

THE TUDOR TRUST

Annual Report and Accounts
2019/2020

Company number 5196041

Registered charity number 1105580

Contents

Trustees' report for the year ended 31 March 2020	1
Introduction	1
Structure, governance and management	2
Trustees	2
Decision making	3
Day-to-day operation of the Trust	4
Grant-making policy and aims	5
Objectives and activities	5
Achievements and performance	6
Looking ahead	18
Financial review	20
Charitable expenditure	20
Remuneration	21
Investments	22
Social investments	23
Reserves	24
Risk management	24
Statement of trustees' responsibilities	26
Financial statements	27
Statement of Financial Activities	27
Balance Sheet	28
Statement of Cash Flows	29
Notes to the annual accounts 2019/2020	30
Independent Auditor's Report to the Members of The Tudor Trust	47
Reference and administrative information	
(contINUATION OF Trustees' report)	51

Trustees' report for the year ended 31 March 2020

Introduction

Our annual report for 2019-2020 looks back on a world before Covid-19 and the lockdown in the UK. So much has changed, and yet the principles underlying our approach as a charitable foundation remain the same. They will help us interpret and respond to a new environment where old patterns of thinking and behaviour are rightly being challenged. Tudor's work last year - what we think we have achieved, what we have learnt and, crucially, where we recognise where we have fallen short - gives us a starting point for this journey.

Since 16th March Tudor's practices have changed radically. Our immediate concern has been to shape a response which supports many of our hundreds of current beneficiaries, whilst remaining open to new applications. The staff team, working remotely, has shown remarkable commitment in often difficult circumstances.

The trustees have also played their part in helping develop a response to unprecedented need which is swift, flexible and straightforward. The trustees have committed to increasing the trust's giving in the current financial year, and intend that our commitments will not fall below previous levels in the two subsequent years.

They have met weekly to agree emergency funding for food and necessities and additional grants to help current beneficiaries meet unforeseen costs. We've continued to make grants to new organisations: some for work specifically responding to Covid-19 but many to build longer-term security for organisations working in distressed communities. These grants are being delivered in a way that relies on high levels of trust in the funding relationship. This is one of our key principles and exercising it in such difficult circumstances has taught us much about current and future grant-making practice.

Covid-19 and the lockdown has reinforced and heightened significant inequalities in our society - inequalities that are systemic and frequently stem directly from racial injustice. These inequalities are being experienced by the very communities the trust seeks to support. Responding to this, Tudor's trustees and staff intend to review our current funding approach, particularly to organisations which are BAME-led.

Tudor enters this new year both stretched and challenged. We continue to believe that a relational approach based on listening and trust remains essential. We will be guided by our organisational principles as we recalibrate the way we work and will report on how we have done this in our next annual report.

Sadly, as we move forward we will be losing a key member of Tudor's management team. Fiona Young has been the trust's Head of Finance and Resources for over 14 years. The trustees would like to record their thanks for her consummate skill, wisdom, patience and friendship over these years. Fiona has served the trust's beneficiaries in a remarkable way. It is a mark of her commitment that she has

continued to support the trust as we negotiate the current situation, and we thank her for that too.

Tudor's principles

Tudor's principles underpin all aspects of our work, and act as a navigational guide when we are reflecting on our practice or considering challenging issues:

1. **Supporting communities** to drive their own positive change
2. **Investing in relationships** as the foundation of all we do - starting from a position of trust and demonstrating that we can be trusted
3. **Listening with intent:** always trying to hear the real voice
4. **Valuing people's time:** acting quickly where helpful and taking time where needed
5. **Drawing on learning, creativity and experience to offer flexible, practical support to people, ideas and communities**
6. **Making the most of our resources and independence and being open to challenge**

Trustees and staff reviewed these principles over the year: this final principle was added following this discussion. It is intended to explicitly acknowledge Tudor's freedom of thought and action, while keeping the door open to change and challenge.

Structure, governance and management

On 1st March 1955 Sir Godfrey Mitchell endowed a charitable trust with a gift of shares in the construction company George Wimpey. In 1979 this trust became known as The Tudor Trust. The Tudor Trust's governing document is its memorandum and articles (incorporated 3rd August 2004 and amended by special resolution(s) dated 29th May 2014). The Trust was incorporated as a company limited by guarantee on 1st April 2005, with all assets and liabilities of the previous Trust being transferred to the current legal entity on that date. The company is also registered with the Charity Commission (registered 20th August 2004).

Trustees

The Trust's trustees are listed on page 51 of this report. The Board of Trustees appoints the trustees and while the articles of association provide for a minimum of six there are currently 15 trustees. In accordance with the articles, one-third of the trustees retired from office and offered themselves for reappointment at the annual general meeting of the company on 4th September 2019. Trustees appointed since the last AGM were also reappointed at this meeting. Trustees over the age of

70 serve for a term of one year, retiring from office and offering themselves for reappointment at each annual general meeting, if they so wish.

The composition of the Board is kept under review and if a trustee retires, or additional trustees are needed we look to recruit new members with relevant skills and experience. An induction programme and trustee handbook are provided for all new trustees and as part of their introduction and subsequent induction a new trustee meets key staff and attends a wide range of meetings and committees. Trustees also receive updates and informal training through briefing papers, by taking part in regular meetings and discussions with applicants and grant holders and through attending in-house training and skill-sharing sessions. No new trustees were appointed in the year under review.

In the year under review the Board carried out a skills audit and identified a number of areas for trustee development. A training programme was established and during the year trustees received external governance and HR training from Russell Cooke and took part in two internal skill-sharing sessions on accounting formats. Trustee development and training has now been integrated into Tudor's wider learning framework.

Trustees continued to review the Charity Governance Code for larger charities. Work on the Diversity principle is ongoing: some aspects of diversity present particular challenges for a family trust, but we continue to think through the issues here.

During the year the Board finalised two significant policies, on serious incident reporting and safeguarding. All staff, and three trustees, took part in safeguarding training over the year, with two members of staff completing additional training so that they could act as Tudor's safeguarding leads.

Decision making

The **Board of Trustees** meets three times a year and holds ultimate responsibility for the Trust. It agrees the broad strategy of the Trust, reviews and confirms policy decisions, ratifies grant approvals and discusses financial and investment issues. A number of committees, sub-committees and groups support the work of the Trust.

- The **Trustee Committee** currently has seven members and reports directly to the Board. It meets every four weeks and reviews and develops grant-making policy, confirms grants and investigates and makes decisions on the more complex applications. The Trustee Committee also oversees the operation and activities of the Trust, whilst leaving the day-to-day decision-making to the management team.
- The **Investment Committee** currently has five members and reports directly to the Board. It meets quarterly, focusing on the development and implementation of Tudor's investment policy, asset allocation and the performance of investments.

- The **Audit Group** and **Remuneration Committee** also report directly to the Board.
- The **Delegated Decision Committee** meets every four weeks. This committee is now fully established, and during the year the Board agreed that it would report to the Trustee Committee rather than directly to the Board. A member of the management team, usually the Director of the Trust, chairs the meeting, with other Grants Managers (in rotation) being members. The remit of the Delegated Decision Committee is to consider straightforward requests for continuation funding, requests to reassess or 'flex' a grant during its term and recommendations for development grants and Africa Group capacity-building grants.
- **Grants Meetings** report to the Trustee Committee and consider the majority of grant applications put before trustees. Three to four Grants Meetings take place every four weeks, with three or four trustees taking part in each meeting, alongside staff.
- A pro-active special interest group, the **Africa Group** also reports to the Trustee Committee.
- The **Complexity Friendly Funding Group** engages in learning and action research in order to gain insight into what complexity-informed practice might look like in Tudor's context, with the aim of improving our grant making practice when supporting groups working in increasingly complex environments. This group reports to the Trustee Committee.
- A new **Children and Young People's Group** began to form during the year, and is still in its development phase. This group also reports to the Trustee Committee.

