


Fair economy. Better world.



Annual report and financial statements

For the year ended 30 September 2019
Friends Provident Charitable Foundation
(A company limited by guarantee)



Charity No: 1087053
Company No: 4228843

FRIENDS PROVIDENT CHARITABLE FOUNDATION

REPORT OF THE TRUSTEES - YEAR ENDED 30 SEPTEMBER 2019

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FRIENDS PROVIDENT CHARITABLE FOUNDATION

REPORT OF THE TRUSTEES - YEAR ENDED 30 SEPTEMBER 2019

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity name: Friends Provident Charitable Foundation

Other names by which the charity is known: Friends Provident Foundation

Charity number: 1087053 - registered in England & Wales

Company number: 04228843 - incorporated in the UK

REGISTERED ADDRESS

Blake House
18 Blake Street
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YO1 8QG

BOARD OF TRUSTEES

Members:

Joycelin Dawes (retired 30 September 2019)
Paul Dickinson
Joanna Elson (Vice Chair)
Patrick Hynes
Kathleen Kelly
Rob Lake (retired 30 September 2019)
Stephen Muers
Hetan Shah (Chair)
Aphra Sklair

KEY MANAGEMENT PERSONNEL

Foundation Director: Danielle Walker Palmour

Investment Engagement Manager: Colin Baines

Grants Manager: Abigail Gibson

Finance and Operations Manager: Kate Kendall

Communications Manager: Nicola Putnam

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PRINCIPAL ADVISORS

Principal Bankers:

CAF BANK Limited	Triodos Bank NV
PO Box 289	Deanery Road
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Auditors:

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Investment Advisor:

Peter Jones
Independent Advisor

Solicitors:

Wrigley's Solicitors LLP
19 Cookridge Street
Leeds
LS2 3AG

Investment Managers:

BMO Asset Management
55 Baker Street
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FRIENDS PROVIDENT CHARITABLE FOUNDATION

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REPORT OF THE TRUSTEES

CHAIR'S INTRODUCTION

For a small organisation we create many ripples of change in our quest for a fair economy, and 2018/19 was no different.

We continued to invest in a wide range of organisations through our grants. As ever our portfolio is very broad. Given there are few foundations working in the area of the economy, we have tried to fund work at multiple points in the system. At the most abstract we have supported the work of Professor Steve Keen at UCL to develop new economic modelling to capture complex dynamic effects. We have also supported a range of policy work, notably the Women's Budget Group to set up a commission to develop policies that counteract structural inequalities experienced by women in the economy. These investments are complemented by our backing for a range of practical projects, including the Bevan Foundation's work in the South Wales Valleys and Medact's development of healthcare workers' knowledge of the links between public health and economic agendas. And we have sought to strengthen the infrastructure across multiple actors, through for example supporting the Economic Change Unit, and sector bodies such as Community Energy England. During the year we gave out £2.99 million in grant support, and this year we were in the Association of Charitable Foundations (ACF) list of the 300 largest UK foundations by size of giving.

But grant giving is not enough, and we seek to use all our resources to create change. Friends Provident Foundation is recognised as a leader in the field with respect to how we behave as an investor in the marketplace. This was recognised by our Director Danielle Walker Palmour being asked to chair the ACF's Stronger Foundations working group on intentional investing. We also joined Shareholders for Change as their first UK member. The objective of the group is to collectively engage on climate change, human rights, workers' rights, and tax justice and we are delighted to be working with investors from Italy, Germany, France, Spain, Austria and Switzerland. And we continue to be an active member of the Charities Responsible Investment Network.

We also see our role in convening, communicating and advocacy where appropriate. Our annual conference was well attended and gave a chance for our grantees to learn from one another. We also celebrated our York roots by supporting the York Festival of Ideas with a range of powerful speakers. One of the themes for the year for us was the idea of a 'just transition' to sustainability and we have been supporting work at the London School of Economics on this topic. We were pleased that the Committee on Climate Change's new 'Net Zero Emissions by 2050 report' highlighted many of the issues we have been working on. We've also been pleased to work with three journalists this year (Aditya Chakraborty, Deborah Hargreaves and Martin Sandbu) through our Journalism Fellowship Scheme, where our funding has enabled them to explore and communicate ideas about the economy.

It is hard to know what everything we do adds up to, as our mission is long term and systemic. Nevertheless, there are signals that the economic debate is changing both in the policy and investment communities.

This year we said goodbye to two long-serving Trustees: to Joycelin Dawes who preceded me as chair, and to Rob Lake who will continue to serve on our Investment Committee. Both gave us considerable wisdom and insight over the seven years they were on the Board and I would like to thank them for their service.

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As ever, most of all I would like to thank the staff team for their hard work. They are always a joy to work with, and it is a true partnership between Trustees and staff, with a shared goal of a fairer and more sustainable economy.

Hetan Shah

Chair of the Board of Trustees

10 March 2020

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Our purpose - Fair Economy. Better world.

Friends Provident Foundation is an independent charity that makes grants and uses its endowment towards a fair and sustainable economic system that serves people and planet. We connect, fund, support and invest in new thinking to shape a future economy that works for all.

Since 2004, we've pioneered the creation of a fair economy for a better world. Already, we've helped improve access to financial services for people who were once excluded and supported the development of resilient economic communities across the UK.

We're a catalyst for wider change, making an impact through continuous experimentation and shared learning. And we do all we can to embody the change we want to see. We invest in great social enterprises and use our money in line with our values.

Tomorrow, we'll continue to fund more new thinking, connect new ideas, invest our capital in line with our aims and values and create better systems so that in the future, the economy will serve both people and planet.

OUR AIMS

The Resilient Economies Programme

Our main grant-giving and investment programme, Building Resilient Economies, was launched in 2013. Our aim is to build a more resilient economic system in the UK – one that distributes **social and economic goods and services** more fairly, and balances short-term and long-term needs more effectively. We're working on two levels:

Firstly, systems change, such as disruptive innovation that will actually change the current financial system. We're keen to explore and inform changes and innovation in regulation, policy and ways of working too, all of which we believe will contribute to a more resilient economic system. Systems change will definitely need strong analysis from a range of perspectives. So, we'd like to support work that can begin to transform institutional behaviours and to stimulate feasible new ideas and practical examples that can be scaled up.

Secondly, building local economic resilience – our work at the local level focuses on testing and reviewing local or small-scale initiatives that build economic resilience through diversity, flexibility and building capabilities in communities. We'd like to see the development of local economic resilience, so we seek to support projects that share learning about effective ways for communities to create more sustainable economic systems and retain more of the value generated. This might include creating community assets or new approaches to local finance.

Right Use of Money

How can **financial systems** create and sustain **social harmony**, and at the same time deliver economic goods and services? This **question** forms the basis of the Foundation's work and reflects ground-breaking work to develop ethical funds carried out by our original donor, Friends Provident, over 30 years ago.

The Foundation continues to explore these issues through its main grant-making programme as well as supporting a small number of projects to explore aspects of the ethics of the financial systems that underpin our society.

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How we work to achieve our vision

There are three strands of activity through which we work to achieve our vision:

1. Giving grants and making direct investments.
2. Active use of our mainstream investment portfolio in pursuit of our change goals, being an active and engaged investor, as well as ensuring the way we run the charity is consistent with these.
3. Bringing people together to solve problems, creating opportunities to collaborate, seeking to influence those with power to bring about change and communicating what we have learned.

In 2018-19 we set ourselves **seven organisational goals**:

1. Programme Strategy

To develop a clear programme plan to achieve a fair and resilient economy.

During the year we held both staff and Trustee away days. In June, we revised our theory of change then, with input from external stakeholders to a series of strategy sessions we reviewed and refreshed our organisational strategy. We also developed a bank of “bell weather” informants.

Fully achieved

2. Communications

To share learning from our programme through new communications tools.

We aimed to share lessons from two areas of the Foundation’s work – local economic resilience and economics education. We tested out approaches to gleaning local economic resilience insights during the year, but this work proved challenging and is still in progress. An economics education animation is being taken forward but is not yet complete.

Partially achieved, with further work underway

3. Using all our resources

To review and relaunch our investment policy

We undertook a review of our investment beliefs, our existing investment materials and our investment strategy. A communications plan to support the appointment of a new investment manager was developed for review by the Investment Committee.

Fully achieved

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4. Develop metrics and measures

To develop metrics and measures for tracking progress toward or away from a fair economy.

