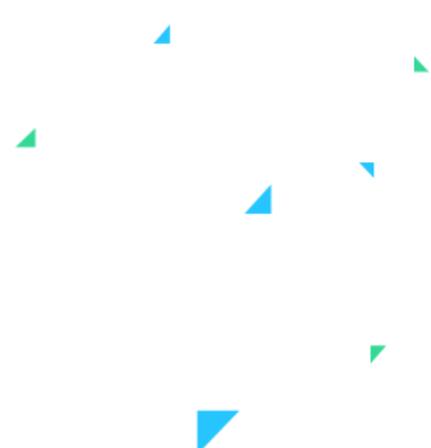


Fair economy. Better world.



# Annual report and financial statements

For the year ended 30 September 2017  
Friends Provident Charitable Foundation  
(A company limited by guarantee)



Charity No: 1087053  
Company No: 4228843

**FRIENDS PROVIDENT CHARITABLE FOUNDATION**

**YEAR ENDED 30 SEPTEMBER 2017**

| <b>I N D E X</b>                         | <b>P A G E</b> |
|--|----------------|
| REFERENCE AND ADMINISTRATIVE INFORMATION | 3-4            |
| CHAIR'S INTRODUCTION                     | 5              |
| FOUNDATION DIRECTOR'S REVIEW             | 6              |
| REPORT OF THE TRUSTEES                   | 7-25           |
| INDEPENDENT AUDITOR'S REPORT             | 26-28          |
| STATEMENT OF FINANCIAL ACTIVITIES        | 29             |
| BALANCE SHEET                            | 30             |
| STATEMENT OF CASH FLOWS                  | 31             |
| NOTES TO THE ACCOUNTS                    | 32-44          |

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## 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  
York  
YO1 8QG

### BOARD OF TRUSTEES -

Members:

|                 |                              |
|-----------------|------------------------------|
| Joycelin Dawes  |                              |
| Paul Dickinson  |                              |
| Joanna Elson    |                              |
| Jim Gilbourne   | (resigned 31/12/16)          |
| Patrick Hynes   | (appointed 1/1/17)           |
| Kathleen Kelly  | (appointed 1/1/17)           |
| Rob Lake        |                              |
| Stephen Muers   | (appointed 1/1/17)           |
| Hetan Shah      | (Chair)                      |
| Aphra Sklair    | (on sabbatical from 14/6/17) |
| Raj Thamotharam | (resigned 22/12/16)          |
| Whitni Thomas   | (resigned 31/12/16)          |

### KEY MANAGEMENT PERSONNEL

Foundation Director and Secretary: Danielle Walker Palmour  
Investment Engagement Manager: Colin Baines  
Grants Manager: Abigail Gibson  
Communications Manager: Nicola Putnam

### PRINCIPAL ADVISORS

|                    |  |   |
|--------------------|--|---|
| Principal Bankers: | CAF BANK Limited<br>PO Box 289<br>West Malling<br>Kent<br>ME19 4TA | Triodos Bank NV<br>Deanery Road<br>Bristol<br>BS1 5AS |
|--------------------|--|---|

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REFERENCE AND ADMINISTRATIVE INFORMATION

Auditors: Sayer Vincent LLP  
Invicta House  
108-114 Golden Lane  
London  
EC1Y 0TL

Investment Advisor: Peter Jones

Accountants: JWPCreers LLP  
Genesis 5  
Church Lane  
Heslington  
York  
YO10 5DQ

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

Investment Managers: BMO Asset Management  
55 Baker Street  
London  
W1U 7EU

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### CHAIR'S INTRODUCTION

Our concerns relating to the economy are centre stage in the UK public debate. Politics has been dominated by discussions of Brexit, inequality, wage growth, automation and industrial strategy. The Friends Provident Foundation has seeded many of the projects which are providing alternative ideas about how we can create a fairer economy. One highlight was the media coverage picked up by the interim report of the IPPR Commission on Economic Justice which showed the need for a new economic model.

Energy was a big theme for the year. Projects supported include piloting more democratic local energy models in the South West, helping the creation of a new sustainable energy plan for Wales and funding Forum for the Future to bring together a number of energy sector leaders to think about how we can create a more sustainable energy system in the UK. We also gave a grant to Platform London to push energy-efficient retrofitting and fairer social tariffs to energy companies in London; and we organised a 'Seeing is Believing' tour of community energy projects which energised social investors and grant makers about what is possible.

We have started using our investment power to push for social and environmental change. Our £33m endowment means we can talk to companies as an investor, not just as a civil society body. We are hoping other, perhaps bigger, foundations might also start to think in this way. And our grant investments support this way of working – from seeding new ideas through the Finance Innovation Lab, creating improved investor metrics through the Future Fit Business Benchmark and supporting ShareAction to increase innovation in social pension products and to make pension funds take environmental and social factors into account when making investments.

As a foundation we are in a position to fund risky ideas that others cannot. We have supported research on creating a social wealth fund, the creation of 'B Corporations' in the UK, and Locality to work with councils to change the way they procure their services. Not everything we back will be successful, but as a civil society body it is incumbent on us to back a range of innovative ideas in the knowledge that if we do not then nobody else will.

During 2017 the Foundation also reviewed its identity and branding and by the time we launch this annual review we have a refreshed identity in place which helps us communicate what we stand for. At a more strategic level, we asked Michael Jacobs and Laurie Laybourn-Langton to map the movement for economic change in the UK. This assessment feeds into our own thinking about where to fund in the future, and we hope it will also help others to see where the gaps are.

The Foundation has been through a lot of change in the last two years so that we are fit to deliver our new strategy. I'm very grateful to my fellow trustees for their wisdom in guiding the organisation, and in particular to the staff for their work.

Hetan Shah  
Chair of the Board of Trustees

13 March 2018

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## FOUNDATION DIRECTOR'S REVIEW

The urgent vs the important – a dilemma faced by everyone with executive responsibilities in any field and charities are no different. There are so many urgent issues clamouring for our attention today – climate change; political unrest at home and abroad; people in motion from places of conflict to safety; the reality and fear of terrorism; changes in the nature of work; opportunities of artificial intelligence and technology; the increasing inability of democratic governments to respond quickly or effectively – the list seems endless.

At the same time, as a charity, we are aware of our responsibilities to think about what this means for society as a whole and the differential effects on particular communities. As a foundation with a long-term perspective, we know that sustainable change takes time and requires attention and commitment. However, the urgent is driving the agenda – there is a palpable need to provide answers and solutions now to these myriad issues to avoid the risk being perceived as out of touch, esoteric or irrelevant.

At Friends Provident Foundation, we have maintained our focus on what we think is important – despite substantial change in our own organisation and in the context around us. Our focus remains on building resilient economic systems and supporting communities to find sustainable, long-term solutions to structural economic challenges. Notable examples include the affordable transition to a democratised, low carbon future, the sustainable provision of social care and truly inclusive growth. As our programme has continued to develop, we are able to see more clearly that it is a change in the economic system that is required to address some of the urgent problems on our doorstep – until we have an economic system that values our environment and stops incentivising the use of fossil fuels, we will struggle to address climate change; until we have effective systems of disclosure and transparency, we will continue to have widening pay disparities and inequality; until we are able to monitor economic growth more effectively, we will continue to value the production of widgets over mental health. As we are able to value the important over the urgent and continue to move toward a fair economy and better world.

As an organisation, we have not been untouched by substantial change this year – we said goodbye to Andrew Thompson, our Grants Manager of nine years and Sue Scott, our Administrator after three years – we wish them all the best as they move on to take up new opportunities. We were delighted that Abigail Gibson, previously Grants and Social Investment Officer, was promoted to the Grants Manager role; with Joanne Hall joining us as Grants Officer in June. Caroline Watson joined us in July to take on the re-cast role of the Foundation's Office Manager. Through the entire life of the Foundation, we have been blessed with excellent people at all levels; we are delighted that new appointments at the trustee board and staff levels continue the tradition.

We also have seen the development of key elements of our strategy – communications and convening and “sweating our assets” through investment engagement. These have resulted in more events, more social investment activity and new focused activity on pay ratios and community energy.

As our new grants team beds in, our plans for next year include commissioning an evaluation of our programme to date, in anticipation of formulating a new strategy from 2018 as well as developing our systems and new strands of work, including research.

We remain grateful to our partners and those we support to keep us grounded in what is real and focused on what is important.

Danielle Walker Palmour  
Foundation Director

13 March 2018

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

### The Foundation

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 30 September 2017.

The financial statements comply with current statutory requirements, our Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS102.

### Why we are here

We are an independent charity that makes grants and uses its endowment towards building a fair, resilient 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 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 work to be 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.

Looking ahead, we will 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 VISION

*"Fair economy, better world"*

### Resilient economies programme - Our aims

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.

The Foundation is working on two levels:

1. **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.