In 2019-2020 51% of funding committed over the year was agreed at Grants Meetings, 27% by the Trustee Committee, 11% by the Delegated Decisions Committee and 11% by Africa Group. This is in line with the parameters set by the Board.

Day-to-day operation of the Trust

The trustees delegate the day-to-day management and operation of the Trust to the Director and the Head of Finance and Resources, Head of Grant Making and Head of Research and Information. The management team implements policies and strategy on the trustees' behalf, giving direction and support to the staff. The Tudor Trust has three staff teams:

- The **Resources Team** maximises the effective use of the Trust's resources by managing its overall finances, investments, human resources and the office environment.

- The **Grants Team** is responsible for the grant-making process through assessing new proposals, engaging with applicants, presenting applications to trustees and managing the grants portfolio.
- The **Information Team** is responsible for the effective management of Tudor's first-stage application process and for internal and external information, learning, communications and research work.

Grant-making policy and aims

The Tudor Trust operates for the public benefit. Our ultimate beneficiaries are the thousands of people that the groups we fund work with and support, not the groups themselves. The trustees have taken into account the Charity Commission's general guidance on public benefit when reviewing Tudor's aims and objectives and in planning future activities, setting grant-making policy and making grants.

When Sir Godfrey Mitchell endowed the charitable trust with an expendable endowment he specified that the trustees should be able to apply the funds to any charitable purpose. Over the years the breadth of these objects and powers has allowed the trustees to reassess how best we can make use of Tudor's funds, when this feels necessary. We know, however, that many organisations value our consistent, relational approach to funding, so again made no changes to our funding guidelines for 2019-2020. These guidelines set out the Trust's aims in the UK as follows:

The Tudor Trust wants to support smaller groups, embedded in their communities, which work directly with people who are on the edges of mainstream society in ways which encourage inclusion, integration and independence.

We don't have specific funding programmes designed to advance a particular agenda as we think that the groups we support are best placed to identify problems and develop solutions.

Our funding guidelines are broad because we want to support the work that groups really want to do. We seek to give those organisations we support the opportunity and practical tools to do the work that they know is needed.

Objectives and activities

Over the year Tudor funded work across the UK which met our overarching aim of addressing the many different needs of people at the margins of society. We also made grants in Africa under a targeted programme and this year gave five year funding to groups we have supported over a number of years. Details of all the grants we made over the year, alongside a wider analysis of our grant making, are given in our *Grants review 2019-2020*, available on our website (www.tudortrust.org.uk) or on request from the Trust.

Our aim as a funder is to respond to the needs identified by our applicants, providing some of the resources they need to achieve their aims and make a positive difference within their communities. This responsive approach means that the grants we made during 2019-2020 supported a wide range of organisations and work across the UK.

Achievements and performance

During the year under review Tudor's key objectives were:

- To make around 300 grants committing up to £18 million, supporting smaller-scale, community-based organisations to do the work they identify as most needed.
- To make grants reaching people at the margins of society.
- To develop our approach to relational funding, continuing to be an open, enabling and flexible grant maker providing useful and appropriate support to grant holders and applicants.
- To continue working towards becoming a 'learning organisation' and to encourage learning and knowledge exchange in the organisations we support.
- To continue to make the most effective use of the Trust's resources.

Underpinning all of these objectives is an intention to work in a way which is fully aligned with our principles. We appointed our first Learning and Communications Manager, Annie Salter, in June 2019: she has helped us to discuss and develop ways of embedding our principles more deeply in our work. Throughout the year, trustees and staff continued to draw on our principles, applying them at different points in the grant-making process and using them to review and reflect on our work and practice.

To make around 300 grants committing up to £18 million

- We made **344 grants** (2019: 311) totalling **£20.9 million** (2019: £17.9 million). The size of the average grant increased to **£60,875** (2019: £57,553).
- However when smaller-scale staff grants, development grants, co-produced grants and Africa Group capacity-building grants are discounted the total number of grants made reduced to **281** with an average grant size of **£73,737**.
- This increase in grant expenditure was in part due to a change in approach by Tudor's Africa Group. In the summer of 2019 the Africa Group reviewed

its remit and agreed to extend its core funding to 28 regularly-funded organisations to a full five years. This was intended to give confidence and a degree of stability to these groups, while freeing up time and energy to focus on developing and funding strategic work through partnerships. Bringing all core grants up to a five-year term accounts for the increase in grants commitments made by the Africa Group in the year under review: from £1,078,000 in 2018-2019 to £2,234,200 in 2019-2020. This unusual increase in Africa Group commitments will smooth out over the next five years as the Africa Group focuses on the strategic and collaborative work which will sit alongside our core support.

- In addition, just before the year end we made an exceptional grant of £500,000 to the National Emergencies Trust, to support urgent local responses to the Coronavirus pandemic.

To make grants which support smaller-scale, community-based organisations to do the work they identify as most needed

- In 2019-2020 the regional distribution of our grants was as follows:

<u>Region</u>	<u>No of grants</u>	<u>Value of grants</u>	<u>% by value</u>	<u>% of UK population</u>	<u>Grant per head</u>
					(UK only)
East Midlands	15	£909,397	4%	7%	£0.19
Eastern	19	£1,102,000	5%	9%	£0.18
London	38	£2,164,770	10%	14%	£0.24
North East	43	£1,531,870	7%	4%	£0.57
North West	30	£1,761,740	8%	11%	£0.24
Northern Ireland	7	£582,000	3%	3%	£0.31
Scotland	16	£1,264,000	6%	8%	£0.23
South East	18	£1,248,520	6%	14%	£0.14
South West	17	£977,200	5%	8%	£0.17
Wales	10	£800,000	4%	5%	£0.25
West Midlands	9	£681,000	3%	9%	£0.11
Yorkshire & the Humber	30	£2,026,150	10%	8%	£0.37
National/multi-regional	44	£3,459,610	17%	NA	NA
Overseas	48	£2,432,593	12%	NA	NA
Total	344	£20,940,850	100%	NA	NA

- Tudor is primarily a responsive funder, making grants to groups which apply to us having read our funding guidelines. This can mean that we see fluctuations in grants going to different parts of the UK from year to year. When reviewing our 'give' per region we focus on the grant per head figure, rather than the actual value of grants made, so that we can assess our grant commitments in the light of population figures. This year saw increased levels of funding going into the East Midlands, the North East, the South East and Scotland. Conversely, the grant per head figures for London, the North West and Wales dropped quite significantly. With relatively few grants going to each region these figures simply provide a 'snapshot' of how our funding is distributed, but they do help us to decide where we should focus our efforts in terms of encouraging applications.
- For example, the Eastern region had traditionally been something of a 'cold spot' for Tudor in terms of applications received and funded: in 2018-2019 our grant give here was just £0.06 per head. During the year under review we gave some focused attention to this region, including spending time meeting groups and finding out about the voluntary sector 'ecosystem' in Peterborough. We are pleased to note that our grant per head has increased to £0.18 this year.
- Tudor is committed to supporting smaller organisations which are embedded in their communities. In 2019-2020 41% of our grants went to organisations with a turnover of less than £100,000 (2019: 27%). 83% of our grants went to organisations with a turnover of less than £500,000 (2019: 82%).
- We are interested in making grants which respond directly to the priorities identified by our applicants and also want to fund in ways which strengthen the whole organisation, rather than just a particular aspect of their work. For many groups the priority is core funding - so a grant to cover things like key salaries and day-to-day running. In 2019-2020, by value, 92% of our revenue grants went towards core costs, rather than to specific projects (2019: 91%).
- However, we only made 20 grants which were officially designated as 'unrestricted'. Tudor funds organisations operating under a wide range of legal structures, not just charities, so it isn't always possible for us to consider making a grant on an unrestricted basis. But given that one of our principles requires us to operate '*from a position of trust*' we intend, over the year ahead, to demonstrate the trust we place in the organisations we support by making more unrestricted grants, where it is possible and appropriate to do so.
- In 2019-2020 25% of our grants went to organisations which support the resilience and stability of communities while also encouraging inclusion and positive social connections - so to community centres and resource centres, community development groups, community food projects, community gardens and growing schemes and local advice and advocacy projects.