We aimed to seek ideas on how to take this forward and to have a plan for consideration by Trustees in December 2018, but this work is still in progress.

Not achieved

5. Collaborating with other funders on the economy

To encourage and collaborate with other funders to create a multiplier effect and better sector support as a way to bring about a fair economy

We aimed to map funders operating in the field, build relationships and exchange information; identify shared areas of interest/gaps where joint activity might be of value and promote the 'upstream' and 'total asset' focus of our work.

Mostly achieved

6. Diversity of viewpoint reflected in our decision-making

To ensure that diversity of views, backgrounds and experience is reflected in our decision-making

We aimed to consider the review undertaken by Runnymede Trust on race diversity; challenge those we core fund (in the first instance) to articulate their vision of a fair economy in terms of diversity of perspective; to consider how to incorporate a challenge on diversity into our grants, investment and communications activities.

Mostly achieved

7. Staff and Trustee team

To build a strong and cohesive staff and Trustee team

We aimed to create a learning development plan from appraisals and to seek ideas for a staff temperature check. We made good progress with this, but work will be ongoing work will continue next year with the appointment of new Trustees.

Mostly achieved

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How we worked through our grant giving

In total, 26 new grants were made during the year, resulting in commitments worth just under £3m. 54% of these grants were made to organisations that had not previously received a grant from the Foundation, with the rest being made to previous grant holders.

The themes covered by these new grants were communicating economic ideas; investor/corporate behaviour; community energy; local development; a fair transition to a low carbon economy; tax; community assets and convening. We also made four grants for unrestricted (core) funding.

154 outline (first stage) applications were submitted to the Foundation for consideration during 2018-19 at a value of £17.7m, in comparison with 161 at a value of £17.0m in 2017-18. This is a slight decline on the previous year's total but a higher number per funding round. We held four funding rounds in 2017-18 with an average of 40 applications per round and three in 2018-19 with an average of 51 per round.

Infographic One, below, gives an overview of the nature and scale of the outline applications received over the year including the value, geographic spread, legal status of applicants and the outcome of the applications.

Unrestricted Funding

Over the year we continued to develop our strategy of providing unrestricted funding for organisations with whom we have strong working relationships and a close synergy in terms of strategy and mission. This funding aims to empower these organisations to work flexibly, to take more risks in pursuit of their mission and to have the capacity to respond to changes in the external environment.

Outline applications 2018/19

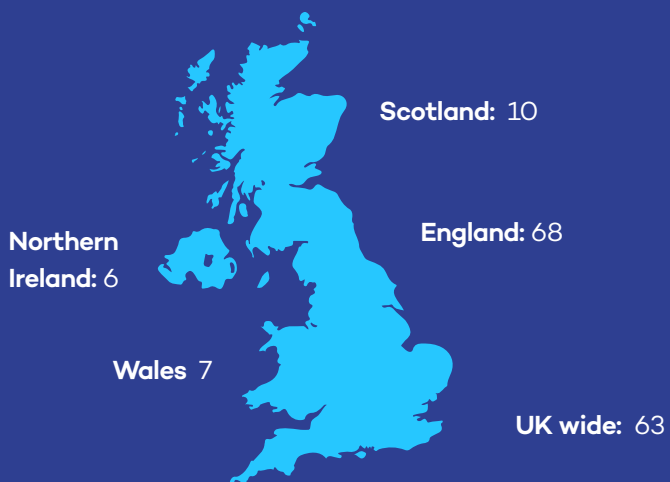


154
Applications submitted



£17.7 m
Value of applications submitted

Geographical focus of applicants



Outcome of applications



Legal status of applicants



New grants 2018/19



26
New grants approved

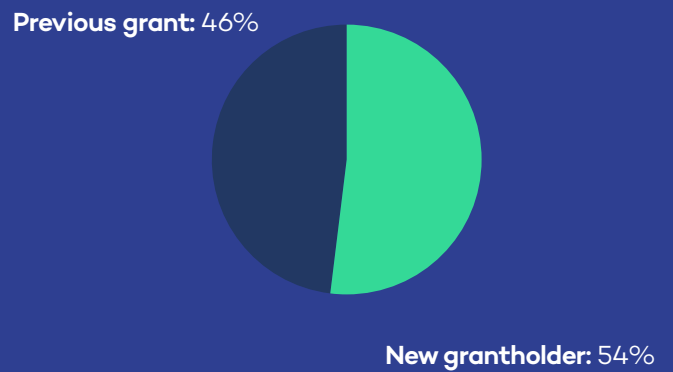


£3m
Value of new grants

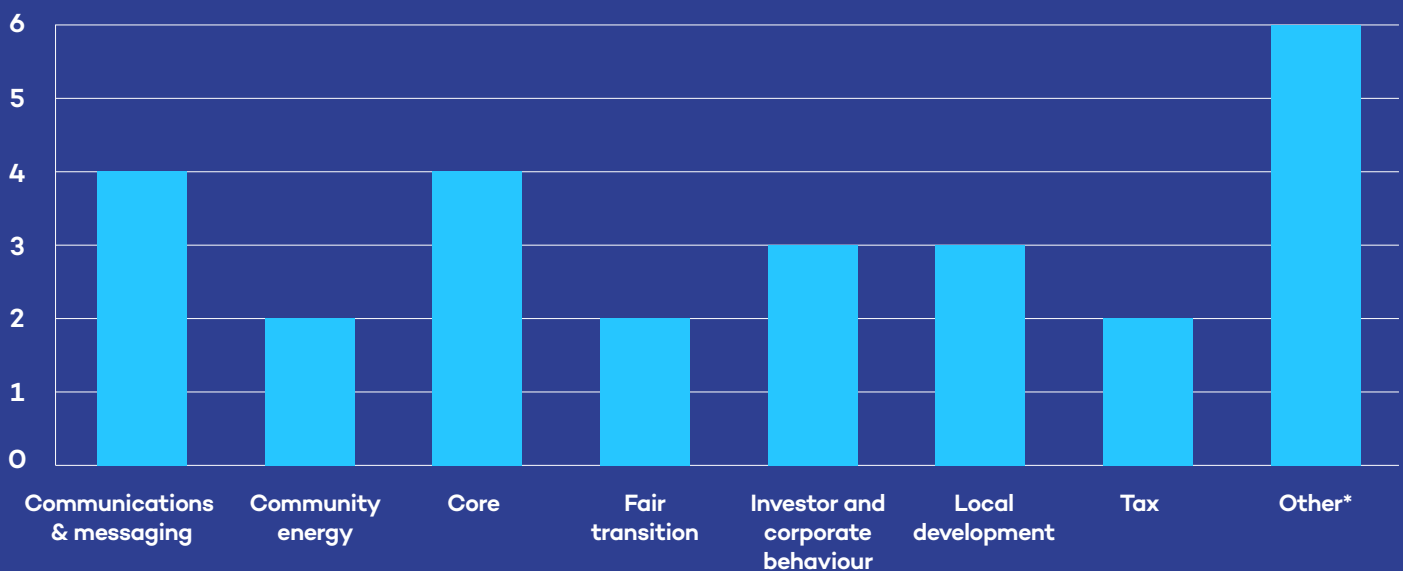
Geographical focus of new grants



Status of grantholders



Thematic focus of new grants



*Other - includes convening activity, and work focused on assets; equality and diversity; food; employment and behaviours and values.

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Projects we have funded			
Biodiversity Funders Group (BFG)	Rewriting the rules: designing an economy for the 21st century	£5,000	A meeting of New Economy funders to explore how to rewrite the rules in designing an economy for the 21st Century, and philanthropy's role in building the social, institutional, and political infrastructure needed to ensure that this transition results in real and positive change.
Centre for Local Economic Strategies (CLES)	Core Funding	£100,000	Unrestricted funding in support of CLES' work to achieve social justice, good local economies and effective public services for everyone, everywhere.
ClientEarth	Climate change related risk disclosure and management: consolidation and expansion	£200,000	Financial stakeholders increasingly recognise that climate change is not simply an environmental issue but one that poses significant financial risks which they have legal duties to consider and manage. The aim of this new project-phase is to consolidate the recognition of climate risk in the sector and to expand the target group to a broader range of professional advisers.
Community Energy Association (England) Ltd	Re-galvanising community energy for the 3D transition	£100,000	The last three years have been an extremely unstable time for community energy, with unexpected policy and support changes alongside rapid changes to technologies and the energy system. We have consulted with the sector to ascertain what support is needed to enable community energy to overcome short-term barriers and secure a greater role for community energy in the transitioning energy system. There was a resounding desire for stronger advocacy, higher profile, and a better understanding of how communities can continue to ensure that people are at the heart of energy decisions. In response to this, we want to develop a programme to identify key opportunities, increase the profile of community energy and develop a 10-year vision for the sector.
Economy	Core Funding	£180,000	Unrestricted funding in support of Economy's work to support people, particularly those currently furthest from power, to feel informed, confident, capable, curious and connected when it comes to their economy.