2. **Building local economic resilience** – Our work at the local level will focus 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.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

### How we will achieve our vision

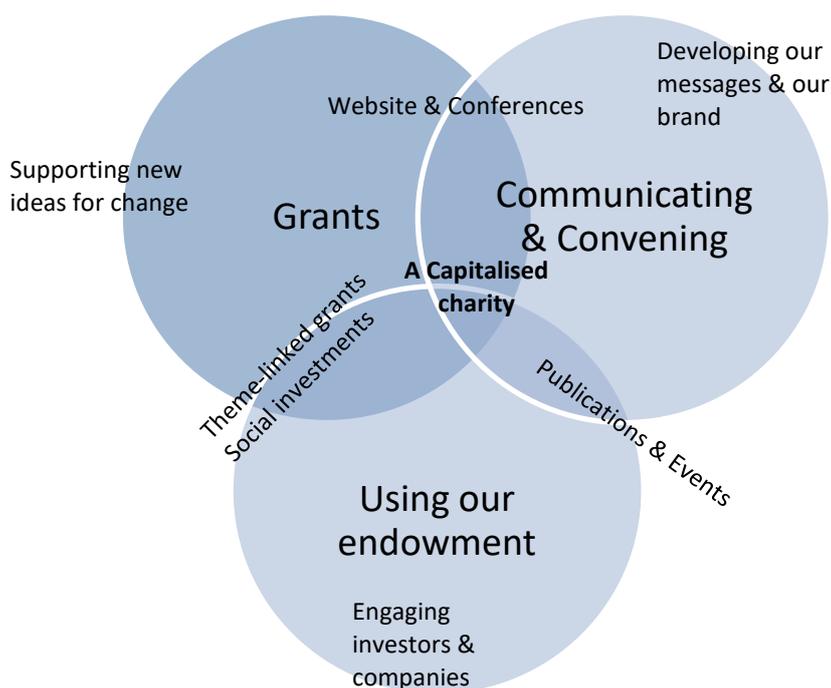
The three strands of activity through which we will work to achieve our vision are:

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.

### What we aimed to achieve this year

1. **Grants and Social Investments:** To build an effective grants team, with shared standards and approaches of the highest order.
2. **Using our endowment as a tool for change:** To establish an investment engagement strategy for three key themes.
3. **Convening, Collaborating, Influencing & Communicating:** To establish an effective communications strategy and implement it in support of key themes in Objective 2.
4. **To build a strong and cohesive team:** Build a strong operational staff team and effective trustee body.
5. **Continuous improvement:** The Foundation will continue to consolidate and further improve our administrative, grant-making and investment systems.
6. **Learning:** Effective governance and organisational development. To establish a programme of staff and trustee learning events for 2016-17.

### WHAT WE DID THIS YEAR – Our strategy in action



# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### REPORT OF THE TRUSTEES

#### STIMULATING CHANGE THROUGH GRANT FUNDING

In 2016-17, the Foundation received 118 outline applications from 116 different organisations, seeking over £11.47m in total. This represents a significant increase in value of just under £3.5m from last year and in applications (87 last year). As part of our responsive grants and social investment programme we are developing a more strategic approach to core funding under our main grants programme. The aim of providing core funding is to empower organisations working in our area of interest to work flexibly and provide them with the capacity to respond effectively to changes in the external environment. We have worked closely with our solicitors Wrigley's LLP to ensure we have appropriate terms and conditions for any non-charities that we might decide to support.

Trustees made a total of 24 new grant commitments against the Right Use of Money and Building Resilient Economies themes (including Investment Engagement grants), with new financial commitments amounting to just under £2 million, excluding any adjustments to existing grants. This represents an increase of 15% on last year's giving, following an increase of 30% in the previous year.

#### RESILIENT ECONOMIES

##### Local Economic Resilience

Centre for Local Economic Strategies (CLES) – Party conference events on local economic resilience  
£6,000

In partnership with Barrow Cadbury Trust we supported CLES to organise events at the Labour, Liberal Democrat and Conservative Party conferences in Autumn 2017 to raise the awareness of national and local party activists of the challenges and successes that communities have faced in striving toward economic resilience.

Community Energy Plus – Low Carbon Community Heat  
£99,500

Developing a new model of enterprise for affordable low carbon heat in rural communities.

Forum for the Future – The UK Community Energy Asset Bank  
£130,000

Research and development to check scope and feasibility for the creation of a new online resource to match asset owners with community groups seeking a site for their project. The aim is to bring community energy groups and willing asset owners closer together, making it easier for them to take projects forward.

Pure Leapfrog – A monitoring and evaluation toolkit for community energy projects  
£38,500

Following some pilot work, this project aims to refine and scale a toolkit to capture the value that community energy projects create.

Stir To Action Ltd – Unlocking the Next Economy: Churches as a social resource  
£44,000

This one-year pilot is to explore how access to the physical assets of churches can support local economic change.

The 10:10 Foundation – Local energy London  
£61,000

Building energy resilience for fuel poor residents of a majority social housing block in Brixton, London.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

### Systems Change

#### Compass – Ten Year Universal Basic Income Accelerator Plan

£33,000

Seeking to establish an economic model which shows how, over a ten-year period, an entry level UBI could be accelerated to a full or near full scheme, what are the stages/phases to get there, how could it be adjusted to mitigate against unwelcome consequences and how might it be funded?

#### Demos – Brexit briefing: Opportunities and risks to a fairer and sustainable economy

£20,000

This project was commissioned by the Foundation to assess the opportunities and risks that Brexit poses to the aims of our programme.

#### Economy – Phase two of “Learn” and “What Just Happened?”

£130,000

Further development of this successful website.

#### Finance Innovation Lab – Core funding

£180,000

Grant support for core functions.

#### Institute for Public Policy Research – Commission for Economic Justice

£200,000

Support for the communications and dissemination work of the Commission.

#### Michael Jacobs – Rethinking capitalism: delivering economic systems change in the 21<sup>st</sup> century

£6,000

A brief think-piece on the need for new thinking about how the economy works.

#### New Ideas Fund – Foundation administered fund

£20,000

At 2017 Away Day in April, Friends Provident Foundation trustees identified a number of ideas and key trends that might affect and shape the development resilient economies such as technology, the nature of work, values and ethics and a diverse society. This small fund is administered by staff to commission new work to explore and frame these issues as possible new areas for proactive work within the programme.

#### Resilient Economies Journalist Fellowship

£60,000

To support the creation of a journalist fellowship to build a better understanding of economies in the wider public. This will be achieved by contracting a leading journalist to create a significant work of long-form journalism on the theme of building resilient economies, supported by advisors.

#### Positive Money – Support for key functions

£250,000

Support for key functions over a 5-year period.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

### Public Interest Research Centre – Strengthening stories for a new economy

£168,000

A project to further develop the Framing the Economy work undertaken to date, in partnership with a wider network of activists.

### Rethinking Economics Post-Crash Economics Society

£190,000

A core grant to support the further development of a sustainable student movement to change the economics curriculum in the UK and internationally.

### The Financial Inclusion Centre – Understanding Investor Behaviour in the low interest rate, low return environment

£64,600

The project aims to gain a better understanding of investor behaviour in this new low rate / low return environment; to identify impacts, distortions, and risks caused by policy interventions and investor behaviours and to provide insight into barriers that inhibit financial system change.

### Transparency International UK – Building a fairer economic system through greater corporate transparency

£118,000

Assessing and ranking the transparency of the political activities of up to 85 of the largest UK companies to create a corporate transparency index as a means to advocate for transparency over corporate lobbying.

## 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.

### B-Lab UK – core activities

£50,000

Support for the further development of the B-Corporation movement for more socially aware corporate structures in the UK.

## Investment Engagement grants

### Influence Map – The Big 6 and 3D Energy Transition

£19,500

A brief review of the involvement of large utilities firms in the development of energy policy in the UK.

### St. Paul's Cathedral Foundation – Fair Pay for Fair Work

£20,500

A brief overview of the policy context relating to the effective implementation of executive pay ratios in the UK.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

### Forum for the Future – Wise Minds

£24,480

Convening Wisdom and Insight for Sustainable Energy – ‘WISE minds’ – in a series of dinners to make sense of the current energy system transition, set out the key questions for its future and enable a broader set of powerful actors to participate in generating answers that work.

## **SOCIAL INVESTMENT**

The Foundation also made a number of new social investments this year, pursuing opportunities to build economic resilience through community renewables and social enterprise funding. These were transferred as assets into “Project Snowball” (see below).

### Awel Co-op

£100,000 equity shares.

Awel is a community cooperative in Wales. This scheme harnesses the winds of South Wales to generate electricity using clean, low carbon renewable technology; and by doing so, will take direct action on climate change.

### Big Issue Invest Social Enterprise Investment Fund

£45,271 debt structured as an investment fund

Big Issue Invest finances the growth of sustainable social enterprises by offering social enterprises, charities and profit-with-purpose businesses, loans and investment from £20,000 to £3 million. This fund is a general fund of direct investment in social enterprise across the UK.

### Thrive Renewables plc

£100,000 loan structured as a bond

Thrive Renewables plc acquires existing and develops new renewable energy projects.

### Project Snowball

The Foundation became the third partner to join Project Snowball LLP, a ground-breaking new 100% impact investment fund. Snowball will apply a social and environmental impact lens to all of its investment analysis, reporting and decision-making. The six social investments transferred are: Ethical Property Company; Affordable Homes Rental Fund; Community Share Underwriting Fund; Big Issue Invest Social Enterprise Investment Fund II; Thrive Renewables; and Awel Co-op.

Total of £2m including transferring six existing social investments valued at £798,491 and £1,201,509 in cash.