To make grants reaching people at the margins of society

- Tudor's funding guidelines emphasise our commitment to funding work with the most marginalised communities. The guidelines stress our interest in supporting work which addresses marginalisation, however our applicants choose to define it, while also explaining how this sits alongside the other key characteristics and qualities we are looking for in the organisations we fund. Interwoven with this, the principle of '*Supporting communities to drive their own positive change*' underpins the approach we take when deciding which applications should go forward. While we wish to support work which addresses disadvantage we are interested in supporting organisations which do this by nurturing and building on the strengths and potential held within their communities.
- Alongside our funding for 'neighbourhood' work which addresses marginalisation within local communities, Tudor also supports groups which work with particular communities of interest, responding to marginalisation in a more targeted way. So in 2019-2020 10% of our grants went to groups working with people with mental health issues, 10% to groups providing support to refugees and asylum seekers, 4% to groups working with people with disabilities and 2% to groups working with the LGBT community.
- In the year under review 7% of our grants went towards work with people who are homeless, at risk of homelessness or who were vulnerably housed. We increased our focus on work with private renters during the year, with significant grants going to the Association of Community Organisations for Reform Now (ACORN), Living Rent and the London Renters Union for work in Birmingham, Edinburgh and London. This builds on a strategic five year grant, focusing on building a private renters movement for affordable housing, made to NEF at the end of the previous year.
- We also monitor the proportion of our grants going towards targeted work with BAME communities or to BAME-led groups. We don't currently have a way of separating out BAME-led work from work with BAME communities. Given our commitment to *supporting communities to drive their own positive change* it feels important that we should be able to do this, so over the next year we will adjust our coding systems so that we can make this distinction. In 2019-2020, 16% of our grants went towards work with a BAME focus (2019: 19%).
- Tudor is primarily a UK funder, but we also run a targeted grants programme promoting ecological agriculture in Zimbabwe, Kenya and Uganda. This programme is led by our Africa Group - a special interest group made up of trustees and staff - and focuses on strengthening sustainable agriculture networks by resourcing centres of good practice and farmer-to-farmer learning. As already noted, the Africa Group 'reset' its relationship with the organisations it funds during the year under review: over the next few years we will discover whether having a degree of security in terms of core

funding does help to ‘make space’ for strategic working through partnerships.

To develop our approach to relational funding, continuing to be an open, enabling and flexible grant maker offering useful and appropriate support to grant holders and applicants

- It is our view that ‘how’ we fund is just as important as ‘what’ we fund, that relationships lie at the heart of what we do and that these relationships are stronger when based on mutual understanding and trust. Four of our core principles therefore cluster around the ‘how’ of our grant making: *Investing in relationships; Listening with intent; Valuing people’s time* and *Using learning, our experience and creativity to offer flexible support to communities*.
- Over the year Tudor’s staff team looked after a portfolio of around 770 active grants. The groups we fund continue to operate within a pressurised and volatile climate, struggling to meet increasing demand as resources reduce - this means that grants managers regularly provide support as they address complex issues or respond to crises. We aim to help groups respond to changing circumstances by being flexible and supportive in our approach to grants management, where this is possible, whether by adjusting grants periods, agreeing a change of use for a grant, revising payment schedules or occasionally flexing the size of a grant. This approach was further reinforced towards the end of the year under review, when we signed up to London Funders’ ‘*We stand with the sector*’ funder response to Covid-19, pledging to listen to our grant holders, adapt activities, outcomes and timeframes and offer financial flexibility.
- Tudor’s grants managers can also offer guidance and support on issues such as governance, organisational development, financial management or evaluation, either directly or by connecting the grant holder with an organisation which can provide more specialist advice. When more intensive and expert support is needed grants managers can recommend a development grant - a small grant intended to help strengthen a particular aspect of an organisation. In 2019-2020 we made 22 development grants which allowed organisations to buy in specialist consultancy to address a variety of governance, strategic or financial issues. We also sponsored 40 places for our grant holders at Sound Delivery’s Social Media Exchange 2020, a creative day with a digital storytelling focus for the charity sector. This event took place in Newcastle in March 2020: its first time outside London.
- We are keen to develop new relationships as well as nurture existing ones: a commitment to funding organisations we haven’t supported before is an important aspect of being an open and accessible funder. In the year under review 39% of the groups we funded were new to us (2019: 36%).
- As a relational funder, we prioritise face-to-face engagement with applicants and grant holders, though this can be challenging to achieve as a

national funder with a small staff team. Staff and trustees visited 174 organisations over the year, and met another 88 at our offices. Visiting and meeting applicants and grant holders helps to build and strengthen trusting relationships while also giving us a stronger insight into their work and motivation. Visiting also helps us understand the social, regional and political context, and the interlocking systems, within which organisations are working.

- Trustees and staff now go ‘on the road’ together each year, taking part in an extensive programme of visits and meetings while also engaging in the usual four-weekly cycle of grants meetings and committees. This intensive immersion in an area helps us develop a shared understanding of place in relation to the work of local voluntary and community organisations.
- In June 2019 26 staff and trustees spent three days in Hartlepool visiting organisations and, for the first time, engaging in face-to-face grant making. Two members of the grants team undertook a great deal of preparatory work during the first half of the year, supported by local anchor organisation the Wharton Trust, getting to know the town and identifying groups which might benefit from a small grant. Over an afternoon 20 separate half-hour conversations took place, with a trustee and a member of staff having open conversations with group representatives. A funding request was developed through each conversation: later in the day trustees and staff came together, reflected on the conversations, and approved grants of up to £5,000 for each group.
- This piece of work built on Tudor’s experience of face-to-face engagement and co-creation of applications, developed when we were one of the many funders involved in the response to the Grenfell Tower fire in 2017. Flowing from this emergency intervention, and challenged by IVAR who has looked at what learning can be drawn from these funder responses, we were interested in seeing whether we could bring greater urgency, a responsible lightness of touch and more open relationships into a ‘non-emergency’ situation. IVAR acted as our learning partner in this work, and their paper [The power of face-to-face grant-making: Small grants in Hartlepool](#), shares some of the learning drawn from the experience. We will be testing how these lessons can be incorporated into our day-to-day grant-making processes over the year ahead.
- Until the outbreak of Covid-19 planning was underway for our next three-day visit - this time to North Kent. This visit has now been postponed until 2021.

To work towards becoming a ‘learning organisation’ and to encourage learning and knowledge exchange in the organisations we support

- With the appointment of our first Learning and Communications Manager in June 2019, we spent much of the year under review scoping, defining and developing our approach to and practice around learning. As a generalist funder it would be easy to become overwhelmed by the amount of

information we receive, and generate: our aim was to find ways to ‘embed’ learning and reflection into our daily work, always with the aim of moving from learning to action.