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Ethex Investment Club	Core Funding	£100,000	Unrestricted funding in support of Ethex's ambition to scale the amount of finance that everyday people can provide to community organisations addressing some of society's biggest challenges - communities in crisis & social inequality.
Green Alliance Trust	Climate Emergency Plans	£123,000	<p>This project aims to accelerate local climate change action by highlighting how Local Authorities (LAs) can deliver on their net-zero ambitions. At least 50 councils in England have declared a climate emergency but several lack the resources to develop and implement a robust plan. Over 15 months, this project will work with 2-3 LAs, strategically chosen, to demonstrate ways to meet their net-zero targets and build greater local economic resilience.</p> <p>The project will achieve clear policy road maps for local authorities to plan and meet their ambitious climate targets and also offer guidance on how central government can support local authorities to reach a national net-zero goal from the bottom up.</p>
Influence Map CIC	Enabling ambitious sustainable finance policy in the UK	£75,000	The lobbying machine of the financial sector in the UK has largely resisted attempts at binding policy and regulations enabling a truly sustainable EU and post-Brexit UK financial system. Such policy measures are crucial in numerous areas, for example in addressing climate change through finance. Influence Map's unique and proven platform for analysing corporate lobbying will enable stakeholders in media, shareholders and NGOs to act on this critical blockage.
Institute for Strategy, Resilience and Security	Bringing Realism to the Economics of Climate Change	£197,400	This project will extend the capabilities of the Open Source system dynamics program by adding the ability to model the input-output nature of a monetary production economy and linking modelling of economics and ecology in a manner consistent with the Laws of Thermodynamics. A user manual and training programme will make the system dynamics approach to modelling more accessible to economists, who in general still persist with outdated equilibrium modelling methods, ignore debt, banks and money in their macroeconomic modelling,

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			and are barely cognisant of the Laws of Thermodynamics.
Local Trust	Community Wealth Building Programme of Events	£5,000	<p>The programme of events is being delivered in collaboration with The Democracy Collaborative and local partners.</p> <p>The week will start in London with an overview of Community Wealth building and the principles that underpin it and how they can best be applied at the neighbourhood level, particularly to benefit the most deprived or 'left behind' areas. It will then travel to Dover, Manchester, Morecambe, Leeds and finally to Leicester exploring in each location a particular aspect or strand of community wealth building practice.</p>
Medact	Advocating for a health-centred economic and political system	£136,850	<p>Medact is seeking to support those that work in the health system to strategically advocate for an economic system in which health is the primary outcome. We plan to do this through training health workers (within our existing membership and as a means to gain new members) on a structural analysis of health inequalities and identify key macro policies that would bring about a transformation in the economic and political system. We will train health workers to intervene in the media narrative around inequality, poverty and wage insecurity by proposing an alternative that will bring about health justice and equity.</p>
National Union of Students	Students supporting universities to deliver public good through their endowments	£145,300	<p>NUS want to build on our progress with divestment, and the new impetus for zero carbon by 2025, to encourage and support universities to urgently move their endowments to impact investments and new renewables.</p>
New Economy Organisers Network (NEON)	Capacity building for economy resilience	£180,000	<p>NEON wants to power the next generation of civil society movements and organisations for a fairer, sustainable economy with their Organisation Builders and Movement Builder programmes.</p> <p>By providing a rigorous programme of organisational coaching and movement building, the project will help increase the impact and scale of civil society organisations – including a number of organisations Friends Provident supports -</p>

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			<p>who are leading change towards a new economy.</p> <p>They will equip these groups with a shared language and tools, supporting them to strategically collaborate and helping them implement their learnings through ongoing coaching.</p>
Onion Collective CIC	Is another way possible? Community at the heart of industrial innovation.	£146,000	This demonstration project will explore how to grow local economic resilience by repositioning industrial power towards community needs. Focused on an isolated town in Somerset, it responds to market/governmental failures in the rural economy by plugging community needs into industrial decision-making and innovation funding.
Perspectiva	Leadership, mindsets and personal change	£3,500	An exploration of the deep drivers of change. There is a growing recognition that to achieve effective change in team and organisational cultures, society or to address global challenges, there is a need to understand and address the underlying, internal sources of behaviour and actions. The mental models, values and beliefs within all of us give rise to individual behaviours, business practices, government policies and institutional structures that, collectively, have created the systems we are seeking to rebalance. The project seeks to draw together thinking in this area.
Professor Steve Shifferes	Promoting Social Wealth Funds	£5,000	Dissemination and influencing work building on the social wealth fund proposal previously funded by the Foundation.
Rethinking Economics (REPCE)	Core Funding	£200,000	Unrestricted funding in support of Rethinking's mission to build a diverse movement of people who challenge and renew the practice, teaching and application of economics in order to create economic systems which serve people and planet.
Riding Sunbeams	Riding Sunbeams	£100,000	Riding Sunbeams have been working with Network Rail and partners to evaluate the innovation potential for connecting solar to the rail network in the South East and have undertaken feasibility studies with 6 pilot sites which helped to frame technical and commercial approaches.

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			<p>They are now embarking on delivering these frameworks and structuring the necessary organisations, systems, processes & know-how required to install renewables on rail infrastructure from 2020.</p> <p>This would revolutionise rail transport for the UK and significantly decarbonise the network. Importantly, they have started to address a social impact approach to this work with Network Rail to accrue community benefits to all future renewables.</p>
Runnymede Trust	Economic and racial inequalities in the UK	£5,000	The project focuses on what we know about how economic and wider social inequalities affect black and minority ethnic people in the UK. It also considers if and how a range of policy changes could address these racial inequalities and explores how the economy might better address inequality more broadly.
Strategy and Communications Group	Moving beyond neoliberalism: amplifying the impact of the economic systems change movement	£600,000	The prevailing political-economic paradigm has failed. There is an emerging movement, seeking to shift to a new paradigm, which has grown in size and scope since the financial crisis. However, a lack of strategic coordination and communication presents a major barrier to progress. This project seeks to create a platform that would help convene and support this movement. The platform would support it in developing and acting on strategic direction, in undertaking more concerted communications efforts, and on building professional and social networks across 'insider' communities and between insiders and 'outsiders'. It would also seek to assist in joining the UK movement to comparable groups.
Sustain/New Economics Foundation	The Local Food Review	£4,000	A focused research project to review the impact of local food initiatives on economic resilience – what works, what does not and how they are supported. Through evidence gathering and engagement, an overview will be created of the key themes and ideas around the UK's local food economy and how this relates to building resilient economies more broadly.
Tax Justice Network Ltd	A Global Asset Register: UK pilot study	£100,000	Wealth inequality poses serious risks to economies, to societies more broadly, and to the functioning of democracies. And yet the

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			actual magnitude of wealth inequality is unknown because of the deep financial secrecy that surrounds it. The creation of a global asset register (GAR) could change dramatically the scope for policymakers and the public to understand and to address inequality – but has been seen as politically too radical, and technically too complex. This pilot project will determine design and scope issue and capacity constraints of a GAR, by exploring the feasibility and relevance of creating an Asset Register in the UK.
Tax Justice UK Ltd	Shaping a public narrative on the need for a fairer tax system that helps tackle poverty & inequality	£141,500	There are two elements to this project. The first involves polling and focus group discussions to understand the public's views on tax and ensure that we can develop an evidence-based framing for our communications that resonates with the widest audience possible. The second element builds on the framing work by using the media to amplify and influence a public debate on tax in order to reach new audiences and generate political momentum for tax reform.
The Young Foundation	Centre for Community Studies	£125,000	The Centre for Community Studies is an ambitious, long-term initiative to co-ordinate a more responsive, and impactful research and action agenda for supporting strong and connected communities and supporting how communities respond and adapt to the challenges of the 21st Century.
University of Birmingham	A review of current thinking about the nature of work and economic resilience	£4,480	A review of key changes in the world of work and associated current debates as a precursor to a discussion of economic resilience and its link to work and employment. The review features four key drivers shaping the future of work: technology, demography & society, economic & geopolitical factors and environmental/green issues. It also explores the connectivity between the future of work & economic resilience and sets out a framework connecting the labour market and local economic resilience.
University of York	2019 Festival of Ideas	£10,000	A contribution to the Economics Focus day 2019 designed to educate, entertain and inspire students and wider audiences.