## **LEARNING FROM OUR GRANTS: PROJECTS THAT FINISHED IN 2016/17**

### Centre for Local Economic Strategies (CLES) – Activating local alternative economies across the UK

£45,800

**Project Aim:** Map and activate alternative local economic activity in 10 UK cities through a series of events aimed at building local resilience coalitions. Each event will result in a publication, microsite, and a best practice compendium will be produced.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

### What we Learned:

- City Deals and devolution processes focus heavily on boosting economic growth and developing and supporting high growth industries and sectors. The reality of the needs of the local economy on the ground is very different.
- There is a gap in understanding, and a desire for support, at local government level, about how to adapt and create local economic policy to better suit the needs of citizens and help build a more resilient local economy. There is also need for greater knowledge of the ways in which the local public sector and the local social sector can work together to achieve this.
- In broad terms, 10 steps towards a good city economy might involve: structural change; a revolution in grass-roots enterprise; anchor institutions embedded in and working for the local economy; enabling and empathic local leadership; true corporate social responsibility; assets owned by and working for the community; co-produced local economic development; true devolution, and a new social contract; finance that serves people and place; a more effective set of measurements of a successful economy. But practical ways of actioning these need to be developed.

### Demos – Testing the Local Lender Hypothesis

£56,000

**Project Aim:** To test the hypothesis that regional banks would be good for UK growth, stripping back the debate about local banking to ask what we want regional type banks to do that the current system fails to provide, and the best methods for delivering this.

### What we Learned:

Current banking provision does not provide SMEs with adequate funding and that they are seriously affected by the UK's geographical/economic imbalance.

- Local banks have the potential to address these issues and such banks already operate in a number of other European economies, with the German Sparkassen banks providing a model to be emulated.
- A new network of local UK banks could operate at a similar scale, with operational independence from government and strong governance arrangements.
- The British Business Bank could act as an investor. There are several outstanding questions that would need to be tackled before any such network was established with public money, however.

### B Labs UK – B CORPORATIONS a certification system for impact

£20,000

**Project Aim:** To support B Corporations, a new type of company that makes a commitment to use the power of business to solve social and environmental problems.

### What we Learned:

Many businesses get “stuck” in the process of certification. Better diagnostics and targeted support can be effective in moving them on.

### Ecumenical Council for Corporate Responsibility (ECCR) – Ethical Money Churches

£72,206

**Project Aim:** To build a community of people in UK churches who are seeking to fulfil their Christian stewardship and ownership responsibilities with regard to the money, savings and assets that are used either by them as individuals and/or on their behalf as members.

### What we Learned:

- The importance of working with established networks, like local Churches Together groups. Connecting with existing interdenominational networks not only offers opportunities for promoting new work but also gave it recognition and credibility. Recruitment of congregations was a lot easier where guidance was given on which churches who might be more interested in participating in the project by people who already have a knowledge of and work with those churches.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

- Like financial capability work, relatively few people are interested in thinking directly about the use of money if it is presented to them only in form of figures. EMC found that people became interested in conversations and discussions where a direct link to their life can be made or a personal story about someone else's life could be told.

### Echo Ventures CIC – Echo Phase 2

£140,000

**Project Aim:** To develop and refine the infrastructure for local, sustainable Echo systems at national scale; developing successful Echo marketplaces that jump-start communities, unlock social capital and develop local economical resilience.

#### **What we Learned:**

It is difficult to monetise local sharing economy interventions but they clearly can be made to work. Including such interventions in large scale “Development Corporation” structures may be a good way to build in community economic resilience infrastructure.

### Move Your Money UK CIC – Campaign for a National Network of Banks

£50,000

**Project Aim:** To lead a campaign to mobilise citizens, civic society and communities to demand a national network of local banks aligned to local and regional social and economic needs, so building local resilience and providing a viable alternative to the ‘Big 5’.

#### **What we Learned:**

A public-facing campaign on this issue is very difficult as it is hard to determine any practical interventions, actions or approaches that individuals or communities can take to make a tangible difference.

### 3D Investment Foundation – Creation of the Future Fit Business Network

£100,000

**Project Aim:** To develop a new tool to accurately measure – and as a consequence influence and accelerate – corporate progress toward a truly sustainable future.

#### **What we Learned:**

The project has had surprising traction as it seemed to us to be a crowded market. They appear to have a unique approach of allowing companies to track what they have done and how it fits with SDGs as well as providing a framework for considering new areas of progress. The team has been open and collaborative in approach, and has engaged with ShareAction and B Labs to integrate their thinking.

### Leeds University – Financial Innovation Today: Towards Economic Resilience (FITTER)

£30,000

**Project Aim:** Experts in resilience, we aim to educate parliamentarians and policy makers on the positive impact new financial innovations can make. Funding will provide this evidence-based education via two linked ‘intelligence’ reports and Westminster Hub events.

#### **What we Learned:**

The usefulness of the alternative finance sector in building local resilience is still rather in doubt, as investment in local projects could be hampered by regional inequalities, with less affluent areas having less money to invest locally. However, one of the opportunities presented by the sector's heavy reliance on the internet is the opportunity to build decentralised finance networks, to overcome the limitations of local fundraising.

- Alternative finance companies feel that current investors are motivated by a desire to build real social and environmental benefits, as opposed to speculating on abstract financial returns, but more work is required in order to gauge people's actual motivations.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

- Those companies interviewed saw widening participation in the financial system as a key aim of democratising finance, but few raised the need for more inclusive governance models.
- The sector's increasing overlap with mainstream finance threatens to force compromises on the movement's current goals and ways of working.

### Ethex – Core Funding

£75,000

**Project Aim:** Ethex plays a crucial and pioneering role in the social investment marketplace. It aims to:

- Broaden out the market for social investment beyond a limited number of investment institutions and foundations to the general public.
- Build a not-for-profit exchange for both primary and secondary trading of social investments as an alternative to the commercial exchanges.
- Raise the profile of investing for positive social and environmental benefit with a wide public audience.
- Develop a common standard and expectation for positive investment returns and reporting.

### **What we Learned:**

- Start-up enterprises, no matter how experienced or well-placed the entrepreneur, are likely to need a fair amount of subsidy alongside the more rigorous forms of capital such as loans or equity.
- Retail social investment is still primarily done by the relatively rich, as is evidenced by the higher than expected average investment level, despite Ethex attracting fewer investors than their original target.
- A focus on the practicalities of establishing and running a new business model is vital, but cannot be considered in isolation from awareness of, and engagement with, the external policy, political and regulatory context in which an entrepreneur operates.

### Frank Bold – The Purpose of the Corporation Project

£45,000

**Project Aim:** Change the paradigm underlying the regulation of the economic system and financial markets. Reopen the discussion on the purpose of the corporation. Build a working coalition of NGOs, businesses, academics, and policy-makers to support this change.

### **What we Learned:**

The Purpose of the Corporation has positioned itself as the centre of excellence on corporate governance in Europe, with the Aspen Institute operating in a similar sphere in the US. The importance of challenging shareholder primacy as a given was an important learning point. It was reported that the final Summit was a useful and interesting event, with good attendance and high-quality contributors.

### Finance Innovation Lab – Core plus Transforming the Financial System Project

£155,000

**Project Aim:** The work will align civil society, amplify new narratives and cultivate action around systemic leverage points for change in finance. The long-term aim is to create the enabling conditions that help grow a financial system that benefits society.

### **What we Learned:**

- The window of opportunity provided by the financial crisis, to push for financial reform has passed and did not lead to significant change in the structure of the financial system or the distribution of power. Attempts at promoting reform are facing a “resistant system in a hostile context” because of the banking lobby that influences the narrative on finance.
- Policy makers in the area of financial reform remain influenced by the dominant neoliberal framework. The challenge of ‘competing’ with the level of influence of the financial industry and pushing for radical change remains substantial.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### REPORT OF THE TRUSTEES

- The Network has encouraged growing operational collaboration but there are challenges in uniting the movement behind a common vision of a reformed financial system. Theories of change vary across the financial reform movement, which risks leading to disjointed efforts across a limited movement.
- Information sharing is a relatively straightforward and valuable method of collaboration but deeper collaboration requires a significant level of work 'behind the scenes' to build a shared theory of change and vision. Whilst urgent causes can bring actors together and mobilise joint action, this will have limited impact if relationships and a shared understanding are not already in place. Participation in networks can also be restricted by the fact that organisations are not funded to participate. Networks need strong leadership provided by an experienced facilitator who can play a broadly understood, neutral role (i.e. isn't also expected to represent their organisation at the same time).

### USING ALL OF OUR ASSETS FOR CHANGE – THE FIRST YEAR OF INVESTMENT ENGAGEMENT

The Foundation developed a new function – we think unique to the UK for foundations – investment engagement. This year we developed a number of key themes to underpin and focus our proactive work, drawn from what we have learned so far or key developments in our programme areas. In this first year, Trustees focused our efforts on two themes:

#### **Building economic resilience through community energy and engaging the utilities market**

Our investment engagement activity included:

Working with Forum for the Future to produce 'Insights from energy industry and political leaders on the rapidly changing UK energy systems. The report included contributions from several former CEOs of utility companies, ex-energy ministers and senior civil servants. The report explores the trends and risks within the sector, and concludes that incumbents 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 this transition is being driven as much by economics, technology and innovation as it is by government policy.

Commissioning a report from InfluenceMap 'Gridlock in UK power markets: How Big Six capture of the regulatory process poses investor risk', which examines regulatory capture in the sector and scores the public policy interventions of the Big Six utilities with regard to the decarbonisation, decentralisation and democratisation of energy. Conclusions include that business models appear to be based on the current ability to maintain the status quo via regulatory influence, and that none of the Big Six's lobbying activity is sufficiently aligned with the '3D transition', indicating they may not be adequately preparing for the market disruption they face.