- On this basis, towards the end of the year trustees committed to a new ‘learning intention’ for the organisation: *“Tudor wants to use learning practices to explore how communities drive their own positive change and how we can best support them. By prioritising learning, as an organisation and as individuals, we intend to invest in this exploration and act on what we learn.”*
- The weekly initial assessment meeting is key to our learning: here the Grants Team come together to discuss with at least one trustee which applications we will take to second stage. Reviewing and discussing such a wide range of applications from all over the UK provides regular opportunities for sharing knowledge, comparing different approaches, refining our thinking around the characteristics we look for in the organisations we fund, and sometimes challenging ourselves and the status quo. More trustees took up the standing invitation to join this meeting, giving them wider exposure to the full range of the first-stage applications we receive. It is also helpful to have different trustee’s perspectives at this crucial stage of the assessment process.
- The four-weekly meeting cycle provides a wider focus for learning across the trust, and is another point where our values of *Listening with intent* and *Investing in relationships* come into play. A full day’s programme surrounds each grants meeting, providing opportunities for learning, sharing and discussion for both trustees and the staff team. The day begins with an opening session, where trustees and staff discuss current issues, consider grant management dilemmas and share reports received from groups. Following the grants meetings, the afternoon is set aside for meetings with applicants or grant holders, or for a focused learning session – in the year under review, for example, Information Team staff led a session on Universal Credit, with crucial input from a number of funded groups, and trustees discussed issues raised by our participation in the Association of Charitable Foundations’ Northern Ireland Conference.
- We have started to create spaces for learning and reflection in all our regular meetings, building on what we already have in place rather than creating new learning fora. For example, towards the end of the year we made space for all trustees and staff involved in the various grants meetings to get together and briefly share their reflections, with the aim of making connections between discussions in the different committees, and we have spent more focused time on learning at team and staff meetings.
- Tudor is a generalist grant maker supporting a diverse range of organisations working across many different issues: our open and inclusive approach means that it isn’t possible for us to evaluate the overall ‘difference’ our grant making makes to society as a whole. However we are

committed to learning from our individual grants and to supporting our grant holders to develop approaches to monitoring and evaluation that work for them and which help them reflect on their work, and learn and improve.

- We received 451 reports from our grant holders in 2019-2020. We read, respond to and learn from each of these reports, using them to assess progress on individual grants and to gain a better understanding of how the learning flowing from these reports can lead to improvement - both for the organisations we are supporting and our wider grant-making practice. In the year under review we continued to work with IVAR, and a group of other funders and funded charities, to test a set of principles intended to make grant reporting a shared, more meaningful and mutually beneficial experience. We have now working to these principles and are committed to integrating them more fully into our approach to reporting over the year ahead.
- We continued to think about our wider approach to learning and evaluation, both for ourselves and for our grant holders. Toby Lowe's work at Northumbria University, on trust-based funding in complex systems, has continued to influence our thinking here. It provides an intellectual framework for our perhaps more instinctive sense that measurement for performance management is unhelpful and distorts the funding relationship and that measurement for learning and improvement is what matters. The 'Human, Learning, Systems' approach developed by Toby and his team has sparked intense discussion within Tudor and in May 2019 we convened a 'Complexity Day' to open things up further. Fifteen grant holders - alongside Tudor trustees, staff, and Toby and his colleague Melissa Hawkins - explored how complexity reveals itself in their work and how funders can recognise and support this in the way they fund.
- Drawing on insights from the day, during the year the Complexity-Friendly Funding Group continued to investigate how Tudor might be a more supportive funder of groups working in complex environments, and how we can think about accountability in a different way. To support us in our learning and to help develop our practice, we have joined the case study cohort which forms part of Northumbria University's programme of action research.
- We identified five organisations, already working in complexity, with whom we could partner to test and develop a more 'HLS aware' funding approach. Grants managers worked with each group with a view to funding them with grants of up to £150,000 each: in most cases the decision to make a grant happened much earlier than usual in the relationship, leading to a very different dynamic within the discussion about the challenges the organisation is facing, how the funding would be used and how two-way accountability will be maintained. It is hoped that this approach to grant making will open up conversations and have a positive impact on the power dynamic between the funder and the funded: Melissa will be talking to

these groups about how the experience of being funded in this way has felt to them.

- More widely, we continued to explore principles-focused evaluation, an approach which helps organisations hold their values at the heart of what they do and assess whether they are living up to them. We have ‘paused’ at various points in our grant making - for example when deciding which applications to take through to second stage, or at grants meetings - to think about how and when we have applied our principles during the decision-making process, or whether there were points when our principles should have come into play, but didn’t. We also used the principles to guide our decision-making when appointing our new IT support provider: they helped us identify an organisation which valued the same things we do, and which we felt would therefore be a good partner.
- We had intended to review some of our grant-making data for 2019-2020 through the ‘lens’ of one or two of our principles for this annual report: for example by looking carefully at the statistics around the time taken to approve a grant and then exploring how this sits against our principle of *Valuing people’s time: acting quickly where helpful and taking time where needed*. We were unable to do this as this as our focus in the first months of 2020-2021 has been on our Coronavirus response, but this will be something we work on over the year ahead.
- We continued to value the input and guidance of Richard Jenkins, a Tudor associate, who has helped us develop our thinking around principles-focused evaluation and funding in complexity, while also acting as a critical friend on our wider learning journey. Richard has also supported one of our grant holders to explore what principles-focused evaluation might look like for them.
- During 2019-2020 we continued to share our grants data via 360 Giving, an initiative working to help UK grant makers to publish their data openly online, to an agreed standard. This allows data from many different funders to be shared and compared more easily, enabling learning and supporting decision making. Sharing our data in this way has led us to think about using the data we hold in different ways - for example by mapping our grants against the indices of multiple deprivation. ‘Seeing’ exactly where our grants go, and identifying gaps and clusters, gave us a better sense of the current scope of our grant making and of the areas we are not reaching.
- We also recognise the value of learning from others, whether to listen to new ideas and increase our understanding of issues that affect the communities we support, or to help us improve as a funder. For example, this year we have taken part in the ACF Annual Conference, the ACF Stronger Foundations working group on funding practices, IVAR’s Evaluation Roundtable, the Traveller Movement conference and a Losing Control Network event.

To consider how we can make the most effective use of the Trust's resources

- Tudor is committed to *making the most of our resources and independence*, thereby contributing to the health and strength of civil society. Using *all* our resources - not just our money - as effectively as possible is clearly crucial here.
- Tudor's approach to grant making relies on regular, focused engagement from our trustees and it is important that we effectively direct the key resources of trustee time, energy and experience in ways which support and develop the work of the trust. Over the last three years three new trustees have joined the Board, bringing a diversity of experience which has helped us to be more effective both in our direct grant making and in our strategic thinking. This year a skills audit helped identify areas where the Board felt that it needed development and we have implemented a regular development programme for the trustees in response to this.
- The Delegated Decisions Committee (DDC) continued to operate throughout the year under review, with the staff team taking responsibility for making decisions on applications for continuation funding, within clear parameters. Over the year 18% of grant decisions were made by the DDC. Delegating decisions in this way releases trustee time and energy, while also making effective use of grants managers' skills and experience, allowing them to steer the development of established funding relationships. The DCC is now well-established, so this year trustees agreed that it should report to the Trustee Committee, rather than the full Board.
- Our welcome partnership with the Four Acre Trust continued during 2019-2020, with their trustees committing £250,000 to help resource Tudor's grant making within the youth sector. Four Acre's approach - supporting smaller, local charities, backing good people and focusing on prevention - aligns closely with that of Tudor. Their funding has allowed us to provide a stronger level of support to some key youth organisations than we could otherwise. Tudor's trustees are grateful to Four Acre for placing their trust in us in this way, and are delighted that the partnership will continue into 2020-2021, with Four Acre allocating £350,000 towards grant support for youth projects over the year ahead. We remain interested in the potential for further partnerships of this type and would be very happy to talk to other organisations interested in aligning some of their resources alongside ours.
- Wider collaboration is another way in which we can leverage our resources. In 2018 Tudor joined with five other funders - City Bridge Trust, Esmée Fairbairn Foundation, LankellyChase Foundation, Lloyds Bank Foundation for England and Wales and Paul Hamlyn Foundation - to explore how we might work together on a joint place-based initiative. LocalMotion aims to develop a piece of work which puts local people in the lead and which offers real learning about how we might rethink usual philanthropic practice. It has taken time for six very different funders to move beyond their own culture,

approach and strategy to find common ground, but in November 2019 the group appointed a Director for Collaboration to work with group members and local communities to turn ideas into a programme of work. Detailed work is now taking place to identify six potential pilot areas in which this work can be developed.