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Building the capacity of our investees and grantees

Within our grants and investment programmes, the Foundation actively works with funded organisations. Nearly half of our grants this year were to organisations returning for further funding to continue their work and the Foundation made four additional commitments to unrestricted funding support for grant holders with whom we have a strategic alignment – Centre for Local Economic Strategies (CLES), Economy, Ethex Investment Club and Rethinking Economics (REPCE).

The core-funding we offer strategically aligned organisations can be vital in helping them to develop from small organisations often dependent on a single leader to stronger organisations with a broader and more substantial management structure.

Our annual conference for partners, grant holders, investees and friends provided a great opportunity to learn new things, share skills, create new networks and learn more about the work of others. We aim to build on these opportunities in the coming years.

Over the year, 18 grants were concluded, and these have generated a source of invaluable learning points, including the following highlights:

Grant Making Practice

- For grant holders seeking to influence corporates or investors (or others) there is a need for a delicate balance between challenge and engagement – and it is a difficult one to get right. As a funder we have a useful position in being able to provide friendly constructive criticism and support in maintaining this balance.
- Single year grants that form part of longer-term initiatives can be, necessarily, a ‘slow burner’ in terms of impact and may only produce partial outcomes. Where our funding is enabling a longer-term initiative (that may outlive our funding) we need to find a way to monitor the longer-term impact.
- Projects that seek to undertake detailed modelling work can be incredibly useful and robust, but their quantitative nature mean that they can struggle to take account of issues and impacts related to intersectionality. Additional qualitative analysis could help to take account of nuanced potential effects of a proposed policy intervention.

Changing the economy

- The capacity for local authorities and other local public sector anchors to take on new economic ideas and models can be difficult in a context of spending strain and austerity. This context also means that community-based approaches face financial constraints.
- In seeking to directly engage communities a proven model is via one-to-one conversations on doorsteps, rather than through organised events. This has impacts in terms of budget/resource planning.
- Even following periods of direct engagement, citizens do not necessarily trust expert input – who are seen part of the system and therefore find it hard to challenge Systems Change.
- There is broad agreement on what a new economy looks like in terms of ideas but a need for detailed policy exploring **how** these policies could be most effectively applied in practice. There is less need for ‘new thinking’ and a more pressing need for work exploring how to practically implement ideas that already exist.
- Systems change interventions often have to navigate multiple parts of complex, interrelated structures in order to tackle the parts of the system that they originally sought to target.
- Some parts of the financial system are more opaque - transparency in the financial system (such that there is) is not consistent across different advisory functions.

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How we engage with investors through our market rate portfolio

We take an integrated approach to our mission and capital base, and use our endowment as a tool for change, including through social investments, asset manager and shareholder engagement.

This year Trustees focused our efforts on one strategic theme to underpin and focus our proactive work, drawn from what we have learned so far or key developments in our programme areas:

Building economic resilience through community energy and engaging the utilities market

We continue to engage the energy utilities market utilising reports from grantees, Forum for the Future and Influence Map, which concluded that: incumbent energy utilities need to embrace the transition to decarbonised, decentralised and democratised energy (the '3D transition') and develop new business models if they are to have longevity; and that none of the Big Six's lobbying activity is sufficiently aligned with the '3D transition'

This year we have incorporated recommendations from the grant funded London School of Economics Grantham Institute programme 'Investing in a Just Transition', which covers the need for investors to integrate the social dimension into climate strategies, including shareholder engagement and capital allocation.

The Foundation has partnered with Royal London Asset Management and Shareholders for Change in this engagement and has had meetings with Centrica, Scottish Power, EDF, RWE, E.On, Innogy and SSE to discuss business model resilience, transition strategy, just transition, lobbying and appetite to partner with community energy.

Engagement with EDF focused upon the closure of Cottam coal-fired power station in 2019 and plans to close another coal plant as well as several ageing nuclear plants, covering worker and community relations, worker redeployment and retraining, site reuse, and community reinvestment. EDF committed to adhere to Just Transition principles during all the closures. A new strand of engagement also commenced with Drax Group plc during 2019 focused upon just transition strategy and risk management, backed by several large asset managers and asset owners.

EDF and Centrica were encouraged to roll out their local energy pilots working with community owned energy projects to trial 3D energy delivery.

Direct shareholdings

In addition to investing in energy utility companies via our pooled fund investments, the Foundation buys direct shareholdings in companies we wish to influence as part of our thematic priorities. Current direct shareholdings include Centrica; Iberdrola; RWE; Innogy; SSE; and Drax Group.

The Foundation's social investments

Egni Solar Co-op is a sister project to Awel wind co-op, in which the Foundation invests. It intends to install 5MW of rooftop solar on over 200 sites across Wales before April 2020, including local council buildings, whole university campuses, primary schools, community centres, breweries and sports clubs. It will be the largest ever roll-out of solar PV in Wales. Smaller sites such as primary schools and community centres will receive the energy for free as part of the co-op's community benefit. The Foundation invested £100,000 in its community share offer.

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Energy Garden Ltd is a community benefit society hoping to raise funds to acquire existing commercial solar PV arrays and transfer them to community ownership. The income generated will be used to transform 50 London Overground platforms and stations into thriving gardens and food growing plots and to support maintenance, volunteers and youth training. Its intention is to support resilient communities, improve air quality and well-being, and raise awareness of community energy and its benefits. The Foundation invested £100,000 in a bond offer.

Stichting Equileap Foundation is a Dutch-based foundation that has established Equileap Information Services as a way of addressing gender equality through gender lens investing. Equileap aims to accelerate progress towards gender equality in the workplace as a powerful lever in tackling inequality and poverty. To do this they use three strategies: knowledge – providing detailed data on each company’s gender equality performance; investing – using the data to create new, gender sensitive, financial products, and building a network of well-informed gender lens investors; and finally donations – encouraging investors to share their returns and using any net profits from this work to create a sustainable source of funding to tackle the root causes of gendered economic inequality. The Foundation invested £100,000 in a ten-year loan.

Ethex is a non-profit ethical investment club, which has both ethical investors and ethical businesses as members. Through collaboration and the pooling of resources, it aims to promote and encourage businesses that have both social and commercial goals. It wants to make financial services more affordable and more available to ethical businesses and to ethical investors. The Foundation invested £50,000 in 2013, structured as a loan, £10,000 of which has been repaid during this year.

Project Snowball LLP - The Foundation became the third partner to join Project Snowball LLP in 2017, a ground-breaking new 100% impact investment fund which has now led to three further partners coming on board. Snowball will apply a social and environmental impact lens to all its investment analysis, reporting and decision-making. The ownership of six of our direct social investments were transferred to Snowball as part of the capital invested. Our Snowball investment of £2m includes cash and Thrive Renewables, Ethical Property Company and Big Issue Invest – Social Enterprise Investment Fund 2 which we held in our portfolio this year.

At the start of the year the Foundation also had an investment of £40,000 in **Our Power**, a not-for-profit energy supplier. This investment was fully impaired as at 30 September 2018, following independent advice. Our Power went into administration in February 2019, after experiencing difficult market conditions.

Convening and communicating with people to share lessons from their work

Communications are central to our purpose of achieving a fair economy and a better world. As a foundation, our hope is to become a source of well-researched evidence and logical thinking that supports systems change - one that is trusted by people on both sides of the debate. We know that the diversity of our portfolio is a rich seam of evidence and this year we have been distilling learning from our programme which over time we will disseminate, adding value to our purpose and voice through our communications activity.

During the year we convened a number of events, including our Conference 2018, which brought together our grant holders, partners and investees to meet, share skills and ideas and to consider how we might maximise our impact on the big challenges and barriers to a fair and resilient economy.