Holding an institutional investor event on 'utility company resilience to energy market transition', with a view to mobilising collective shareholder engagement of the Big Six utilities. The event established the sector risks arising from failure to adapt to the '3D transition', and the need to incorporate decentralisation and democratisation into existing collective engagement around decarbonisation. The event was supported by the Institutional Investors Group on Climate Change (IIGCC).

Social investments:

- Awel Coop is a 4.7MW two-wind-turbine project that is wholly owned, controlled and benefits the local community. The community, 20 miles north of Swansea, is an area of high social deprivation. Over the project's lifetime it is expected that £3 million will be given to Awel Aman Tawe Charity to alleviate local fuel poverty. The Foundation invested £100,000 in its community share offer.
- Thrive Renewables acquires existing and develops new renewable energy projects. Our investment was used in the acquisition of two projects with a view to migrating ownership to the local community; a 3.2MW solar array in the Midlands and a 6.9MW three-wind-turbine scheme in North West England. The Foundation invested £100,000 in a bond offer.

As part of Community Energy Fortnight 2017, we organised a 'seeing is believing' tour for other social impact investors and grant makers, highlighting the social, environmental and local economic benefits of community energy.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

### Addressing inequality through more transparent executive pay structures

An objective of our investment engagement is for UK-listed companies to publish the ratio between chief executive and median worker pay. We made a submission to the government green paper consultation on 'corporate governance reform' calling for executive pay ratio disclosure. On 29 August, the Government announced that mandatory reporting will be introduced.

We are one of 79 investor signatories to the ShareAction led 'Workforce Disclosure Initiative', which is calling for transparency from 75 global companies on how they manage workers, including on executive pay ratios. The ultimate goal is to improve the quality of jobs in the operations and supply chains of multinational companies.

We funded St Paul's Institute to undertake a project - 'Fair Pay for Fair' - which will examine draft UK legislation on mandatory pay ratio reporting, produce a guide for investors on how to read and question the numbers, and using the convening power of St Paul's Cathedral, undertake a programme of roundtable discussions and public debate about pay ratios and fair pay generally.

### COMMUNICATING OUR MESSAGES AND SHARING WHAT WE HAVE LEARNED

This is the first year we have had a dedicated source of communications knowledge, experience and expertise which has been invaluable in shaping our approach and expanding the range of tools we employ to achieve our mission.

At a strategic level, the emphasis has been on laying the right foundations for a future higher level of communications activity. The year has seen the roll-out of two important underpinning projects, firstly to equip the Foundation with a strong, coherent new brand identity and secondly to commission, design and implement a new website. The brand work spanned defining our audiences, clarifying who we are, what we do and why we do it. Through the power of listening conversations and a partnership approach we were able to define the type of organisation we wish to be, so that looking ahead we can project that image and bring our values to life through our organisational behaviour and our communications

Furthering our commitment to convening and bringing people together to solve problems we supported a number of events throughout the year. Following a call for Brexit proposals we held a series of events in the autumn with the think tank Demos, to look at the opportunities and risks relating to economic resilience. These events and the resultant report that was published helped clarify the Foundation's potentially different view of the issue in terms of the opportunities that it may offer and the re-calibration of the debate toward one including the social goals of the economy and industrial policy. The report timing coincided with the triggering of Article 50 with the resultant media focus on Brexit providing a fertile backdrop, and following an exclusive in the Guardian, over 30 pieces of coverage were secured, spanning print, online, broadcast, regional, trade and international.

A further event – 'A Social Wealth for the UK: an idea whose time has come?' - was held in partnership with the City University of London, giving delegates an opportunity to learn about and contribute to important work led by Professor Steve Schifferes of City University of London. The event explored the idea of a social wealth fund in the UK, in the context of interventions to build a UK economy that serves our social needs more effectively and sustainably.

As part of our work on financial inclusion monitoring, we also worked with CHASM, University of Birmingham, on an event to mark publication of their fifth annual report. The event took stock of recent trends and policy developments around financial inclusion, targeting an audience of those in government, the financial services sector, the third sector and academics.

Finally, to close the events year. we worked in partnership with Barrow Cadbury Trust and the Centre for Local Economic Strategies on fringe events at the Labour, Liberal Democrat and Conservative Party conferences. Using a Question Time format, the events had a focus on the Economic Justice programme 'Keeping Money Local'.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

### Publications in 2016-17

The wide dissemination of funded work is a key element of ensuring that our work contributes toward the Foundation's charitable aims and public-benefit objectives and we were pleased to support a number of key publications this year.

***Financial Innovation Today – Towards Economic Resilience - Bauman Institute, University of Leeds*** A qualitative study by the Bauman Institute explored the motivations of the people and companies involved in the alternative finance movement, such as crowdfunding, peer-to-peer lending, and community debenture schemes, and assessing its potential contribution to building a more democratic and resilient financial system.

#### ***Creating Good City Economies in the UK - CLES and NEF***

Following funding awarded to the Centre for Local Economic Strategies – which owned New Start magazine – and the New Economics Foundation to map and activate alternative local economic approaches in ten UK cities, a report was produced summing up the findings and proposing 10 steps to build good city economies in the UK.

A project from the previous programme of research also published its final output: ***Monitoring Financial Inclusion - The University of Birmingham*** – the last in a series of five annual monitoring reports commissioned to monitor progress towards or away from financial inclusion in Britain.

#### ***Gridlock in UK Power Market: How Big Six capture of the regulatory process poses investor risk - InfluenceMap***

This report examined energy utilities and risks arising from the market transition to decarbonisation, decentralisation and democratisation (3Ds), finding that energy regulation has largely been captured by influence from the Big Six energy companies, posing investor risk, and that individual company lobbying is not currently aligned with government policy ambition on the 3Ds.

#### ***Wise Minds: The energy transition and large utilities – Forum for the Future***

This report called on the Big Six energy companies to embrace the '3D energy transition' to decarbonised, decentralised and democratised energy (as epitomised by community energy) and sets out fresh insight into the factors at play. Drawing on in-depth discussions with six 'wise minds' – senior industry and political leaders who have recently left the established energy sector – the report outlined what these experts see as driving the energy transition, how the system is changing, and what these changes mean for the large utilities that currently dominate the sector.

#### ***Moving Beyond Neoliberalism – Laurie Laybourn-Langton and Michael Jacobs***

Neoliberalism – the set of socioeconomic ideas and policies which have dominated public life over the last 40 years – has failed. This report mapped organisations and groups in the UK (and some beyond) seeking a change in the socioeconomic paradigm away from neoliberalism, assessing this movement from an overall strategic perspective.

These publications are all available through the Foundation's website: [www.friendsprovidentfoundation.org](http://www.friendsprovidentfoundation.org)

Going forward, communications will be key to how we deliver on our purpose **Fair economy. Better world.**

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### REPORT OF THE TRUSTEES

#### THE FUTURE - OUR PLANS FOR 2017-18

Our aim in the coming year is to make a tangible difference to the policy and practice context in which our economic realities are shaped.

#### Objectives for 2017-18

- 1. Grants and Social investments: To review, improve and enhance the grants and social investment functions and evaluate the programme.**

We plan to learn from our programme to date and use the evaluation to further improve our programme effectiveness, focus our efforts and create ways of measuring our impact.

- 2. Using our endowment: To develop investment engagement strategy further for key themes.**

The Foundation will continue to develop the existing themes as well as consider the options for further areas of focus.

- 3. Communicating and convening: To further develop the Foundation's communications strategy and brand across all the Foundation's operations.**

We will launch and expand the use of our brand and identity materials in order to communicate more effectively with key stakeholders.

- 4. To ensure the organisation embodies our aims: Build a strong staff team and effective trustee body.**

Given the recent changes at board and staff levels, we will create opportunities to ensure we have alignment of purpose, values and systems.

- 5. Continuous improvement: The Foundation will continue to improve how we work (administrative, grant-making and investment systems).**

We will continue to look for opportunities to improve the ways we work with those we support, applicants and partners as well as our internal operations so that we continue to innovate and improve.

#### WHO WE ARE NOW: OUR POLICIES, GOVERNANCE AND OPERATIONS

##### Our policies

##### 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. In light of this, trustees took the decision that the Foundation will spend its capital as well as its income in pursuit of our mission. This means that these financial statements reflect a higher level of spending on internal resources and grant-making than in previous years. Our expectation is that this will continue over the next few years.

##### 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 or adversely impact the name and reputation of the Foundation, 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.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

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.

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.

### Climate risk and our investments

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

Thus, the trustees 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. The 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. The trustees 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.

In addition to the new investments made this year on p.12, Foundation's existing social investments are:

#### Affordable Homes Rental Fund (2015)

£250,000 structured as a loan over an 8-year investment period in the Community Land and Finance CIC, wholly owned by Resonance Ltd.

The fund invests through loans providing long-term affordable rental housing for local people. The structure of the fund is specifically designed from the fund manager's work with Community Land Trusts and aims to address barriers they face in obtaining debt financing. The fund is investing in: refinancing, conversion, empty homes, new builds and self builds within the affordable housing sector.

#### Charity Bank (2007)

£250,000 subordinated loan at 4 percent per annum over 10 years made on 1 October 2007.