- We recognise that the resources we have as an endowed charitable trust offer a level of freedom and independence which is unusual within the wider charitable sector. Tudor's trustees believe that working collaboratively is one way in which we can do this: as funders we are in the privileged position of having the time, capacity and money to dedicate to exploring this kind of speculative work. Alongside this we can also make grants to organisations with a wider systems change or policy development agenda. For example in the year under review we made grants to the Finance Innovation Lab, to support their work towards a fair, inclusive and socially useful finance system and to Just Fair, towards their work to establish a Social Rights Alliance for England, which will use human rights law and principles as a tool for change. These may not be 'typical' Tudor grants - the vast majority of our funding goes toward smaller-scale, grassroots work - but in our view this kind of work is strongly aligned with our principles, and with our overall aims as a funder.
- Tudor's trustees have operated a responsible investment policy for managing the Trust's endowment for 19 years now, with the intention of aligning the use of our financial assets with our grant-making approach. In the year under review Tudor's Investment Committee continued to debate how best to apply the investment principles which underpin this approach. Having divested from oil and gas in 2019, shortly after the year end the committee made the decision to divest from all companies deriving more than 5% of their turnover from nuclear energy.
- Social investment has been part of Tudor's toolkit for over fifteen years, with our motivation being our wish to use all of our assets to achieve our aims. Over the year we reviewed our history in social investment, our role in the sector and our future strategy: this review involved discussions with sector peers and investees, as well as Tudor's trustees, and it enabled us to develop our first set of social investment principles. These principles establish our interest in 'disruptive' social investments; set out our role in working in a relational way with our investees, helping them to protect their mission and purpose; and identify when to work alongside other investors and when to work alone.
- We made one new social investment during the year, placing £400,000 in the Community Led Housing Fund. This follow-on fund from the Community Land Trust funds will be managed by CAF Venturesome and offers financing for community-led housing projects in a number of new and innovative ways.
- During the year we continued to work on the development of a new grants management database. After much deliberation, we paused this project in

May 2019, as we felt that it wouldn't be possible to accommodate our iterative and flexible grant-making approach within the proposed workflow system. We feel that it is important that we get this right: we need a database that allows us to work in a way which resonates with our principles and which is adaptable enough to let us change our approach in response to changing circumstances. However, we successfully updated our existing database system in October 2019, giving us a more stable platform to work from while we develop a new system. In the year under review we also tendered for our IT support services, drawing on our principles to choose a new provider. This process was completed in December 2019.

- Tudor's staff team is a key resource. In the year under review we recruited our first paid intern, with Suneer Fida joining the Grants Team, initially for six months. This arrangement has worked very well and we are delighted that Suneer will remain with us, providing maternity cover within the Grants Team. The Information Team also welcomed two new members: Annie Salter (Learning and Communications Manager) and Ayo Wallace (Grants Support Assistant).
- We were very sad to say a partial goodbye to Fiona Young, who has been Tudor's Head of Finance and Resources for 14 years. Fiona has been a key member of Tudor's management team, overseeing our finance and governance functions with expertise and wisdom, and transforming our approach to social investment. While providing support and good counsel to Tudor's trustees and staff, she has also been a valued colleague to many working in finance and social investment across the trust and foundation sector. We are very grateful that Fiona will continue to provide some support to Tudor as Interim Head of Finance (from 1st April 2020) while we recruit to this crucial, and very challenging, role.

Looking ahead

The impact of Covid-19 is being deeply felt by the organisations we support, and the people and communities they serve. At the time of writing it is too early to fully understand the impact of the pandemic and the associated financial, social and emotional trauma it has unleashed, but over the year ahead we will adapt our thinking and priorities in response to changing circumstances. On that basis these are our initial plans for the year ahead.

- At their Board meeting in March 2020 Tudor's trustees agreed a commitment of £18.5 to £19 million for 2020-2021, to around 300 organisations. However in June trustees indicated that they would be prepared to see an uplift in our expenditure of up to £5 million, as we develop our response to the Coronavirus crisis. Our giving will continue to be monitored on a four-weekly basis by the Trustee Committee, with the Board reviewing the situation in July and November 2020.
- This baseline commitment level of £18.5 to £19 million is in line with the level of grants agreed over the last six years: over this period our annual grant commitment has ranged from £17.2 million to £20.9 million. We will continue to discuss a range of future scenarios for the Trust: over the next two years, while this discussion takes place, our intention is that our give will not fall below that of previous years. Tudor's approach may need to change in order to best deliver our purpose in these challenging circumstances.
- Throughout next year we also plan to continue to develop our thinking and practice around learning. We will continue to find ways of building learning and 'reflection points' into our processes, and will look at how best we can facilitate learning in different circumstances. We intend to continue developing our approach to principle-focused evaluation, and to find ways of building feedback loops into our processes, so that we can be more accountable to our applicants and grant holders. We will consider how the lessons learned through the Complexity Friendly Funding Group should inform our wider grant making. Bringing our grant holders together, so we can listen to and learn from each other, is something we will try to do more often.
- The world is facing major issues which Tudor, like many other funders, needs to address. We will further consider the trust's response to climate change, both in our internal operations and in our approach to funding. We also need to undertake some urgent and necessary work around issues of racial justice, anti-racism and the wider diversity, equity and inclusion (DEI) agenda. In the year under review we began conversations around DEI within the staff team, and with trustees. We need to move more quickly towards listening, learning and action. In the year ahead we will reflect on our privilege as an organisation, start to assess our policies and practices against the nine pillars of stronger foundation practice in Diversity, Equity and Inclusion outlined by the Association of Charitable Foundations and will

consider how best to direct more of our resources to supporting work led by the Black community and by people of colour.

- We quickly adapted our approach to grant making as we moved to remote working towards the end of March 2020, introducing increased flexibility around existing grants, greater trustee involvement during grant assessment and development, lighter-touch due diligence, less reliance on detailed paperwork, a more exploratory and less inquisitorial approach at grants meetings, and quicker decision making. Decisions around small immediate support grants have been delegated to grants managers. Over the year ahead we will assess which elements of this changed way of working we want to consolidate and retain.
- Underpinning all this, we will continue to concentrate on making good grants. We maintained our day-to-day grant making during the first three months of the Coronavirus pandemic, feeling that it was important to maintain a horizon beyond the immediate emergency response providing some level of consistency and reassurance to the sector. The primary focus of our work remains unchanged: the trustees' overarching intention is that Tudor should continue to provide useful, flexible and timely support to voluntary and community organisations which promote positive changes in people's lives and in their communities.

Financial review

Charitable expenditure

This year Tudor entered new grant commitments of £20.9 million (2019: £17.9 million), making 344 grants (2019: 311). Trustees confirm a budget for grants at the beginning of each financial year. This year the trustees agreed a commitment of up to £18 million, having for the previous three years agreed a grant range of £16 million to £18 million. This increase of £2.9 million above budget was due to a number of reasons, all agreed by trustees: we committed £1.7 million to extend the core funding of 28 Africa Group partners to a full five years; we made a grant of £500,000 to the National Emergencies Trust, just before year end, as a response to the Covid-19 pandemic; and five significant complexity grants were also committed towards the end of the year. Trustees regularly review the level of grants being committed through the year: taking these exceptions into account the trustees' view is that we met our budget for the year.

When deciding how much Tudor might commit during the year trustees bear in mind the needs of both the current and future beneficiaries of the Trust. In line with a policy adopted some years ago - a policy which is regularly reviewed - Tudor's expenditure continues to exceed its income. Net charitable expenditure for the year was £16.4 million (2019: £13.1 million). Capital withdrawals are made from the expendable General Fund to bridge this shortfall. The trustees monitor the long-term real return of the portfolio and recognise that, in some years, this will result in the underlying value of the fund increasing and in other years diminishing. This year the investment markets were reacting to the Covid-19 pandemic at the year end, resulting in a fall in investment values around the balance sheet date. Realised gains during the year have negated this slightly, ending the year with an overall loss of £1,000: this is despite £27.5 million being taken out of the fund for cashflow purposes. This has resulted in a deficit (and resulting decrease in funds) on overall net movement in funds of £17.1 million compared to a deficit of £2.1 million in 2019.