Later in the year we brought together our ‘core funded’ grantees - those organisations who receive unrestricted funding from us - to provide an opportunity for networking and discussion and to consider

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areas such as the relationship between unrestricted and project funding; reporting; and to look at ideas for areas where we might all work together. Towards the end of the summer we held collaborative sessions to seek input from our grantees and partners in order to help shape elements of our strategy relating to Fair Transition; Equality and Diversity and a Fair Economy; Ownership and Control. Discussions were fruitful and the input has been incorporated into the documentation and nuances of the Foundation's refreshed strategy.

In June 2019 we were pleased to support the **York Festival of Ideas** - one of the largest free festivals of its kind in the UK - to co-create the economics focus day [A Fair Economy. A Better World](#). Led by the University of York, in collaboration with more than 100 programme partner organisations, the focus day was free to attend and investigated a range of perspectives on economics, showcasing some of the trailblazing women shaping the new British economy, and exploring the phenomenon of the 'left behind' – people trapped in poverty - who have been adversely affected by the effects of globalisation. The event gave an opportunity to showcase the work of our journalist fellow, Martin Sandbu, Economics Commentator at *The Financial Times*. We were also pleased that there was an opportunity to share PIRC's framing work with the university who were able to use this to widen the reach of their messages on the economy.

In July, another of the Foundation's journalist fellows, Deborah Hargreaves, launched her report **"Women at work; designing a company fit for the future"** at a breakfast event in the House of Lords, incorporating a debate on feminising the workplace. In compiling her report Deborah had spoken to women across the career spectrum and age range about what they wanted from work and how they might change things if they could and she has developed a manifesto for change that embraces these ideas. An exclusive article was published in the FT, and Deborah was also interviewed on BBC Radio 4 Women's Hour, alongside Jo Swinson.

Reports published in 2018-19

The wide dissemination of our funded work underpins our charitable aims and public benefit objectives and during 2018-19 we were pleased to support a number of publications, all of which are available in our website library as a reflection our commitment to share learning:

- Friends Provident Foundation Annual Report 2017/18: A year in review
- Women at work: Designing a company fit for the future – Deborah Hargreaves
- Corporate Political Engagement Index 2018 – Transparency International
- A review of current thinking about the nature of work and economic resilience – Professor Anne Green
- Economic inequality and racial inequalities in the UK – Omar Khan, Runnymede Trust

THE FUTURE – OUR PLANS FOR 2019-20

Our objectives for the next year cascade from our purpose. These corporate objectives are intended to guide our team objectives and ultimately individual objectives.

1. To be outward focused in this phase of our programme to Develop a Fair Economy to connect more effectively with others in the field in order to achieve our mission;
2. To focus on learning in the Foundation's operations and governance processes;
3. To control expenditure within the limits congruent with spending goals required by our strategy;

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4. To launch our investment strategy with a new investment manager to better align our capital with mission;
5. To develop metrics and monitoring methods to track progress towards a fair economy;
6. To ensure an effective transition of good governance through Trustee and Chair recruitment processes;
7. To enable staff to develop personally and professionally; and,
8. To respond to the climate emergency.

WHO WE ARE NOW: OUR POLICIES, GOVERNANCE AND OPERATIONS

Using our resources – spending capital as well as income

Trustees believe that the challenges, facing the world and our society in it, are formidable. Creating a responsive resilient economic system that forms part of the solution to these challenges will require all our effort and resources to achieve. Considering this, Trustees took the decision that the Foundation can spend its capital as well as its income in pursuit of our mission. Trustees actively review both strategy and resources to manage the risk of this approach, this year reducing our spend slightly to focus on transformational projects.

Ethical investment policy

The Foundation's investment policy reflects its continued commitment to ethical investment approaches. Our funds are in ethically screened funds to ensure that activities such as tobacco, armaments and gambling, and investments in companies and products which could harm civil society are avoided. Furthermore, as more opportunities arise to pursue a positive ethical investment approach that delivers market rates of return, the Foundation will consider such investments as appropriate, balancing the need for diversification and minimising management fees.

Trustees, taking into account the cash flow requirements, potential investment funds, the cost of fund management and their decision to invest ethically, invested the Foundation's portfolio in a range of funds managed by the BMO Asset Management Limited: Responsible Global Equity Fund (Inc) (Share Class 4), Responsible Sterling Bond Fund (Inc) (Share Class 2), and the Responsible UK Equity Growth Fund (Inc) (Share Class 4). The Foundation maintains a facility to deposit cash it does not immediately require for operational purposes with Triodos Bank NV, thereby seeking to ensure the ethical management of the Foundation's cash as well as its investments.

The top 20 investments in our BMO Asset Management funds at September 2019 are:

- Forward FX sterling to euro currency trading
- European Investment Bank bonds
- HSBC
- GlaxoSmithKline
- AstraZeneca
- Experian
- Unilever
- Kerry Group
- Intertek Group
- Wolters Kluwer
- Microsoft

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- Fresenius
- Hoya Corp
- Apple
- Shimano
- CSL Ltd
- Rentokil
- SAP SE
- DNB ASA
- Allianz

Trustees have developed our thinking about our priorities in terms of investment as well as our policy relating to climate change; the full outline of our investment beliefs and policies are available on our website. We continue to work with other trusts and foundations in the Charities Responsible Investment Network, which is a project of ShareAction UK, supporting a growing number of trusts interested in being more effective stewards of our resources. We are also members of a wider network of charities and other organisations in the Church Investors Group, supported by CCLA. This year we also joined Shareholders for Change as its first UK member.

Climate risk and our investments

Whilst the Foundation is not primarily focused on environmental concerns, Trustees are mindful of the view of a wide range of experts that climate risk is arguably the biggest risk to economies today.

We wish to safeguard the Foundation's capital with regards to both stranded asset risk (meaning, risk to particular sectors that are carbon-intensive) but potentially even more important, climate-related systemic risk or risk arising from general economic damage. Trustees understand that climate-related systemic risk could have a highly negative impact not only on the Foundation's assets but also its core mission and stakeholders through disruption of the financial system, with implications for jobs, incomes and inequality. They therefore seek to do whatever they reasonably can to progress a rapid transition to a low-carbon economy.

Social investment policy

In 2013, Trustees agreed that up to 10% of the investible funds could be invested into instruments to which the Foundation's general charitable objectives and specific programme aims could be applied. The primary aim of social investments is to pursue the Foundation's broad charitable objectives and focused programmatic objectives using financial instruments other than grants. The secondary aim of social investments is to produce a financial return. Trustees are prepared to consider accepting a higher level of risk or a lower level of financial return than the market norm, especially for those social investments that are closely aligned with the Foundation's specific programme aims. For investments that generate broader positive social impact and meet the Foundation's general charitable objectives but without specific alignment with programme aims, Trustees might look for levels of risk and return that are closer to the benchmark for that asset class.

Management and advice

During the year, Bank of Montreal ("BMO") continued to act as investment managers with discretion to manage the Foundation's funds within agreed investment objectives in terms of asset allocation and investment performance. BMO, through its group operations, ensures that all the shareholdings

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of the Foundation are voted at the general meetings of investee companies in accordance with their established corporate governance guidelines. Foundation staff and Trustees are in active discussion with BMO on the further development of those guidelines. To support Foundation staff and Trustees in their commitment to the responsible use of its assets and as a means of sharing our practice, the Foundation is a member of the Charities Responsible Investment Network.

Peter Jones, an independent investment advisor, continued to provide general investment advice to the Trustees, who instruct BMO to consider reflecting that advice in their management of the Foundation's assets. Trustees are grateful for his continued support of our work.

Wrigley's Solicitors LLP was retained to provide legal advice on direct investment documentation, advice on our general charitable activities and support for HR functions.

Risk management

The Trustees are responsible for overseeing the effective management of the Foundation and for safeguarding its assets. Risk management is an ongoing activity involving all Trustees and is reviewed by Trustees at least annually. During the year, the Trustees have reviewed the risks facing the Foundation covering governance and management issues, financial, regulatory, legal and operational risks. Mitigating actions have been taken regarding the major risks that have been identified, namely:

Main risk	Likelihood/ Risk appetite	Controls
Fall in investment income due to market conditions and impact on grant activities.	High - take action	The Foundation holds sufficient cash reserves to cover expenditure over a six-month period.
Loss of key staff for an extended period or key staff leave.	Medium - take action	The Foundation has detailed procedures for key functions and ensures staff are trained in a number of business areas.
Foundation reputation damaged by website or publications.	Low - tolerate	The Foundation website is now staff controlled and all publications are edited and reviewed in-house.
Actions of an associated organisation which result in bad publicity or affect the Foundation's reputation.	Fair - tolerate	The Foundation assesses all external commitments in terms of governance; we have clear terms and conditions of support in place. It is a standard risk for funders.
Organisations which fail to meet their project objectives.	Low - tolerate	The Foundation actively manages grants and investments to give them the best chance of success.
Foundation failing to meet its stated objectives.	Medium - tolerate	The Foundation actively manages its own performance and has a dedicated budget for evaluation.

