drawn down initially). A further £44,250 was drawn down by the Women In Safe Homes Fund in 2022, and agreed repayments of £5,714 received from London Play Design.

At 31 December 2022, commitments of £132,500 to the Women in Safe Homes Fund remain outstanding (2021: £176,750).

11. DEBTORS

	2022 £	2021 £
Accrued income and prepayments	535	500
Other debtors	332,843	9,631
	<u>333,378</u>	<u>10,131</u>

12. CASH AND DEPOSITS

At 31 December 2022 all money on short-term deposit was held in interest-bearing bank accounts, or in a managed cash fund.

Cash and deposits totalling £33,173,961 (2021: £8,356,952) is reported within current assets, and an additional sum of £6,276,591 (2021: £1,424,574), derived from endowment donations received, is included in fixed assets.

13. CREDITORS

	2022 £	2021 £
Amounts falling due within one year		
Grants commitments unpaid	6,689,726	5,864,795
Other accruals	28,250	30,585
Rent receivable in advance	314,712	500
Other creditors	1,456,299	901,596
	<u>8,488,987</u>	<u>6,797,476</u>
Amounts falling due after more than one year		
Grants commitments unpaid	274,000	365,300
	<u>274,000</u>	<u>365,300</u>

**14. RECONCILIATION OF OPERATING SURPLUS
TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2022 £	2021 £
Operating surplus	71,384,981	3,654,645
Investment and property management expenses	335,484	182,379
Donations received into endowed funds	(71,943,850)	(4,112,818)
Investment income receivable	(5,323,803)	(4,662,568)
Rental income receivable	(2,000)	(2,000)
Interest receivable	(78,433)	(4,886)
(Increase)/decrease in debtors	(8,501)	2,640
Increase/(decrease) in creditors	1,285,999	(119,208)
Net cash outflow from operating activities	<u>(4,350,123)</u>	<u>(5,061,816)</u>

15. UNRESTRICTED FUNDS

	General Fund	Clothworkers' Charity Fund	Designated Proactive Grants Fund	Designated Capital Fund	Total
	£	£		£	£
Balance at 1 January 2021	1,096,435	29,682	-	90,550,204	91,676,321
Donations (see note 2)	2,751,503	109,094	-	-	2,860,597
Rental income	1,569	3	-	-	1,572
Investment income	3,658,251	6,061	-	-	3,664,312
Deposit interest and other income	4,886	-	-	-	4,886
Costs of generating funds	(8,326)	-	-	(75,436)	(83,762)
Support costs	(800,812)	-	-	-	(800,812)
Grants to charitable organisations	(5,995,005)	(126,000)	-	-	(6,121,005)
Transfer from Expendable Endowment Fund	886,513	-	-	-	886,513
Transfer from General Fund	(800,000)	-	800,000	-	-
Reverse loans from Expendable Endowment Fund	-	-	(1,471,820)	-	(1,471,820)
Transfer from Expendable Endowment Fund	-	-	671,820	-	671,820
Realised gains on investments	-	-	-	-	-
Unrealised gains on investments	-	-	-	11,303,346	11,303,346
Balance at 31 December 2021	795,014	18,840	-	101,778,114	102,591,968
Donations (see note 2)	2,606,559	117,594	-	-	2,724,153
Rental income	1,570	3	-	-	1,573
Investment income	4,180,498	7,452	-	-	4,187,950
Deposit interest and other income	78,433	-	-	-	78,433
Costs of generating funds	(10,047)	-	-	(126,107)	(136,154)
Support costs	(960,629)	-	-	-	(960,629)
Grants to charitable organisations	(5,748,085)	(129,000)	(300,000)	-	(6,177,085)
Transfer from Expendable Endowment Fund	196,409	-	-	-	196,409
Transfer from General Fund	(500,000)	-	500,000	-	-
Reverse loans from Expendable Endowment Fund	-	-	-	-	-
Transfer from Expendable Endowment Fund	-	-	-	-	-
Realised gains on investments	-	-	-	37,144	37,144
Unrealised gains on investments	-	-	-	(7,405,657)	(7,405,657)
Balance at 31 December 2022	639,722	14,889	200,000	94,283,494	95,138,105

General Fund

All income and costs are credited or debited to the General Fund, excluding those amounts which must be credited or debited to other Funds. All grants are debited to the General Fund unless they are assigned to the Designated Proactive Grants Fund, the Clothworkers' Charity Fund, or other restricted funds.

15. UNRESTRICTED FUNDS (continued)

Clothworkers' Charity Fund

The Clothworkers' Charity Fund is credited with donations from members of The Clothworkers' Company, and matching donations from the Company itself. The Fund is also credited with rental income and investment income derived from the Members' Endowment Fund. Grants debited are determined by the Clothworkers' Charity Fund Committee.