Income earned on Tudor's investment portfolio this year (net of investment management fees) increased slightly from £5.69 million in 2019 to £5.95 million. This is due to a marked increase in dividend income of c£0.45 million, although this is offset by the reduction in bond income by a similar amount. Social investment income, bank interest and property income have all increased slightly in the year. Overall charitable expenditure has increased significantly during the year from £19.2 million to £22.6 million. This is primarily due to the increase in grant commitments in the year mentioned above, along with the introduction of two new staff posts.

The trustees set a budget for support and administrative costs at the start of each financial year. Actual expenditure against budget is monitored on a monthly basis during the year and reported to both the Trustee Committee and the Board at regular intervals. The total cost of supporting Tudor's grant-making activities for the year was £1,698,000 (2019: £1,514,000). This uplift is

largely due to an increase in staff numbers. IT costs have increased this year as we reviewed our IT support service provider and moved to a new company: costs incurred included consultancy fees and an overlap between the two companies. We have also upgraded our grant-making database during the year: this was to ensure the integrity of our existing system as we continue with our ongoing database project.

Expenditure on professional support costs, representing fees paid to external consultants and professional advisers in support of grant applications and ongoing grant work, was £80,000 this year (2019: £68,000). Most of these costs are ad hoc and vary from year to year depending on need as we support both our beneficiaries and work with consultants ourselves. The increase this year is due to supporting a number of Tudor's grant holders to attend the Social Media Exchange and to payments to a consultant for work on an Age Activism project.

Perhaps inevitably a few of the projects Tudor has supported closed during the year, resulting in the cancellation of the associated grant balances. This year we have seen the level of grants cancelled or withdrawn reduce in comparison with the previous year: to £108,000 compared to £290,000. This year only one grant was fully withdrawn, with adjustments made to ten others. The one grant fully written off was due to work being carried out on a pro bono basis, with adjustments to grants being due to organisations closing, work not going ahead or at the organisation's request.

As an endowed foundation, Tudor does not engage in public fundraising and does not use professional fundraisers or commercial participators.

Remuneration

The trustees consider the Board of Trustees, the Director, Head of Finance and Resources, Head of Grant Making and Head of Research and Information as comprising the key management personnel of the charity, in charge of directing and controlling the charity and running and operating the charity on a day-to-day basis. During the year five of the trustees were remunerated and their remuneration is set out in note 5 to the accounts. This remuneration is paid in accordance with Tudor's memorandum.

Trustees are required to disclose all relevant interests and register them with the Head of Finance and Resources and, in accordance with the Trust's conflicts of interest policy, withdraw from decisions where a conflict of interest arises. The Chair reviews the conflicts of interest register.

The remuneration of the paid trustees, Director, Head of Finance and Resources, Head of Grant Making and Head of Research and Information is reviewed annually and usually increased in accordance with the Consumer Price Index. The trustees and Director's salary are reviewed by the Remuneration Committee. Staff salaries are also bench-marked with grant-making charities of a similar size and activity on a regular basis to ensure that the remuneration set is fair and not out of line with that paid for similar roles.

Investments

Tudor has adopted an investment policy for its expendable endowment which seeks to optimise performance through a diversified asset portfolio applying a medium risk strategy. This is reflected in its asset allocation as shown in note 7 on page 37. The performance of the portfolio is monitored monthly and reviewed on a quarterly basis by the Investment Committee. At these meetings trustees discuss investment strategy and asset allocation. Investment performance and market trends are discussed with the Trust's investment managers at regular meetings.

Tudor has operated a responsible investment policy for 19 years. It seeks to invest in companies that demonstrate socially responsible values and which offer the potential for sustainable growth in the future. This positive, long-term approach to investing is a key part of the strategy for the portfolio. Negative screening, where industry sectors or companies are excluded from investment, may limit future opportunities - however some investments are not held as they are inimical to the work of the Trust.

In July 2016, following an extensive period of review, the Board updated its Investment Principles. The new Investment Principles continue to promote the mission of the Trust (supporting the many different needs of people at the margins of society). Tudor has aligned its assets with the Trust's philanthropic principles in a manner that resonates with our grant-making strategy. This investment approach highlights areas that continue to be actively debated by the Investment Committee and during the 2019 financial year the Board agreed that Tudor would divest from investments in oil and gas companies. The Investment Committee considers at each meeting areas for ongoing discussion and this year has discussed cyber security, sugar, fashion and managing in a no growth environment. Trustees regularly review these factors and in May 2020 decided to not hold investments in companies that derive more than 5% of their turnover from nuclear energy. All of Tudor's investments align with our investment principles.

Tudor remains a long-term social investor in ameliorating society's ills and its investment strategy continues to look for long-term performance rather than short-term gain. The trustees believe that taking a responsible, long-term approach to investment will ultimately improve returns.

Sarasin manages a global equity portfolio for Tudor: the Responsible Fund. At the year-end Tudor's equity portfolio was valued at £143.0 million. Liontrust manages Tudor's SRI Corporate Bond Fund and Tudor is also invested in Paloma Real Estate Funds I and II.

During the year Tudor took out £27.5 million across the portfolio to meet the trust's cash flow requirement for this and the following year. The proceeds from these sales are held on cash deposit ahead of deployment when cash is needed. This year, to rebalance the portfolio, £25 million was taken out of equities for cash flow purposes: partly as the markets appeared to be

overheating but also to ensure that Tudor was not a forced seller in turbulent markets. The balance was taken from the corporate bond fund.

The market value of Tudor's investments at 31st March 2020 was £241 million (2019: £261 million), including social investments. The portfolio at this date comprised 59% global equities, 24% fixed interest holdings, 5% in Real Estate Funds, 11% in cash and 1% as social/unlisted investments (in 2019: 64%, 24%, 5%, 6% and 1% respectively). Cash flow requirement is reviewed at each Investment Committee meeting.

The £57.4 million fixed interest portfolio is held in the Corporate Bond Fund at the year end.

Financial markets have been volatile during the financial year due to Brexit and, at the year end, the Covid-19 pandemic. As Tudor holds an overseas equity portfolio the Investment Committee has agreed to allow Sarasin to hold forward foreign exchange positions to mitigate the effect of sterling movements. Valuations have seen large swings in the year, sometimes on a monthly basis. We end the year with investment losses of c£1,000 (2019: gains of £13.0 million).

Tudor's portfolios are all managed against a range of indicators and benchmarks deemed to be appropriate by the trustees. The trustees are committed to seeking good long-term performance from the funds and therefore monitor the performance of the equity portfolio against the MSCI All Countries World Daily. During the year the Responsible Fund outperformed its benchmark by 8.1% for the year, following underperformance in 2019 of -0.6%. The Corporate Bond Fund is managed against a bespoke benchmark and during the year has underperformed by 0.82% (2019: underperformance of 0.93%). The Investment Committee continues to review and discuss performance on a quarterly basis.

Social investments

Tudor has been interested in using part of its endowment for social investment for a number of years. The trustees have continued to discuss how social investment might enhance Tudor's work and how this is best reported. We look for good opportunities for social investment which are closely aligned with Tudor's aims, but are mindful of the time and resources well-judged social investment requires and the need to balance this with Tudor's core work as a grant maker operating in a difficult funding environment. At the year end the value of social investments held was £2.1 million (2019: £1.7 million), representing 0.86% of the endowment.

During the year Tudor made a new commitment of £400,000 in the Community Led Housing Fund. This fund is the follow-on fund to the Community Land Trust Fund II which closed at the end of August 2019. The remit of the new fund is wider than the previous CLT Funds, allowing investment in more types of community-led housing projects and in a number of more innovative ways. At the year end Tudor had not received a drawdown request for the fund. Due diligence on Social and Sustainable Capital's Building Fund was completed in the

year and legal agreements signed. Tudor has committed £1.5m in total to this fund: at the year end £0.5 million had been drawn.

During the year we have received the repayment of capital for our Essex Social Impact Bond investment, together with a performance fee. There were a small number of other repayments of social investments during the year; we continue to receive repayments from Gloucestershire Gateway Trust and the first Community Land Trust (CLT) Fund.