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Cash in the bank accounts is insufficient to meet the levels of spending.	Low - take action	The Foundation actively manages its cash requirements and has increased its in-house finance resource.
Prolonged IT infrastructure failure resulting in inaccessible data	Medium – tolerate	Cloud-based systems reduce the impact of such infrastructure failure.
Catastrophic loss in the value of the endowment	Medium - tolerate	This is a risk for all endowed foundations, dependent on the value of endowments. This risk is managed through active engagement with investment managers, taking investment advice and the creation of an Investment Committee.
Uncertainty in the investment environment due to Brexit.	Medium - take action	Independent investment advice has been taken. Additional cash funds are being held to ensure that the Foundation can meet its commitments should Brexit have a significant negative effect on the investment environment.
Bank balances exceed sums covered by the Financial Services Compensation Scheme (FSCS).	Medium - tolerate	Foundation cash balances are held in reputable Prudential Regulation Authority (PRA) regulated banks. There is a need to tolerate the risk as monthly payments exceed the FSCS compensation levels.

Each risk identified was assessed in terms of the potential impact and likelihood of occurrence and the Trustees confirm that they believe that, for each of these risks, appropriate controls are in place to mitigate the significant risks to an acceptable degree.

Reserves and going concern

The total charity funds at the year-end of £30.96m were held in the endowment fund. (In 2018, £32.15m were in the endowment fund and £20,000 were in designated funds.) The capital comprising the Foundation's expendable endowment is the principal source of income to meet the Foundation's objectives and running costs. The Trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern.

In April 2016, Trustees took the strategic decision to expend capital from the endowment in pursuit of our mission. In order to ensure there are adequate funds to support a potentially higher level of expenditure, the Foundation adopted a policy to 'draw down' a sum from the endowment each year to match the difference between our projected income and our projected expenditure as set by Trustees in the annual business planning process.

Trustees also recognise that Foundation income from investments can fall. To mitigate this risk, it is the Trustees' intention to hold six months' operating costs as a cash reserve; estimated at £500,000. This is held as part of Foundation funds and will not be expended although Trustees do not consider it necessary to have a separate reserves account.

The reserves policy was last reviewed and approved by the Trustees in September 2019. Trustees will continue to review the level of reserves taking into consideration the cost base of the Foundation.

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Financial review

The Foundation's income is derived from investment performance. Total income for the year ended 30 September 2019 was £815,103 (2018: £885,046), mainly attributable to dividends and interest received from the principal investments – open-ended investment trusts with underlying investments in equities and corporate bonds. The total expenditure for the year was £3,431,991 (2018: £4,172,827). Of this, grant commitments amounted to £2,940,496 (2018: £3,497,643) and other expenditure was £491,495 (2018: £675,184). Net expenditure for the year was £2,616,888 (2018: £3,287,781) before investment gains of £1,416,065 (2018: £1,700,697), leading to net expenditure of £1,200,823 (2018: Net expenditure of £1,587,084).

As per our investment policy, Trustees expect our mainstream portfolio to produce competitive market returns, as well as reflecting our investment beliefs. Regular reviews of performance by the Investment Committee and advice from our Investment Advisor indicates that performance is in line with market expectations.

Remuneration of staff

Trustees have adopted and reviewed the pay policy that is applied to all staff members.

Trustees adjusted the measures against which salaries are reviewed annually to ensure a reasonable reflection of the cost of living. This is now one which reflects a cost of living measure weighted equally with average wages.

Reflecting our programme focus on pay transparency and in line with NCVO guidance, the ratio between the highest salary (£84,285) and the median salary (£34,077) in the Foundation is 2.5:1. The ratio of the top salary to the lowest is 4.0:1. These calculations are based on Full Time Equivalent salaries, net of salary sacrifice deductions.

The charity made contributions to an employee's personal pension plan based on a fixed percentage of salary. In September 2014, Trustees established a company pension scheme in which contributions are made to NEST.

Statement of fundraising practice

The Foundation does not engage in public fundraising and does not use professional fundraisers or commercial participators. The Foundation, nevertheless, observes the relevant fundraising regulations and codes. During the year there were no instances of non-compliance with these regulations and codes and the Foundation received no complaints relating to its fundraising practice.

Governance arrangements – how we organise our work

A Board of Trustees, of up to ten individuals who must hold at least two meetings each year, administers and controls the Foundation and has control of its property and funds. Trustees are subject to fixed-term appointments as set out in the Memorandum and Articles of Association dated 1 June 2001. During the year, Trustees have formally met four times and attended an Away Day to discuss the vision and strategy of the Foundation.

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The Trustees have complied with the duty in Section 17 of The Charities Act 2011 to have due regard to the Charity Commission's published guidance concerning the operation of the Public Benefit requirement under that Act.

The role of Trustees

An individual induction programme is in place and implemented for new Trustees, covering all relevant aspects of the role and the Foundation. Training opportunities relating to grant-making are also made available to Trustees through the Association of Charitable Foundations Trustee network.

The role of the Trustees includes setting strategic direction and agreeing the financial plan, approving grant-making applications and monitoring the Foundation's grant activities, ensuring that all activities are within its agreed charitable objectives and pursued for the public benefit. Matters reserved for the Trustees are approved by the Trustees and are subject to annual review.

Trustees act on advice and information from regular meetings with the Director and their appointed advisers and from the Foundation's Resources Committee and Investment Committee under terms of reference approved by the Board of Trustees.

Recruitment of Trustees

Trustees are recruited through advertisement in national and local press, through professional networks and the community of organisations we support. They are interviewed by a panel of existing Trustees against a set of advertised criteria and with due regard to the Foundation's commitment to equality of opportunity and fair treatment. We monitor the response to all vacancies in terms of gender, ethnicity and disability. Appointed by the serving Trustees, the recruitment and appointment of new Trustees is fully discussed at meetings of the full Board of Trustees.

Statement of responsibilities of the Trustees

The Trustees (who are also directors of Friends Provident Charitable Foundation for the purposes of company law) are responsible for preparing the report of the Trustees 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 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 in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

FRIENDS PROVIDENT CHARITABLE FOUNDATION

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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 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.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- each Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The Trustees have no beneficial interest in the charity.

The report of the Trustees has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Trustees on 10 March 2020 and signed on their behalf by

Hetan Shah

Chair of Trustees

FRIENDS PROVIDENT CHARITABLE FOUNDATION

REPORT OF THE TRUSTEES - YEAR ENDED 30 SEPTEMBER 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Independent Auditor's Report to the Members of Friends Provident Charitable Foundation

Opinion

We have audited the financial statements of Friends Provident Charitable Foundation (the 'charitable company') for the year ended 30 September 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of 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 state of the charitable company's affairs as at 30 September 2019 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
- Have been prepared in accordance with the requirements of 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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REPORT OF THE TRUSTEES - YEAR ENDED 30 SEPTEMBER 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report of the trustees other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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. 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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 report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements
- The report of the trustees 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 report of the trustees.

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

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REPORT OF THE TRUSTEES - YEAR ENDED 30 SEPTEMBER 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

- 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; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of responsibilities of the trustees set out in the report of the trustees, the trustees (who are also the 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 but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

FRIENDS PROVIDENT CHARITABLE FOUNDATION

REPORT OF THE TRUSTEES - YEAR ENDED 30 SEPTEMBER 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Helen Elliott (Senior statutory auditor)

10 March 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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

Friends Provident Charitable Foundation**Statement of financial activities** (incorporating an income and expenditure account)**For the year ended 30 September 2019**

	Note	2019 Total £	2018 Total £
Income from:			
Investments	2	815,103	885,046
Total income		815,103	885,046
Expenditure on:			
Raising funds	3	6,352	49,491
Charitable activities			
Support for Resilient Economies projects	3	3,425,639	4,123,336
Total expenditure		3,431,991	4,172,827
Net expenditure before net gains on investments		(2,616,888)	(3,287,781)
Net gains on investments		1,416,065	1,700,697
Net movement in funds		(1,200,823)	(1,587,084)
Reconciliation of funds:			
Total funds brought forward		32,165,812	33,752,896
Total funds carried forward		30,964,989	32,165,812

All funds are unrestricted in both periods.