Designated Capital Fund

The Designated Capital Fund was established for the reasons explained in note 1(k). All income arising is credited to the General Fund.

Designated Proactive Grants Fund

The Designated Proactive Grants Fund was established for the reasons explained in note 1(m).

16. ENDOWMENT FUNDS

	Expendable endowment	Permanent endowment – general	Permanent endowment – Margaret Holligrave	Members' endowment	Total
	£	£	£	£	£
Balance at 1 January 2021	31,583,646	48,952,491	9,627,702	299,462	90,463,301
Donations (see note 2)	4,093,081	-	-	19,737	4,112,818
Repay loans from Designated Proactive Grants Fund	1,471,820	-	-	-	1,471,820
Transfer to Designated Proactive Grants Fund	(671,820)	-	-	-	(671,820)
Transfer to General Fund	(886,513)	-	-	-	(886,513)
Transfer to Social Investment Fund	(1,000,000)	-	-	-	(1,000,000)
Costs of generating funds	(27,436)	(40,625)	(7,994)	(251)	(76,306)
Realised losses on investments	-	-	-	-	-
Unrealised gains on investments	4,111,096	6,087,085	1,197,744	37,611	11,433,536
Balance at 31 December 2021	38,673,874	54,998,951	10,817,452	356,559	104,846,836
Donations (see note 2)	71,925,438	-	-	18,412	71,943,850
Repay loans from Designated Proactive Grants Fund	-	-	-	-	-
Transfer to Designated Proactive Grants Fund	-	-	-	-	-
Transfer to General Fund	(196,409)	-	-	-	(196,409)
Transfer to Social Investment Fund	-	-	-	-	-
Costs of generating funds	(47,937)	(68,147)	(13,408)	(455)	(129,947)
Realised losses on investments	14,119	20,072	3,949	134	38,274
Unrealised gains on investments	(2,815,105)	(4,001,921)	(787,388)	(26,756)	(7,631,170)
Balance at 31 December 2022	107,553,980	50,948,955	10,020,605	347,894	168,871,434

Permanent Endowment Fund

This Fund includes the capital portion of the Charity of Margaret Holligrave which was transferred to the Foundation by a Scheme of the Charity Commission dated 9 March 2004; the value of the capital portion of the Charity at that date was £3,943,763. At 31 December 2022, the portion of the Fund representing the capital of the Charity was valued at £10,020,605 (2021: £10,817,452). The Scheme permitted income arising from the endowment to be distributed for such charitable purposes as the Foundation shall determine. All income arising is credited to the General Fund.

16. ENDOWMENT FUNDS (continued)

Expendable Endowment Fund

Donations have been received from The Clothworkers' Company over a number of years with the express intention that they be treated as an expendable endowment fund. The gifts were made with the instruction that the capital should be used as an endowment but could be distributed should the Trustees decide to do so in the future. All income arising is credited to the General Fund.

Members' Endowment Fund

Donations are received from members of The Clothworkers' Company. Where the member stipulates that the donation should be retained and invested, it is credited to the Members' Endowment Fund. All such donations are matched by The Clothworkers' Company. All income arising is credited to the Clothworkers' Charity Fund.

17. OTHER RESTRICTED FUNDS

	Social Investment £	Education £	Relief in Need £	Welfare of the Blind £	Total £
Balance at 1 January 2021	750,000	9,934,573	28,102,008	11,775,078	50,561,659
Rental income	-	85	242	101	428
Investment income	-	199,092	563,238	235,926	998,256
Transfer from Expendable Endowment Fund	1,000,000	-	-	-	1,000,000
Costs of generating funds	(1,000)	(8,245)	(23,324)	(9,770)	(42,339)
Grants to charitable organisations	-	(179,000)	(486,100)	(198,900)	(864,000)
Realised losses on investments	-	-	-	-	-
Unrealised gains on investments	-	1,235,354	3,494,867	1,463,909	6,194,130
Balance at 31 December 2021	1,749,000	11,181,859	31,650,931	13,266,344	57,848,134
Rental income	-	85	241	101	427
Investment income	1,041	226,217	640,328	268,267	1,135,853
Transfer from Expendable Endowment Fund	-	-	-	-	-
Costs of generating funds	-	(13,831)	(39,150)	(16,402)	(69,383)
Grants to charitable organisations	-	(240,000)	(679,660)	(294,400)	(1,214,060)
Realised losses on investments	-	4,074	11,532	4,831	20,437
Unrealised gains on investments	-	(812,233)	(2,299,098)	(963,213)	(4,074,544)
Balance at 31 December 2022	1,750,041	10,346,171	29,285,124	12,265,528	53,646,864

Social Investment Fund

This Fund was established in 2017; total initial donations of £750,000 were received from The Clothworkers' Company. During 2021, the Trustees agreed a transfer of £1,000,000 into the Fund, sourced from the Expendable Endowment Fund.