Following Our Power entering into administration in 2018-2019, Tudor made a claim. We worked with solicitors during the year to investigate the options open to us, but ultimately we did not see a return from the £1 million invested in the organisation. In addition, during the year we have been working with Fair for You to establish a better investment structure as it receives new financing into the entity.

There have been no other changes to the social investment portfolio during the year. Repayments on the CLT Fund I have been very slow and the closure of the Fund has been extended again to September 2020, with reporting now included with CLT Fund II. Tudor continues to work closely on its social investment portfolio, and has participated in regular meetings with Fair for You and CLT Fund II during the year as well as hosting the annual Ethex Loan Note holders meeting.

The trustees review the value of social investments annually and this year agreed to make a number of further provisions/adjustments to the investments.

Reserves

Under the terms of the Trust Deed, the General Fund is expendable at the trustees' discretion. All unexpended funds are therefore held in the General Fund. The trustees intend to continue monitoring the value of the General Fund in real terms to ensure that they are able to achieve both income and capital appreciation so as to maintain the existing level of charitable giving for the foreseeable future. At the year end the value of reserves held was £217 million (2019: £215 million).

Risk management

The trustees are responsible for establishing and monitoring internal control systems within the Trust. They review the major risks which may impact on the operations of the Trust on an ongoing basis and are satisfied that the system of internal controls currently in place is adequate, whilst recognising that it is designed to manage rather than eliminate risk. Internal controls are reviewed on an ongoing basis as part of the day-to-day risk management process within the Trust.

The trustees continue to consider the principal risk to the Trust is that of not fulfilling its core purpose: good grant making. Failure to maximise the opportunities afforded an independently-endowed grant maker would be

damaging to the Trust's potential beneficiaries. In order to mitigate this we regularly review our grant-making practices and monitor and evaluate grants made.

Tudor's resources are also subject to the unpredictability of the financial markets. To mitigate this risk the trustees review the asset allocation and fund performance at each Board meeting. The Trust also retains expert investment managers. Lack of resources would affect our ability to make available as much funding support as we might like and to deliver the objectives set out in our funding guidelines.

Auditor

Sayer Vincent LLP has indicated its willingness to continue in office.

Statement of trustees' responsibilities

The trustees (who are also directors of The Tudor Trust for the purposes of company law) are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate 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
- The trustees have 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.

Approved by the trustees of Tudor Trust on 1 July 2020 and signed on their behalf by:

James Long
Chair

Francis Runacres
Trustee Director

Statement of Financial Activities
 (incorporating an income and expenditure account)
 Year ended 31 March 2020

	Notes	Unrestricted 2020 £000	Restricted 2020 £000	Total 2020 £000	Total 2019 £000
Income					
Donations	13	-	257	257	440
Investment income	2	5,947	-	5,947	5,686
Total income		5,947	257	6,204	6,126
Expenditure					
Costs of raising funds					
Investment Management Costs	3	692	-	692	744
Expenditure on charitable activities					
Grantmaking					
Grants approved	4/5a	20,647	294	20,941	17,899
Grants withdrawn	5a	(108)	-	(108)	(290)
Management of grants	5b	1,698	-	1,698	1,514
Professional support costs	5b	80	-	80	68
Governance costs	5b	17	-	17	19
Cost of grantmaking		22,334	294	22,628	19,210
Total expenditure		23,026	294	23,320	19,954
Net expenditure before gains and losses on investments		(17,079)	(37)	(17,116)	(13,828)
Net gains on investments	7	72	-	72	12,963
Provisions on social investments	8	(73)	-	(73)	(1,226)
Net expenditure for the year and net movement in funds		(17,080)	(37)	(17,117)	(2,091)
Funds balance at beginning of year	13	243,883	339	244,222	246,313
Funds balance at the end of the year	13	226,803	302	227,105	244,222

The statement of financial activities includes all gains and losses recognised in the year.
 All incoming resources and resources expended derive from continuing activities.
 A copy of the 2019 Statement of Financial Activities is included at note 22

Balance Sheet

As at 31 March 2020

Company number: 5196041

	Notes	2020 £000	2019 £000
Fixed Assets			
Investments	7	239,200	258,822
Social investments	8	2,078	1,741
Tangible assets	9	980	1,038
		242,258	261,601
Current Assets			
Debtors	10	286	234
Cash at bank and in hand		6,178	1,963
		6,464	2,197
Current liabilities			
Creditors: amounts falling due within one year	11	(14,528)	(14,403)
Net current liabilities		(8,064)	(12,206)
Total assets less current liabilities		234,194	249,395
Creditors: amounts falling due after more than one year	12	(7,089)	(5,173)
Net assets		227,105	244,222
Funds			
Unrestricted funds			
General fund (expendable endowment)	13	216,622	215,012
Revaluation reserve (expendable endowment)	13	10,181	28,871
Restricted fund	13	302	339
		227,105	244,222

The financial statements were approved and authorised for issue by the Trustees of the Tudor Trust on 1 July 2020 and signed on their behalf by:

James Long
Trustee/Director

Francis Runacres
Trustee/Director

Statement of Cash Flows

Year ended 31 March 2020

	2020 £000	2019 £000
Net cash used in operating activities (note 14)	(20,977)	(19,078)
Cash flows from investing activities:		
Interest and dividends	5,898	5,964
Proceeds from sale of investments	77,533	56,521
Purchase of investments	(48,410)	(39,276)
Forward foreign exchange transactions	(1,847)	(1,678)
Repayments from social investments	111	132
Purchase of social investments	(505)	-
Purchase of fixed assets	(6)	(36)
Net cash provided by investing activities	32,774	21,627
 Change in cash and cash equivalents in the year	 11,797	 2,549
Cash and cash equivalents at the beginning of the year	20,755	18,206
Cash and cash equivalents at the end of the year (note 15)	32,552	20,755

Notes to the annual accounts 2019/20

1. Accounting policies

a) Basis of accounts preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (March 2018) and the Companies Act 2006.

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

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

Tudor is a public benefit entity as defined by FRS 102. Tudor is also a Charitable company limited by guarantee and is incorporated in the United Kingdom. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company. The registered office address is 7 Ladbroke Grove, London, W11 3BD.

In view of the level of investments held at the balance sheet date the trustees are of the opinion that the Trust is a going concern. The trustees consider this at each board meeting and are of the view that the Tudor Trust will remain able to meet its commitments as they arise for a period of at least 12 months from the date of this report. The Trust has no material uncertainties.

The results of the subsidiary The Family Centre Trust have not been consolidated with the Trust's accounts in the year to 31 March 2020 or prior year. This is due to the immaterial nature of the transactions through this charity during the year. Further details of the Family Centre Trust are given in note 18.

b) Investments

All investments are stated at market value. It is the Trust's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result the Statement of Financial Activities (SOFA) only includes those unrealised losses or gains arising from the investment

portfolio throughout the year. 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 revaluation reserve in the balance sheet.

During the year Tudor has taken sterling hedge positions against the effect of fluctuations in the Euro and US dollar as Tudor's equity portfolio is mainly held in these currencies. Provisions are recognised on a monthly basis. The hedge position is realised on a quarterly basis and the resulting cash movement is recognised through the SOFA. The accounting policy for financial instruments is included as note 1 l).

Social investments are carried at fair value where practicable otherwise at cost less impairment. Such investments are subject to regular review, and any diminution is charged to the SOFA. Investments valuations are not enhanced to more than original cost. Tudor considers all social investments to be mixed motive investments, rather than programme related investments.

c) Investment income

Investment income is stated on an accruals basis and includes the related tax credit. As a charity the Trust has an exemption to income tax and capital gains tax granted by HM Revenue and Customs.

d) Voluntary income

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

e) Tangible fixed assets

Fixed assets acquired with a value below £1,000 are evaluated for capitalisation based on the economic benefit derived in use. All other assets are capitalised on acquisition.