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17 to the financial statements.

Friends Provident Charitable Foundation
Balance sheet

Company no. 04228843

As at 30 September 2019

	Note	£	2019 £	£	2018 £
Fixed assets:					
Tangible assets	10		3,897		6,169
Listed Investments	11		32,507,627		33,901,729
Social Investments	12		2,300,000		2,200,000
			<u>34,811,524</u>		<u>36,107,898</u>
Current assets:					
Debtors	13	150,263		169,158	
Cash at bank and in hand		772,943		516,962	
		<u>923,206</u>		<u>686,120</u>	
Liabilities:					
Creditors: amounts falling due within one year	14	(3,022,286)		(3,145,381)	
Net current liabilities			<u>(2,099,080)</u>		<u>(2,459,261)</u>
Total assets less current liabilities			<u>32,712,444</u>		<u>33,648,637</u>
Creditors: amounts falling due after one year	15		(1,747,455)		(1,482,825)
Total net assets			<u><u>30,964,989</u></u>		<u><u>32,165,812</u></u>
The funds of the charity:					
17a					
Unrestricted income funds:					
Designated funds		-		20,000	
General funds		30,964,989		32,145,812	
Total unrestricted funds			<u>30,964,989</u>		<u>32,165,812</u>
Total charity funds			<u><u>30,964,989</u></u>		<u><u>32,165,812</u></u>

These accounts have been prepared in accordance with the provisions applicable to companies entitled to the small companies regime.

Approved by the Board of Trustees on 10 March 2020 and signed on their behalf by:

Hetan Shah
Chair of Trustees

Friends Provident Charitable Foundation
Statement of cash flows

For the year ended 30 September 2019

	Note	2019 £	£	2018 £	£
Cash flows from operating activities					
Net expenditure for the reporting period (as per the statement of financial activities)		(1,200,823)		(1,587,084)	
Depreciation charges		2,851		2,309	
Gains on investments		(1,416,065)		(1,700,697)	
Dividends, interest and rent from investments		(815,103)		(885,046)	
Decrease in debtors		18,895		14,393	
Increase in creditors		141,535		790,449	
Net cash used in operating activities		(3,268,710)		(3,365,676)	
Cash flows from investing activities:					
Dividends, interest and rents from investments		815,103		885,046	
Purchase of fixed assets		(579)		(1,735)	
Proceeds from sale of investments		2,814,492		2,875,436	
Purchase of investments		(130,158)		(316,124)	
Net cash provided by investing activities		3,498,858		3,442,623	
Change in cash and cash equivalents in the year		230,148		76,947	
Cash and cash equivalents at the beginning of the year		610,053		533,106	
Cash and cash equivalents at the end of the year	a	840,201		610,053	

Analysis of cash and cash equivalents and of net debt

	At 1 October 2018 £	Cash flows £	Other non- cash changes £	At 30 September 2019 £
Cash held as part of investment portfolio	93,091	(25,833)		67,258
Cash at bank and in hand	516,962	255,981		772,943
a Total cash and cash equivalents	610,053	230,148		840,201

1 Accounting policies

a) Statutory information

Friends Provident Charitable Foundation is a charitable company limited by guarantee and is incorporated in the United Kingdom.

The registered office address and principal place of business is Blake House, 18 Blake Street, York, YO1 8QG.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

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

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Trustees are aware that there are net current liabilities but this is principally down to timing and the fact that liabilities are recognised in full for the following 12 months but there is no corresponding income recognised. In addition, the Foundation has significant resources available in fixed asset investments which can be drawn down as required to fund working capital.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

f) Interest and dividends receivable

Interest and dividends are included when receivable and the amount can be measured reliably by the Foundation, normally upon notification of the payment.

1 Accounting policies (continued)

g) Fund accounting

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

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Endowment funds represent the investment assets derived from the donation of £20 million from Friends Provident plc in 2004. The endowment is expendable at the discretion of the trustees.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity for investment management fees and investment advice.
- Expenditure on charitable activities includes the costs of grant making and associated activities undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Grants payable

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

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are allocated in full to charitable activities – Support for Resilient Economies projects.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

1 Accounting policies (continued)

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|----------------------|---------|
| ● Website & software | 3 years |
| ● Computer equipment | 4 years |

m) Listed investments

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

n) Social Investments

Social investments are valued at their fair value. Where fair value is not practicable, social investments are recognised at cost less impairment.

o) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

p) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

q) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Friends Provident Charitable Foundation
Notes to the financial statements

For the year ended 30 September 2019

1 Accounting policies (continued)

r) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

s) Pensions

The Foundation operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Foundation in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the Foundation to the fund. The Foundation has no liability under the scheme other than for the payment of those contributions.

2 Income from investments

	2019 Total £	2018 Total £
Gross dividends	807,079	868,113
Income from social investments	7,117	15,382
Bank interest	907	1,551
	<u>815,103</u>	<u>885,046</u>

All income from investments is unrestricted.

Friends Provident Charitable Foundation
Notes to the financial statements

For the year ended 30 September 2019

3a Analysis of expenditure (current year)

	Raising funds	Charitable activities Support for Resilient Economies projects	Governance costs	Support costs	2019 Total	2018 Total
	£	£	£	£	£	£
Investment manager's fees	5,020	-	-	-	5,020	6,728
Investment advice & other costs	1,332	-	-	-	1,332	42,763
Grant commitments	-	2,940,496	-	-	2,940,496	3,497,643
Staff costs (Note 6)	-	-	40,636	230,267	270,903	249,300
Staff training, expenses & other related costs	-	-	-	49,286	49,286	45,755
Grant advisory group, assessors & grantee support	-	-	-	12,344	12,344	4,462
Performance evaluation	-	-	-	-	-	75,493
Communication, dissemination & website costs	-	-	-	34,299	34,299	77,075
Overhead costs	-	-	-	59,944	59,944	73,899
Investment engagement fees	-	-	-	23,023	23,023	66,750
Legal & professional fees	-	-	-	13,340	13,340	14,446
Auditor's remuneration	-	-	10,181	-	10,181	9,644
Trustee meetings & expenses	-	-	11,823	-	11,823	8,869
	6,352	2,940,496	62,640	422,503	3,431,991	4,172,827
Support costs	-	422,503	-	(422,503)	-	-
Governance costs	-	62,640	(62,640)	-	-	-
Total expenditure 2019	6,352	3,425,639	-	-	3,431,991	
Total expenditure 2018	49,491	4,123,336	-	-		4,172,827

Friends Provident Charitable Foundation
Notes to the financial statements

For the year ended 30 September 2019

3b Analysis of expenditure (prior year)

	Raising funds £	Charitable activities Support for Resilient Economies £	Governance costs £	Support costs £	2018 Total £
Investment manager's fees	6,728	-	-	-	6,728
Investment advice & other costs	42,763	-	-	-	42,763
Grant commitments	-	3,497,643	-	-	3,497,643
Staff costs (Note 6)	-	-	37,395	211,905	249,300
Staff training, expenses & other related costs	-	-	-	45,755	45,755
Grant advisory group, assessors & grantee support	-	-	-	4,462	4,462
Performance evaluation	-	-	-	75,493	75,493
Communication, dissemination & website costs	-	-	-	77,075	77,075
Overhead costs	-	-	-	73,899	73,899
Investment engagement fees	-	-	-	66,750	66,750
Legal & professional fees	-	-	-	14,446	14,446
Auditor's remuneration	-	-	9,644	-	9,644
Trustee meetings & expenses	-	-	8,869	-	8,869
	49,491	3,497,643	55,908	569,785	4,172,827
Support costs	-	569,785	-	(569,785)	-
Governance costs	-	55,908	(55,908)	-	-
Total expenditure 2018	49,491	4,123,336	-	-	4,172,827

Friends Provident Charitable Foundation
Notes to the financial statements

For the year ended 30 September 2019

4 Grant making (current year)

	2019 £	2018 £
Grants payable at the start of the year	4,472,913	2,590,454
Grant commitments made in the year Grants (written back) or adjusted	2,992,030 (51,534)	3,502,750 (5,107)
Net grants committed in the year	2,940,496	3,497,643
Grants paid	(2,678,014)	(1,615,184)
Grants payable at the end of the year	4,735,395	4,472,913
Creditors: amounts due within one year	2,987,940	2,990,088
Creditors: amounts due in over one year	1,747,455	1,482,825
Total creditors at the end of the year	4,735,395	4,472,913

Details of the grant commitments made in the year can be found in the Trustees' Annual Report.