Charity Bank is working for a fairer society. Their mission is to finance charities and other community organisations that address the needs of the most vulnerable in our communities. By supporting those organisations that are unable to access finance at all, or on affordable terms, they are helping to transform their capacity to deliver vital services, at a time of great need, and taking them towards sustainability.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### REPORT OF THE TRUSTEES

The capital for this investment was returned to the Foundation in October 2017.

#### Community Share Underwriting Fund (2016)

£100,000 investment in a 5.5-year fund period from September 2014 structured as a loan to Community Land and Finance CIC, wholly owned by Resonance Limited.

The fund was established to address the problem of the lag that often occurs between the issuing of community shares to purchase or create community assets and raising sufficient funds to develop them. This fund "underwrites" the community share offers by providing an interest only loan that can match the amount raised in the share offer, up to 50% of the target. If the underwriting loan needs to be drawn down, the project can then proceed and repay the loan once the project is operational.

#### Ethex (2013)

£50,000 structured as a 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.

#### Ethical Property Company (2010)

£148,750 investment in shares

The Ethical Property Company is one of the best-known and most well-established social enterprises. The Company's primary activity is to buy properties and develop them as centres that bring social change organisations (charities and social enterprises) together under one roof where they can share skills and ideas.

#### Social Impact Partnership (2010)

£100,000 investment in a Limited Partnership approved; a total of £69,175 has been drawn down.

The Social Impact Partnership aimed to reduce recidivism by an estimated 3,000 short-sentence male prisoners leaving HMP Peterborough over what was planned to be a 6-year period. The success of the programme was monitored, and investor payments are made on the basis of reduced conviction events. This programme will be brought to a premature close due to changes in government policy which meant that the comparative evaluation of conviction rates on which the funding model relies was no longer possible. Final evaluation figures on the conviction rates for the completed cohorts were published in summer 2017 with an initial repayment of capital in October 2017; further interest payments will be made after the auditing of the Partnership's final accounts in December 2017.

The Foundation's social investment portfolio totals current commitments of £898,750 to the funds outlined; with a value of £2,070,292, taking on board the impairment review performed last year. To date a total of £2,119,175 has been drawn down for use; £30,825 of the committed funds was not to be drawn as the last cohort in the Social Impact Partnership's One programme will not be funded by the investment. A total of £114,126 of interest and dividend payments have been made to date. A review of available documentation and communications as part of the Foundation's annual impairment review undertaken last year by Triodos Corporate Finance suggested that the carrying value of Ethex should be reduced to zero to reflect the risk inherent in the nature in the business at this stage of their development. We have maintained that value in these financial statements.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

### 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 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, coordinated by ShareAction. The Foundation also became a Responsible Engagement Overlay (REO) client of BMO over the course of the year with the aim of working with them more intensively through our engagement themes.

Peter Jones, an independent investment adviser, continued to provide general investment advice to the trustees, who instruct/invite 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.

### 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.

### Risk Management

The trustees are responsible for overseeing the effective management of the Foundation and for safeguarding its assets. Risk management is an on-going activity involving all trustees and is an agenda item for the 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/<br>Risk appetite | Controls   |
|---|------------------------------|--|
| Fall in investment income due to market conditions and impact on grant activities | Fair - tolerate              | The Foundation pursues its programme to build economic resilience and invests in companies that have more resilient and sustainable business models. |
| Loss of key staff for an extended period or key staff leave                       | Low - tolerate               | The Foundation has detailed procedures for key functions and ensures staff are trained in a number of business areas.                                |
| York office partly or totally out of operation for a prolonged period of time     | Low - tolerate               | The Foundation’s systems are cloud based and are accessible from home. Key documents are scanned and stored electronically.                          |

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## REPORT OF THE TRUSTEES

|   |                 |  |
|---|-----------------|--|
| 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   | Fair – reduce   | The Foundation actively manages grants and investments to give them the best chance of success.  |
| Foundation failing to meet its stated objectives  | Fair – reduce   | The Foundation actively manages its own performance and has a dedicated budget for evaluation.   |
| Prolonged IT infrastructure failure resulting in inaccessible data  | Low – tolerate  | Cloud based systems reduce the impact of such infrastructure failure.  |
| Catastrophic loss in the value of the endowment   | Low – 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. |

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 Policy

The total charity funds at the year-end of £33.8m (2016: £32.8m) consist of £33.67m (2016 £32.81m) in the endowment fund and £80,000 of designated funds (2016: £20,000). The trustees intend that for the foreseeable future, the capital comprising the Foundation's expendable endowment should generate the vast majority of the money needed for the Foundation's objectives and running costs.

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 £350,000. 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 2017. Trustees will continue to review the level of reserves taking into consideration the cost base of the Foundation.

### Financial review

The Foundation's income is wholly dependent on investment performance. Total income for the year ended 30 September 2017 was £904,219 (2016: £913,357) mainly attributable to dividends and interest received from the principal investments – open-ended investment trusts with underlying investments in equities and corporate bonds. Expenditure before donations and grants expended for the same period amounted to £484,869 (2016: £275,540). Grants committed was £1,856,995 (2016: £1,693,241) giving total expenditure at £2,341,864 compared to £1,968,781. Net expenditure for the year was £1,437,645 (2016: £1,055,424) before investment gains of £2,361,621 (2016: £3,851,595), leading to a net income of £923,976 (2016: £2,796,171).

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### REPORT OF THE TRUSTEES

#### Remuneration of staff

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

- Trustees act as a responsible employer, and that staff are fairly rewarded for their expertise and effort;
- the salaries that the Foundation pays are fair, and transparent to trustees;
- the employment arrangements offer the best value for money for the charity;
- salary review processes are fair, and that staff and trustees feel clear and comfortable with these processes.

This year, 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 (£76,854) and the median salary (£31,330) in the Foundation is 2.5:1 expressed as Full Time Equivalent. The ratio of the top salary to the lowest is 3.8:1, expressed as Full Time Equivalent.

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 at 13%. The Foundation's auto enrolment staging date was July 2016; all compliance documentation was provided to the Pensions Regulator.

#### Governance arrangements – how we organise our work

##### General Objects of the Charity

The objects of the Foundation are to apply the income or the whole or any part of the capital of the Foundation, to any charitable institutions, bodies, trusts or funds or for any charitable purposes principally in, but not limited to, the United Kingdom if and when the trustees shall see fit.

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.

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.

##### 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).

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### REPORT OF THE TRUSTEES

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.

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 auditors are 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 auditors are 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.

Approved by the trustees on 13 March 2018 and signed on their behalf by

**Hetan Shah**  
**Chair of Trustees**

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## INDEPENDENT AUDITOR'S REPORT

### 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 2017 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 2017 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
- 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 trustees' annual report 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.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## INDEPENDENT AUDITOR'S REPORT

### Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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:

- 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 trustees' responsibilities set out in the trustees' annual report, 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

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.

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.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

YEAR ENDED 30 SEPTEMBER 2017

## INDEPENDENT AUDITOR'S REPORT

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.
- 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.

Helen Elliott (Senior statutory auditor)

13 March 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 30 SEPTEMBER 2017

|  | Notes | Unrestricted<br>and<br>Total<br>2017<br>£ | Unrestricted<br>and<br>Total<br>2016<br>£ |
|--|-------|---|---|
| <b>INCOME</b>  |       |   |   |
| Investment income  | 2     | 904,031                                   | 913,357                                   |
| Other  |       | 188                                       | -   |
|  |       | <hr style="width: 100%;"/>                | <hr style="width: 100%;"/>                |
| <b>Total income</b>  |       | 904,219                                   | 913,357                                   |
| <b>EXPENDITURE</b>   |       |   |   |
| Raising funds  |       | 36,806                                    | 7,534                                     |
| Charitable activities:<br>Support for Resilient Economies<br>and Right Use of Money Projects | 3,4   | 2,305,058                                 | 1,961,247                                 |
|  |       | <hr style="width: 100%;"/>                | <hr style="width: 100%;"/>                |
| <b>Total expenditure</b>   |       | 2,341,864                                 | 1,968,781                                 |
|  |       | <hr style="width: 100%;"/>                | <hr style="width: 100%;"/>                |
| <b>Net expenditure before net<br/>gains on investments</b>                                   |       | (1,437,645)                               | (1,055,424)                               |
| Net gains on ordinary<br>investments   | 10    | 2,334,496                                 | 3,849,520                                 |
| Net gains on social investments  | 11    | 27,125                                    | 2,075                                     |
|  |       | <hr style="width: 100%;"/>                | <hr style="width: 100%;"/>                |
| <b>Net income for the year and net<br/>movement in funds</b>                                 |       | <b>923,976</b>                            | <b>2,796,171</b>                          |
| <b>Reconciliation of funds</b>   |       |   |   |
| Total funds brought forward at<br>1 October 2016   |       | 32,828,920                                | 30,032,749                                |
|  |       | <hr style="width: 100%;"/>                | <hr style="width: 100%;"/>                |
| Total funds carried forward at<br>30 September 2017  | 15    | 33,752,896                                | 32,828,920                                |
|  |       | <hr style="width: 100%;"/>                | <hr style="width: 100%;"/>                |