17. OTHER RESTRICTED FUNDS (continued)

Education – Relief in Need – Welfare of the Blind

These funds relate to resources transferred from three Trusts in 2013, plus subsequent net income and investment gains and losses (see note 1(j)). Investment management costs are charged against each Fund, but other running costs are met by the General Fund of the Foundation.

Grants are made in accordance with the objects of the original charities, as set out below. Where the objects of a Fund require that preference is given to a particular constituency when applying a proportion of the income, the Trustees give precedence to such appeals when considering applications.

Education:

The income is used to advance the education of the public, with preference in respect of 75% of the income being given to persons under age 25 who live in, or attend educational establishments in, or whose parents live in, Greater London.

Relief in Need:

A minimum of 92.5% of the income is used to relieve hardship, subject to the following preferences:

- (i) 4% to people who reside in the London Boroughs of Islington and Camden; then to people who reside in neighbouring boroughs and then to people who reside in Greater London;
- (ii) 3% to people who reside in Greater London, then to people who live in neighbouring counties; and then to people who reside in the remainder of the UK.

Welfare of the Blind:

A minimum of two-thirds of the income is used to relieve hardship of people in the UK who are visually impaired.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds			Endowment funds	Other restricted funds	Total Funds
	General	Designated Capital	Other	(see note 15)	(see note 16)	2022
	£	£	£	£	£	£
Listed investments and freehold property	-	94,283,494	-	138,994,585	51,845,595	285,123,674
Fixed asset cash	-	-	-	6,276,591	-	6,276,591
Social investments at cost	-	-	-	-	1,511,786	1,511,786
Current assets	8,488,809	-	214,889	23,600,258	1,203,383	33,507,339
Current liabilities	(7,575,087)	-	-	-	(913,900)	(8,488,987)
Long term creditors	(274,000)	-	-	-	-	(274,000)
	639,722	94,283,494	214,889	168,871,434	53,646,864	317,656,403

Total funds include revaluation reserves of £67,754,744 (2021: £88,921,558).

19. RELATED PARTY TRANSACTIONS

A majority of the Trustees of The Clothworkers' Foundation are members of the Livery of The Clothworkers' Company, which means that the two organisations are related parties. All transactions were entered into on normal commercial terms.

Transactions concerning related parties were as follows:

	2022 £	2021 £
Amounts received/(paid)		
Donations:		
The Clothworkers' Company	74,487,000	6,794,000
Ramteazle Limited	113,000	106,000
Administrative service charges:		
Ramteazle Limited	(905,000)	(765,000)
Debtors/(creditors)		
The Clothworkers' Company	312,694	(1,518)
Ramteazle Limited	(1,454,778)	(900,077)

Ramteazle Limited is a wholly owned subsidiary of The Clothworkers' Company.

There were no potential conflicts of interest involving Trustees.

COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

		Unrestricted Funds (note 14)		Restricted Funds (notes 15, 16)		Total
		Clothworkers' Charity, Designated Proactive Grants, and General (notes 1l, 1m,1n)	Designated Capital (note 1k)	Endowments (notes 1f, 1g,1h)	Social Investment, and Other (note 1i, 1j)	
	Notes	2021	2021	2021	2021	2021
		£	£	£	£	£
INCOME from:						
Donations	2	2,860,597	-	4,112,818	-	6,973,415
Rental income		1,572	-	-	428	2,000
Investment income	3	3,664,312	-	-	998,256	4,662,568
Deposit interest and other income		4,886	-	-	-	4,886
Total Income		6,531,367	-	4,112,818	998,684	11,642,869
EXPENDITURE on:						
Raising funds	4	(8,326)	(75,436)	(76,306)	(42,339)	(202,407)
Charitable activities						
Grants to charitable organisations	6	(6,121,005)	-	-	(864,000)	(6,985,005)
Support costs	7	(800,812)	-	-	-	(800,812)
Costs of grant-making		(6,921,817)	-	-	(864,000)	(7,785,817)
Total Expenditure		(6,930,143)	(75,436)	(76,306)	(906,339)	(7,988,224)
Operating (deficit)/surplus		(398,776)	(75,436)	4,036,512	92,345	3,654,645
Transfers	5	86,513	-	(1,086,513)	1,000,000	-
Gains / (losses) on investments:						
- realised	8	-	-	-	-	-
- unrealised	8	-	11,303,346	11,433,536	6,194,130	28,931,012
Net (expenditure)/income		(312,263)	11,227,910	14,383,535	7,286,475	32,585,657
Fund balances brought forward at 1 January		1,126,117	90,550,204	90,463,301	50,561,659	232,701,281
Fund balances carried forward at 31 December		813,854	101,778,114	104,846,836	57,848,134	265,286,938