5 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2019 £	2018 £
Depreciation	2,851	2,309
Operating lease rentals payable: Property	19,200	18,100
Auditor's remuneration (excluding VAT): Audit	7,400	7,250

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	216,328	190,758
Social security costs	17,710	16,544
Employer's contribution to defined contribution pension schemes	35,673	40,004
Other forms of employee benefits	1,192	1,994
	270,903	249,300

For the year ended 30 September 2019

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (continued)

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2019 No.	2018 No.
£60,000 – £69,999	1	–
£70,000 – £79,999	–	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £221,439 (2018: £210,962).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £3,194 (2018: £3,566) incurred by 9 (2018: 9) members relating to attendance at meetings of the trustees.

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 7.3 (2018: 6.2). The full time equivalent number of staff was 5.5 (2018: 4.9).

8 Related party transactions

Due to the nature of the Foundation's operations and the composition of the trustee board and staff and their charitable interests, it is possible that the Foundation will make a donation to a charity in which a trustee or staff member may have a governance interest. In recognition of this possibility, trustees have developed a policy of disclosure to ensure there is no conflict of interest and that such a donation is made at arm's length.

No new grants were made to organisations in which a member of staff or a trustee serves on the board during this year. A grant of £75,000 was made to Influence Map. Paul Dickinson acts as an unpaid advisor to this organisation.

The following related party transactions were identified from previous years where the grants have still been live during this year:

- Bright Blue: A grant of £8,445 was made in June 2018 to fund a series of events at party conferences. Hetan Shah joined the Advisory Board of the organisation after this grant was made.
- Ecumenical Council for Corporate Responsibility (ECCR): A grant of £165,000 was awarded in September 2018, as an extension of existing funding, to support their new strategy. Patrick Hynes is Company Secretary.
- IPPR Commission on Economic Justice: Funding of £200,000 was given in March 2017. Hetan Shah was a Commissioner on the project which completed in 2018. This role was unremunerated.
- Fairshare Educational Foundation (Share Action): A grant of £180,000 was made in June 2018 to cover core funding. Paul Dickinson is a trustee of both organisations and became Chair of Share Action in November 2018.
- The 10:10 Foundation (renamed as 'Possible'): Funding of £61,000 was given in September 2017 but the project ended early during this year. Colin Baines is a trustee of this organisation.
- University of Birmingham, Centre on Household Assets and Savings Management (CHASM): A grant of £50,000 was awarded in March 2018 for the project 'Monitoring Financial inclusion 2018–2022'. Joanna Elson has since become Chair of CHASM's Advisory Panel.

In addition, the Foundation has an investment of £2 million in Project Snowball LLP. Paul Blyth, a member of the Investment Committee, is a director of Project Snowball LLP.

The individuals mentioned above did not take part in the funding/investment decisions involving their related parties.

There are no donations from related parties (2018: None) which are outside the normal course of business and no restricted donations from related parties (2018: None).

For the year ended 30 September 2019

9 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

10 Tangible fixed assets

	Website & software £	Computer equipment £	Total £
Cost			
At the start of the year	32,408	10,827	43,235
Additions in year	-	579	579
Disposals in year	(32,408)	(1)	(32,409)
At the end of the year	-	11,405	11,405
Depreciation			
At the start of the year	32,408	4,658	37,066
Charge for the year	-	2,851	2,851
Eliminated on disposal	(32,408)	(1)	(32,409)
At the end of the year	-	7,508	7,508
Net book value			
At the end of the year	-	3,897	3,897
At the start of the year	-	6,169	6,169

All of the above assets are used for charitable purposes.

11 Listed investments

	2019 £	2018 £
Fair value at the start of the year	33,808,638	34,796,961
Additions at cost	30,158	15,077
Disposal proceeds	(2,804,492)	(2,806,266)
Net gain / (loss) on change in fair value	1,406,065	1,802,866
	32,440,369	33,808,638
Cash held by investment broker pending reinvestment	67,258	93,091
Fair value at the end of the year	32,507,627	33,901,729
Investments comprise:		
	2019 £	2018 £
UK Common investment funds	32,397,137	33,793,327
Shares listed on the London Stock Exchange	43,232	15,311
Cash	67,258	93,091
	32,507,627	33,901,729

Friends Provident Charitable Foundation
Notes to the financial statements

For the year ended 30 September 2019

12 Social investments

	2019 £	2018 £
Value at the start of the year	2,200,000	2,070,292
Additions at cost	100,000	240,000
Impairment reversal/(charge)	10,000	(41,122)
Disposal proceeds	(10,000)	(69,170)
	<u>2,300,000</u>	<u>2,200,000</u>

13 Debtors

	2019 £	2018 £
Other debtors	1,500	1,664
Prepayments	6,080	4,352
Accrued income	142,683	163,142
	<u>150,263</u>	<u>169,158</u>

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Taxation and social security	-	5,527
Grants payable	2,987,940	2,990,088
Other creditors	3,571	10,930
Amounts due to Project Snowball	-	56,482
Accruals	30,775	82,354
	<u>3,022,286</u>	<u>3,145,381</u>

15 Creditors: amounts falling due after one year

	2019 £	2018 £
Grants payable – within 1 to 5 years	1,747,455	1,482,825
	<u>1,747,455</u>	<u>1,482,825</u>

16a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Total funds £
Tangible fixed assets	3,897	-	3,897
Investments	34,807,627	-	34,807,627
Net current assets	(2,099,080)	-	(2,099,080)
Long term liabilities	(1,747,455)	-	(1,747,455)
	<u>30,964,989</u>	<u>-</u>	<u>30,964,989</u>

For the year ended 30 September 2019

16b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Total funds £
Tangible fixed assets	6,169	-	6,169
Investments	36,101,729	-	36,101,729
Net current assets	(2,479,261)	20,000	(2,459,261)
Long term liabilities	(1,482,825)	-	(1,482,825)
Net assets at 30 September 2018	32,145,812	20,000	32,165,812

17a Movements in funds (current year)

	At 1 October 2018 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 September 2019 £
Unrestricted funds:					
Designated funds:					
Ideas Development Fund	20,000	-	-	(20,000)	-
Total designated funds	20,000	-	-	(20,000)	-
General funds	32,145,812	2,231,168	(3,431,991)	20,000	30,964,989
Total funds	32,165,812	2,231,168	(3,431,991)	-	30,964,989

All funds held during both the current and prior years were unrestricted funds. The narrative to explain the purpose of each designated fund is given at the foot of the note below.

17b Movements in funds (prior year)

	At 1 October 2017 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 September 2018 £
Unrestricted funds:					
Designated funds:					
Journalist Fellowship 2018	60,000	-	-	(60,000)	-
Ideas Development Fund	20,000	-	-	-	20,000
Total designated funds	80,000	-	-	(60,000)	20,000
General funds	33,672,896	2,687,912	(4,274,996)	60,000	32,145,812
Total funds	33,752,896	2,687,912	(4,274,996)	-	32,165,812

Purposes of designated funds

Ideas Development Fund: This was a designated fund from which to commission research to develop programme ideas proposed by trustees at their Away Day in 2016. Four projects have been funded during the year from the following organisations: Perspectiva, the Runnymede Trust, Sustain and the University of Birmingham. Details of these grants can be found in the Trustees' Annual Report. The four grant commitments amounted to £16,980.

Journalist Fellowship 2018: In 2017, funds were designated for a Resilient Economies Journalist Fellowship. This Fellowship was awarded during last year. A further two Fellowships were also awarded during the year. All three Fellowships are now being accounted for as grant commitments from the expendable endowment.

For the year ended 30 September 2019

18 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2019 £	2018 £
Less than one year	17,600	19,200
One to five years	-	-
Over five years	-	-
	<u>17,600</u>	<u>19,200</u>

19 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.