All of the above results are derived from continuing activities. There are no recognised gains or losses other than those stated above. Movements in funds are disclosed in note 15 to the financial statements.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### BALANCE SHEET AT 30 SEPTEMBER 2017

|   | Notes  |             | 2017        |  | 2016        |
|---|--------|-------------|-------------|--|-------------|
|   |        | £           | £           |  | £           |
| <b>FIXED ASSETS</b>                                     |        |             |             |  |             |
| Tangible assets   | 9      |             | 6,743       |  | 1,730       |
| Investments   | 10, 11 |             | 36,869,452  |  | 34,264,834  |
|   |        |             | 36,876,195  |  | 34,266,564  |
| <b>CURRENT ASSETS</b>                                   |        |             |             |  |             |
| Investments   | 10, 11 | -           |             |  | 250,000     |
| Debtors   | 12     | 183,551     |             |  | 230,749     |
| Cash at bank  |        | 530,907     |             |  | 356,516     |
|   |        |             | 714,458     |  | 837,265     |
| <b>CREDITORS: amounts falling due within one year</b>   | 13     | (3,018,555) |             |  | (1,802,135) |
|   |        |             |             |  | (964,870)   |
| <b>NET CURRENT (LIABILITIES)</b>                        |        |             | (2,304,097) |  | (964,870)   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>            |        |             | 34,572,098  |  | 33,301,694  |
| Creditors: amounts falling due after more than one year | 14     |             | (819,202)   |  | (472,774)   |
|   |        |             | 33,752,896  |  | 32,828,920  |
| <b>TOTAL NET ASSETS</b>                                 |        |             | 33,752,896  |  | 32,828,920  |
| <b>THE FUNDS OF THE CHARITY</b>                         |        |             |             |  |             |
| <b>Unrestricted funds</b>                               |        |             |             |  |             |
| Designated funds  | 15     |             | 80,000      |  | 20,000      |
| Expendable endowment fund                               | 15     |             | 33,672,896  |  | 32,808,920  |
|   |        |             | 33,752,896  |  | 32,828,920  |
| <b>Total charity funds</b>                              | 16     |             | 33,752,896  |  | 32,828,920  |

Approved by the Board of Trustees on 13 March 2018 and signed on their behalf by:

.....  
 Hetan Shah  
 Chair of Trustees

**Company No: 4228843**

The notes on pages 32 to 44 form part of these financial statements

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2017

|  | 2017        | 2016        |
|--|-------------|-------------|
|  | £           | £           |
| <b>Cash flows from operating activities:</b>           |             |             |
| Net cash provided by/(used in) operating activities    | (729,357)   | (1,310,471) |
| <b>Cash flows from investing activities</b>            |             |             |
| Dividends, interest and rents from investments         | 904,031     | 913,357     |
| Purchase of investments                                | (1,131,454) | -           |
| Proceeds from sale of investments                      | 798,491     | 150,000     |
| Proceeds from sale of current asset investments        | 250,000     | -           |
| Purchase of fixed assets                               | (7,286)     | (1,805)     |
|  | <hr/>       | <hr/>       |
| Net cash provided by/(used in) investing activities    | 813,782     | 1,061,552   |
|  | <hr/>       | <hr/>       |
| Change in cash and cash equivalents in the year        | 84,425      | (248,919)   |
| Cash and cash equivalents at the beginning of the year | 448,681     | 697,600     |
|  | <hr/>       | <hr/>       |
| Cash and cash equivalents at the end of the year       | 533,106     | 448,681     |
|  | <hr/> <hr/> | <hr/> <hr/> |

### RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

|  | 2017        | 2016        |
|--|-------------|-------------|
|  | £           | £           |
| <b>Net income for the year</b>                 | 923,976     | 2,796,171   |
| Adjustments for:                               |             |             |
| Depreciation charges                           | 2,273       | 2,497       |
| (Gains) on investments                         | (2,361,621) | (3,851,595) |
| Dividends, interest and rents from investments | (904,031)   | (913,357)   |
| Decrease in debtors                            | 47,198      | 24,176      |
| Increase in creditors                          | 1,562,848   | 631,637     |
|  | <hr/>       | <hr/>       |
| <b>Net cash (used in) operating activities</b> | (729,357)   | (1,310,471) |
|  | <hr/> <hr/> | <hr/> <hr/> |

### ANALYSIS OF CASH AND CASH EQUIVALENTS

|   | At<br>1 October<br>2016<br>£ | Cash<br>flows<br>£ | At<br>30 September<br>2017<br>£ |
|---|------------------------------|--------------------|---------------------------------|
| Cash held as part of investment portfolio | 92,165                       | (89,966)           | 2,199                           |
| Cash at bank and in hand                  | 356,516                      | 174,391            | 530,907                         |
|   | <hr/>                        | <hr/>              | <hr/>                           |
| <b>Total cash and cash equivalents</b>    | 448,681                      | 84,425             | 533,106                         |
|   | <hr/> <hr/>                  | <hr/> <hr/>        | <hr/> <hr/>                     |

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017

#### 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 Accounting

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.

##### c) Public benefit entity

The charitable company 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 charitable company'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 due 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

All income from investments is included when receivable. Investment income arising from the expendable endowment fund is credited to the expendable endowment fund.

##### Other income

Other income is included in full in the statement of financial activities when receivable.

##### f) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees for the furtherance of the objectives of the Foundation and have not been designated for specific purposes.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017

#### 1. ACCOUNTING POLICIES (CONTINUED)

Designated funds that have been set aside by the trustees for particular purposes. The aim and use for each designated fund is set out in the notes to the financial statements.

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

#### g) Expenditure

Charitable activities expenditure is accounted for on an accruals basis and includes attributable VAT, which cannot be recovered. Grants payable are charged in the period when the offer is conveyed to the organisation, except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered and subsequently not required by the recipient are written back to the unrestricted funds.

The costs of raising funds relate to the costs incurred by the Foundation in respect of fees charged for the management of investments.

Support costs are allocated to the main activities of the Foundation namely, grant-making and governance costs. Where costs are not directly attributable to any one activity, the costs are allocated based on the estimated time spent on each activity.

Governance costs are those incurred in connection with compliance with constitutional and statutory requirements.

#### h) Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

#### i) Tangible fixed assets

Assets costing in excess of £500 are capitalised. Any assets purchased below this amount are expensed in the year of purchase.

Depreciation is charged from the month of purchase as to write off the cost of the asset, using the straight-line method over the estimated useful life of the asset, as follows:

|                      |         |
|----------------------|---------|
| Website and software | 3 years |
| Computer equipment   | 4 years |

#### j) 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 and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. 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.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### Programme Related Investments

Programme related investments are valued at the fair value. Where fair value is not practicable, social investments are recognised at cost less impairment.

##### k) Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

##### l) Cash at bank and in hand

Cash at bank and 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. Cash balances exclude any funds held on behalf of service users.

##### m) Creditors

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.

##### n) 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.

##### o) Pension costs

The charity made contributions to an employee's personal pension plan based on a fixed percentage of salary. In September 2015, trustees established a company pension scheme in which contributions are made to NEST at a variable percentage of salary, dependent on employees' contributions from a minimum employer's contribution of 13%. Contributions are made to NEST and some into a personal pension scheme. Contributions are charged as expenditure in the year in which they are incurred.

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017

#### 2. INVESTMENT INCOME

|   | Total<br>2017<br>£ | Total<br>2016<br>£ |
|---|--------------------|--------------------|
| Gross dividends from investment listed on a recognised<br>stock exchange and from open ended investment companies | 871,588            | 890,773            |
| Triodos bank interest   | 745                | 1,560              |
| Loan note interest  | 15,014             | 5,014              |
| Income on social investments  | 16,684             | 11,514             |
| Other income accrued  | -                  | 4,496              |
|   | 904,031            | 913,357            |
|   | 904,031            | 913,357            |

#### 3a. EXPENDITURE ON CHARITABLE ACTIVITIES – Current year

|   | Funds<br>committed<br>£ | Staff<br>costs<br>£ | Allocation<br>of<br>Support<br>costs<br>£ | Total<br>2017<br>£ | Total<br>2016<br>£ |
|---|-------------------------|---------------------|---|--------------------|--------------------|
| Support of Resilient Economies<br>& Right Use of Money projects | 1,856,995               | 235,604             | 212,459                                   | 2,305,058          | 1,961,247          |
|   | 1,856,995               | 235,604             | 212,459                                   | 2,305,058          | 1,961,247          |
|   | 1,856,995               | 235,604             | 212,459                                   | 2,305,058          | 1,961,247          |

#### 3b. EXPENDITURE ON CHARITABLE ACTIVITIES – Prior year

|   | Funds<br>committed<br>£ | Staff<br>costs<br>£ | Allocation<br>of<br>Support<br>costs<br>£ | Total<br>2016<br>£ | Total<br>2015<br>£ |
|---|-------------------------|---------------------|---|--------------------|--------------------|
| Support of Resilient Economies<br>& Right Use of Money projects | 1,693,241               | 158,926             | 109,080                                   | 1,961,247          | 1,535,331          |
|   | 1,693,241               | 158,926             | 109,080                                   | 1,961,247          | 1,535,331          |
|   | 1,693,241               | 158,926             | 109,080                                   | 1,961,247          | 1,535,331          |

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017

#### 4. RESILIENT ECONOMIES AND RIGHT USE OF MONEY PROJECTS FUNDED

|  | Total<br>2017<br>£ | Total<br>2016<br>£ |
|--|--------------------|--------------------|
| <b>Reconciliation of grants payable</b>            |                    |                    |
| Commitments at 1 October                           | 2,238,714          | 1,627,089          |
| Commitments made in the year                       |                    |                    |
| 3D Investment Foundation                           | -                  | 100,000            |
| B Lab (UK)   | 50,000             | -                  |
| Centre for Local Economic Strategies               | 6,000              | 112,320            |
| Centre for Sustainable Energy                      | -                  | 154,000            |
| City University London                             | 27,630             | 47,500             |
| ClientEarth  | -                  | 95,000             |
| Compass  | 33,000             | -                  |
| Community Energy Plus                              | 99,500             | -                  |
| Demos  | 20,000             | -                  |
| ECCR (Core Support)                                | -                  | 74,500             |
| Economy (Phase 2 of Learn)                         | 130,000            | -                  |
| Finance Innovation Lab Core Funding                | 180,000            | -                  |
| Forum for the Future – Community Energy Asset Bank | 130,000            | -                  |
| Forum for the Future – Wise Minds                  | 24,480             | -                  |
| Hazel Sheffield – Far Nearer                       | -                  | 50,000             |
| Influence Map                                      | 19,500             | -                  |
| Institute for Welsh Affairs                        | -                  | 75,000             |
| IPPR – Commission for Social Justice               | 200,000            | -                  |
| Locality (UK)                                      | -                  | 113,000            |
| Michael Jacobs – Rethinking Capitalism             | 6,000              | -                  |
| New Economics Foundation (Core Funding)            | -                  | 130,000            |
| New Economy Organisers Network                     | -                  | 131,396            |
| Open Trust   | -                  | 60,000             |
| Platform London                                    | -                  | 15,000             |
| Positive Money – Money for the Common Good         | 250,000            | -                  |
| Public Interest Research Company                   | 168,000            | -                  |
| Pure Leapfrog – Monitoring and Evaluation project  | 38,500             | -                  |
|  | 1,382,610          | 1,157,716          |
| c/f  |                    |                    |

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017

#### 4. RESILIENT ECONOMIES AND RIGHT USE OF MONEY PROJECTS FUNDED (continued)

|   | Total<br>2017<br>£ | Total<br>2016<br>£ |
|---|--------------------|--------------------|
| b/f   | 1,382,610          | 1,157,716          |
| Regen SW  | -                  | 115,024            |
| REPCE   | 190,000            | -                  |
| Resilient Economies Journalist Fellowship (FPF) | -                  | 68,000             |
| RSA   | -                  | 125,000            |
| Share Action – Barriers to Social Pensions      | -                  | 52,500             |
| Share Action – Changing the Rules               | -                  | 100,000            |
| St Paul’s Cathedral Foundation                  | 20,500             | -                  |
| Stir to Action                                  | 44,000             | -                  |
| Sustain   | -                  | 75,000             |
| The 10:10 Foundation                            | 61,000             | -                  |
| The Financial Inclusion Centre                  | 64,600             | -                  |
| Transparency International                      | 118,000            | -                  |
| Transition Town Totnes                          | -                  | 15,000             |
|   | 1,880,710          | 1,708,240          |
| Grants (written back) or adjusted               | (23,715)           | (14,999)           |
|   | 1,856,995          | 1,693,241          |
| Net grants committed in the year                | 1,856,995          | 1,693,241          |
| Grants paid                                     | (1,505,255)        | (1,081,616)        |
|   | 2,590,454          | 2,238,714          |
| Commitments at 30 September                     | 2,590,454          | 2,238,714          |

Details of the nature of each of the projects supported are included in the Report of the Trustees. Where the duration of a project is over one year, the total grant is recognised in the current year.

#### 5. GOVERNANCE COSTS

|                                | 2017<br>£ | 2016<br>£ |
|--------------------------------|-----------|-----------|
| Audit fees                     | 9,661     | 7,180     |
| Trustees meetings and expenses | 7,212     | 3,899     |
| Staff costs                    | 35,031    | 24,288    |
|                                | 51,904    | 35,367    |
|                                | 51,904    | 35,367    |

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017

#### 6. MOVEMENT IN TOTAL FUNDS FOR THE YEAR

|   | 2017    | 2016    |
|---|---------|---------|
|   | £       | £       |
| This is stated after charging:  |         |         |
| Depreciation  | 2,273   | 2,497   |
| Auditor's remuneration – as auditors (excluding VAT)                  | 7,000   | 6,800   |
| Auditor's remuneration – review of investment project (excluding VAT) | 1,000   | -       |
| Auditor's remuneration (under/(over) accrual from prior year)         | -       | 489     |
| Payments under operating property rentals                             | 18,000  | 13,550  |
|   | 212,459 | 109,080 |

#### 7. SUPPORT COSTS

|  | Note | 2017    | 2016    |
|--|------|---------|---------|
|  |      | £       | £       |
| Staff training                             |      | 1,505   | 390     |
| Rent                                       |      | 18,000  | 13,550  |
| Telephone and internet                     |      | 2,507   | 2,535   |
| Stationery                                 |      | 2,400   | 1,611   |
| Publications, Newsletters and Books        |      | 96      | 1,243   |
| Computer costs                             |      | 14,767  | 7,524   |
| Subscriptions and licences                 |      | 8,706   | 9,596   |
| IT enhancements                            |      | 14,592  | -       |
| Conferences                                |      | 3,313   | 100     |
| Sundries                                   |      | 314     | 1,185   |
| Legal and professional costs               |      | 34,801  | 15,514  |
| Performance evaluation                     |      | -       | 1,842   |
| Depreciation                               |      | 2,273   | 2,497   |
| Bank charges                               |      | 546     | 99      |
| Communication and dissemination of results |      | 44,712  | 6,053   |
| Accountancy fees                           |      | 9,120   | 8,649   |
| Office costs                               |      | 2,903   | 1,325   |
| Governance costs                           | 5    | 51,904  | 35,367  |
|  |      | 212,459 | 109,080 |

#### 8. STAFF COSTS

|                       | 2017    | 2016    |
|-----------------------|---------|---------|
|                       | £       | £       |
| Wages and salaries    | 180,337 | 123,682 |
| Social security costs | 16,961  | 9,252   |
| Pension costs         | 36,244  | 28,989  |
| Other staff costs     | 37,093  | 21,291  |
|                       | 270,635 | 183,214 |

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017

#### 8. STAFF COSTS continued

|  | 2017<br>£   | 2016<br>£   |
|--|-------------|-------------|
| Direct staff costs   | 235,604     | 158,926     |
| Support staff costs  | 35,031      | 24,288      |
|  | 2017<br>No. | 2016<br>No. |
| Average number of employees during the year  | 4.6         | 2.8         |
|  | 5.8         | 3.3         |
| <p>The number of employees whose emoluments (excluding employer pension contributions) exceeded £60,000 fell into the following band were:</p> |             |             |
| £70,001 - £80,000  | 0           | 1           |
| £80,001 - £90,000  | 1           | 0           |

The total employee benefits including pension contributions paid to key management personnel during the year was £219,018 (2016: £130,959).

During the year eight (2016: five) trustees were reimbursed a total of £3,928 (2016: £1,045) for directly incurred travel and subsistence expenses. No trustee nor any person connected with them received any remuneration during the year (2016: NIL).

#### 9. TANGIBLE FIXED ASSETS

|                         | Website &<br>Software<br>£ | Equipment<br>£ | Total<br>£ |
|-------------------------|----------------------------|----------------|------------|
| <b>Cost</b>             |                            |                |            |
| As at 1 October 2016    | 32,408                     | 5,850          | 38,258     |
| Additions               | -                          | 7,286          | 7,286      |
| As at 30 September 2017 | 32,408                     | 13,136         | 45,544     |
| <b>Depreciation</b>     |                            |                |            |
| As at 1 October 2016    | 32,408                     | 4,120          | 36,528     |
| Charge for the year     | -                          | 2,273          | 2,273      |
| As at 30 September 2017 | 32,408                     | 6,393          | 38,801     |
| <b>Net book value</b>   |                            |                |            |
| As at 30 September 2017 | -                          | 6,743          | 6,743      |
| As at 1 October 2016    | -                          | 1,730          | 1,730      |

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017

#### 10. INVESTMENTS

|   | 2017<br>£   | 2016<br>£  |
|---|-------------|------------|
| Programme related investments (note 11)                             | 2,070,292   | 849,872    |
| Investments listed on a recognised stock exchange                   | 34,796,961  | 33,572,797 |
| Cash held as part of investment portfolio                           | 2,199       | 92,165     |
|   | 36,869,452  | 34,514,834 |
|   | 36,869,452  | 34,514,834 |
| Held as fixed assets  | 36,869,452  | 34,264,834 |
| Held as current assets  | -           | 250,000    |
|   | 36,869,452  | 34,514,834 |
|   | 36,869,452  | 34,514,834 |
| <b>Investment portfolio (listed on a recognised stock exchange)</b> |             |            |
| Market value of investments at 1 October 2016      33,572,797       | 29,723,277  |            |
| Unrealised gain from revaluation                                    | 2,118,779   | 3,849,520  |
| Realised gain from sale of investments                              | 215,717     | -          |
| Disposal proceeds   | (1,110,332) | -          |
|   | 34,796,961  | 33,572,797 |
|   | 34,796,961  | 33,572,797 |
| Historic cost at 30 September 2017                                  | 23,255,815  | 24,150,430 |
|   | 23,255,815  | 24,150,430 |

All noncash investments as at 30 September 2017 are held as units in open-ended investment companies with underlying investments in equities and corporate bonds.

Investment representing over 5% by value of the portfolio comprise:

|   | 2017<br>£  | 2016<br>£  |
|---|------------|------------|
| F & C Responsible UK Equity Growth Fund | 15,275,280 | 13,533,687 |
| F & C Responsible Global Equity Fund    | 7,434,111  | 6,450,333  |
| F & C Responsible Sterling Bond Fund    | 12,087,570 | 13,588,777 |
|   | 34,796,961 | 33,572,797 |

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017

#### 11. PROGRAMME RELATED INVESTMENTS

|   | 2017<br>£   | 2016<br>£   |
|---|-------------|-------------|
| Value at start of the year                            | 849,872     | 997,797     |
| Additions at cost                                     | 2,241,786   | -           |
| Impairments   | (3,458)     | 2,075       |
| Disposals proceeds                                    | (1,048,491) | (150,000)   |
| Gain on disposals on transfer to Project Snowball LLP | 61,413      | -           |
| Unrealised loss                                       | (30,830)    | -           |
|   | <hr/>       | <hr/>       |
| Value at end of the year                              | 2,070,292   | 849,872     |
|   | <hr/> <hr/> | <hr/> <hr/> |
| Historical Cost                                       | 2,119,175   | 867,925     |
|   | <hr/> <hr/> | <hr/> <hr/> |
| Held as fixed assets                                  | 2,070,292   | 599,872     |
| Held as current assets                                | -           | 250,000     |
|   | <hr/>       | <hr/>       |
|   | 2,070,292   | 849,872     |
|   | <hr/> <hr/> | <hr/> <hr/> |

Programme related investments comprise the following:

|   | 2017<br>£   | 2016<br>£   |
|---|-------------|-------------|
| Charity Bank loan notes                 | -           | 250,000     |
| Ethex loan notes                        | 1,122       | 1,122       |
| Ethical Property Company shares         | -           | 148,750     |
| Social Impact Partnership shares        | 69,170      | 100,000     |
| Affordable Homes Rental loan notes      | -           | 250,000     |
| Community Share Underwriting loan notes | -           | 100,000     |
| Project Snowball LLP                    | 2,000,000   | -           |
|   | <hr/>       | <hr/>       |
| Value at end of the year                | 2,070,292   | 849,872     |
|   | <hr/> <hr/> | <hr/> <hr/> |

The above programme related investments are held at cost less impairment.

#### 12. DEBTORS

|                | 2017<br>£   | 2016<br>£   |
|----------------|-------------|-------------|
| Accrued Income | 177,890     | 223,350     |
| Other debtors  | 1,500       | 3,400       |
| Prepayments    | 4,161       | 3,999       |
|                | <hr/>       | <hr/>       |
|                | 183,551     | 230,749     |
|                | <hr/> <hr/> | <hr/> <hr/> |

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017

**13. CREDITORS: amounts falling due within one year**

|                                 | 2017<br>£ | 2016<br>£ |
|---------------------------------|-----------|-----------|
| Grants payable                  | 1,771,252 | 1,765,940 |
| Other creditors                 | 7,499     | 6,146     |
| Amounts due to Project Snowball | 1,201,509 | -         |
| Accruals                        | 38,295    | 30,049    |
|                                 | 3,018,555 | 1,802,135 |
|                                 | 3,018,555 | 1,802,135 |

**14. CREDITORS: amounts falling due after more than one year**

|  | 2017<br>£ | 2016<br>£ |
|--|-----------|-----------|
| Grants payable (due in one – five years) | 819,202   | 472,774   |
|  | 819,202   | 472,774   |
|  | 819,202   | 472,774   |

**15a. UNRESTRICTED FUNDS – Current year**

|                                      | Fund<br>balances<br>at<br>1.10.16<br>£ | Income<br>£ | Expenditure<br>£ | Transfers<br>£ | Gains and<br>Losses<br>£ | Fund<br>balances<br>at<br>30.9.17<br>£ |
|--------------------------------------|--|-------------|------------------|----------------|--------------------------|--|
| <b>Expendable<br/>endowment</b>      | 32,808,920                             | 904,219     | 2,321,864        | (80,000)       | 2,361,621                | 33,672,896                             |
| <b>Designated Funds</b>              |  |             |                  |                |                          |  |
| Journalist Fellowship 2018           | -                                      | -           | -                | 60,000         | -                        | 60,000                                 |
| Ideas Development Fund               | -                                      | -           | -                | 20,000         | -                        | 20,000                                 |
| Brexit proposals<br>(grant to Demos) | 20,000                                 | -           | 20,000           | -              | -                        | -                                      |
|                                      | 32,828,920                             | 904,219     | 2,341,864        | -              | 2,361,621                | 33,752,896                             |
|                                      | 32,828,920                             | 904,219     | 2,341,864        | -              | 2,361,621                | 33,752,896                             |

**Journalist Fellowship** – designated for a second Resilient Economies Journalist Fellowship.

**Brexit** – designated to support work relating to the implications of Brexit for our programme.

**Ideas Development Fund** – designated fund from which to commission research to develop programme ideas proposed by trustees at their Away Day in 2016.

**FRIENDS PROVIDENT CHARITABLE FOUNDATION**

**YEAR ENDED 30 SEPTEMBER 2017**

**NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017**

**15b. UNRESTRICTED FUNDS – Prior year**

|                             | Fund<br>balances<br>at<br>1.10.15<br>£ | Income<br>£    | Expenditure<br>£ | Transfers<br>£ | Gains and<br>Losses<br>£ | Fund<br>balances<br>at<br>30.9.16<br>£ |
|-----------------------------|--|----------------|------------------|----------------|--------------------------|--|
| <b>Expendable endowment</b> | 29,964,749                             | 913,357        | 1,900,781        | (20,000)       | 3,851,595                | 32,808,920                             |
| <b>Designated Funds</b>     |  |                |                  |                |                          |  |
| Journalist Fellowship       | 68,000                                 | -              | 68,000           | -              | -                        | -                                      |
| Brexit                      | -                                      | -              | -                | 20,000         | -                        | 20,000                                 |
|                             | <u>30,032,749</u>                      | <u>913,357</u> | <u>1,968,781</u> | <u>-</u>       | <u>3,851,595</u>         | <u>32,828,920</u>                      |

**16a. ANALYSIS OF NET ASSETS BETWEEN FUNDS – Current year**

|                                 | Designated<br>Funds<br>£ | Unrestricted<br>Fund<br>£ | 2017<br>£         | 2016<br>£         |
|---------------------------------|--------------------------|---------------------------|-------------------|-------------------|
| Fixed assets                    | -                        | 36,876,195                | 36,876,195        | 34,266,564        |
| Current assets                  | 80,000                   | 634,458                   | 714,458           | 837,265           |
| Current liabilities             | -                        | (3,018,555)               | (3,018,555)       | (1,802,135)       |
| Creditors greater than one year | -                        | (819,202)                 | (819,202)         | (472,774)         |
|                                 | <u>80,000</u>            | <u>33,672,896</u>         | <u>33,752,896</u> | <u>32,828,920</u> |
| Net assets at 30 September 2017 | <u>80,000</u>            | <u>33,672,896</u>         | <u>33,752,896</u> | <u>32,828,920</u> |

**16b. ANALYSIS OF NET ASSETS BETWEEN FUNDS – Prior year**

|                                 | Designated<br>Funds<br>£ | Unrestricted<br>Fund<br>£ | 2016<br>£         | 2015<br>£         |
|---------------------------------|--------------------------|---------------------------|-------------------|-------------------|
| Fixed assets                    | -                        | 34,266,564                | 34,266,564        | 30,614,905        |
| Current assets                  | 20,000                   | 817,265                   | 837,265           | 1,061,116         |
| Current liabilities             | -                        | (1,802,135)               | (1,802,135)       | (1,178,521)       |
| Creditors greater than one year | -                        | (472,774)                 | (472,774)         | (464,751)         |
|                                 | <u>20,000</u>            | <u>32,808,920</u>         | <u>32,828,920</u> | <u>30,032,749</u> |
| Net assets at 30 September 2016 | <u>20,000</u>            | <u>32,808,920</u>         | <u>32,828,920</u> | <u>30,032,749</u> |

# FRIENDS PROVIDENT CHARITABLE FOUNDATION

## YEAR ENDED 30 SEPTEMBER 2017

### NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2017

#### 17. COMMITMENTS

The Charity has operating lease commitments to pay during the next year as follows:

|                          | 2017<br>£ | 2016<br>£ |
|--------------------------|-----------|-----------|
| Land and buildings       |           |           |
| Within one year          | 16,500    | 18,000    |
| Within one to five years | 16,500    |           |
|                          | <hr/>     | <hr/>     |
|                          | 16,500    | 34,500    |
|                          | <hr/>     | <hr/>     |

#### 18. RELATED PARTY TRANSACTIONS

Due to the nature of the Foundation's operations and the composition of the trustees and their charitable interests, it is possible that the Foundation will make a donation to a charity in which a trustee 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.

In 2017 an investment of £2,000,000 was made in Project Snowball LLP. Paul Blyth, a member of the Investment Committee, is a director of Project Snowball LLP.

In 2016 the grant to ShareAction of £152,500 constituted a related party transaction requiring disclosure in the financial statements, due to Paul Dickinson's trustee role in both organisations.

The trustees confirmed that, following appropriate enquiries, they were not aware of any other related party transactions that required disclosure in the financial statements.

#### 19. MEMBERS

The charity is a company limited by guarantee. The members of the company are the trustees named in the reference and administrative information. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member.