The value of freehold land cannot be separately identified as such the entire cost of the freehold property is depreciated. The impact of this is not material. Depreciation is calculated to write-off the cost less residual value of tangible assets on a straight-line basis over their estimated useful economic lives as follows:

Freehold building	Fifty years
Furniture, fittings and equipment	Five to ten years
Computer equipment	Three to five years

f) Resources expended

i. **Cost of generating funds**

The fees due in respect of investment managers' services are charged

against income as the cost of generating funds.

ii. Charitable donations

Grants awarded are charged in full against income when a grant has been approved by the Trustee Committee and communicated to the recipient; hence the Trust is considered to have a legal or constructive obligation, irrespective of the time period it may cover. Grants awarded but unpaid at the balance sheet date are recognised as grant commitments under creditors. Grants withdrawn or cancelled in the year are credited against new grant commitments made in the same year.

iii. Support costs

All expenditure incurred in the course of grant making is shown as support costs. Resources utilised for this purpose are defined as staff time, office expenses, accommodation and IT costs. As noted below no costs are allocated to governance costs.

iv. Governance costs

Governance costs relate to direct expenditure incurred in compliance with the constitutional and statutory requirements of the Trust. Due to the way in which the Trust works it is difficult to attribute a meaningful breakdown of staff costs and other support costs relating to governance work.

g) Exchange gains and losses

All realised and unrealised exchange gains and losses on investments are accounted for in the SOFA.

h) Leased assets

The cost of operating leases is charged to the Statement of Financial Activities on a straight line basis.

i) Pension schemes

The Trust makes payments to defined contribution pension schemes on behalf of employees. The assets of the schemes are held separately from those of the Trust in independently administered funds. The pension cost charge represents contributions payable to the funds during the year. The Trust has no liability under the schemes other than the payment of those contributions.

j) Funds

All unexpended funds are held in the General Fund (expendable endowment) which can, under the terms of the Trust Deed, be used at the discretion of the trustees.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

k) VAT Status and Irrecoverable VAT

Tudor cannot be registered for VAT. All VAT suffered by the Trust is irrecoverable and all expenditure is stated gross of VAT.

l) Financial instruments

With the exception of the listed investments described above and derivative financial instruments as described below, 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.

The Trust uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives at the reporting date are taken to the relevant income/expenditure heading(s) in the SoFA as appropriate.

The Trust does not currently apply hedge accounting for foreign exchange derivatives.

m) Cash at bank and in hand

Cash at bank and cash in hand includes the regular bank account. 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 are reported within fixed asset investments as cash, but are included within the statement of cash flows as cash and cash equivalents.

Notes to the Accounts

2. Investment income

	2020 Total £000	2019 Total £000
Dividends and Interest		
Equity investments	2,659	2,206
Fixed interest	2,477	2,963
Real Estate Fund distributions	469	315
Social investments	175	107
Bank interest	167	95
	5,947	5,686

3. Investment management costs

	2020 £000	2019 £000
Investment management fees	688	720
Accountancy fees re tax reclaims	4	24
	692	744

4. Analysis of grants by classification

	% by number of grants	Number	2020 Total £000	% by number of grants	Number	2019 Total £000
Grants by classification						
Youth	8	28	1,921	9	27	1,576
Older People	2	7	365	3	9	413
Community	49	167	10,398	42	132	7,858
Relationships	8	29	1,434	15	45	3,033
Housing	6	20	1,304	6	19	1,403
Mental Health	6	22	1,602	6	20	1,159
Substance Misuse	-	1	50	2	7	470
Learning	1	4	106	1	4	115
Financial Security	1	5	371	1	2	165
Criminal Justice	5	13	957	2	7	412
Overseas	14	48	2,433	13	39	1,295
	100	344	20,941	100	311	17,899

Included in the Community classification in 2019 is one grant to an individual; Peter Lipman. No grants were made to an individual in 2020. Further detail is included in note 13.

A full list of grants is available from the Trust's website <http://tudortrust.org.uk/downloads> or by application for a printed copy.

5. Expenditure

a) Grants approved

	2020 Number	2020 £000	2019 Number	2019 £000
Grants approved during the year	344	20,941	311	17,899
Grants cancelled or adjusted during the year	(11)	(108)	(10)	(290)
	333	20,833	301	17,609

The number of fully cancelled grants in the year was 1 (2019: 4), adjustments were made to 10 other grants (2019: 6).

b) Resources expended

		2020 Total £000	2019 Total £000
Management of grants			
	Staff costs	1,218	1,084
	Office expenses	119	146
	Depreciation	64	62
	Accommodation costs	57	54
	IT costs	131	68
	Trustee remuneration	84	77
	Trustees' expenses	25	23
		1,698	1,514

Professional support costs	80	68
----------------------------	----	----

Professional support costs include amounts paid to consultants and professional advisors who are providing beneficiaries with expert support. They also include costs associated with work around new grantmaking approaches and the implementation of Tudor's values.

Governance costs

	Legal & professional fees	-	2
	Auditor's remuneration	17	17
		17	19

5. Expenditure (continued)

The Trustees are reimbursed for out-of-pocket travel and subsistence expenses. The number of trustees who received reimbursement was 15 (2019: 12).

There is provision in the Memorandum of Association that no more than half of the trustee board can be offered reasonable remuneration. Members of the Trustee Committee can work up to 60 days a year for the Trust with other trustees working up to 25 days.

	2020 Total £000 £	2019 Total £000 £
James Long	25	25
Monica Barlow	25	25
Shilpa Shah	19	15
Holly Baine	8	7

In addition on 4th July 2014, following a change to Tudor's memorandum, the Charity Commission gave its consent to remunerate Christopher Graves (a trustee) in his role as Executive Director of the Trust. This is a role that he held on an unpaid basis for a number of years. His remuneration in the year was £87,807 (2019: £88,122) and Tudor made contributions of £15,110 towards his pension (2019: £13,627).

The Executive Director's remuneration costs are included in the employment costs note. The other trustees' remuneration costs are shown separately as part of the management of grants costs.

None of the other trustees received remuneration.

c) Net expenditure for the year

	2020 Total £000	2019 Total £000
This is stated after charging:		
Operating leases - plant and machinery	5	7
Auditor's remuneration (net of VAT) - statutory audit	14	14
Depreciation	64	62

6. Employment costs

	2020 £000	2019 £000
Wages and salaries	982	874
Social Security costs	104	93
Pension costs	150	124
	1,236	1,091

The average head count for the year was 21 (2019: 20). The average full-time equivalent number of employees during the year was 18 (2019: 17).

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

	2020 £000	2019 £000
£60,000 - £69,999	2	2
£70,000 - £79,999	1	-
£80,000 - £89,999	1	1

Tudor considers that its key management personnel are the trustees, the Director, the Head of Finance and Resources, the Head of Grantmaking and the Head of Research and Information. The total employment benefits of the key management personnel (including employer national insurance and employer pension contributions) were £455,787 (2019: £436,119).

7. Investments

	2020 £000	2019 £000
Fair value of investments at 1 April	258,822	259,578
Purchases at cost made during the year	48,410	39,276
Sales proceeds on disposal	(77,534)	(56,521)
Forward foreign exchange transactions in year	2,953	1,385
Increase in investment cash held	6,477	2,141
Net gain on change in fair value	72	12,963
Fair value of investments at 31 March	239,200	258,822
Historic cost at 31 March	229,019	229,951
Accumulated unrealised gains based on historic cost	10,181	28,871

With the exception of the Unlisted UK fixed interest investments and Unlisted Jersey-based Real Estate Fund all investments are listed investments.

7. Investments (continued)

Fair value comprised:

	2020 £000	2019 £000
UK equity investments	12,100	17,051
UK fixed interest investments	57,393	62,737
Overseas equity investments	130,948	147,380
Cash on deposit awaiting investment held in the UK	26,374	18,792
Unlisted Jersey-based Real Estate Fund	12,385	12,862
	239,200	258,822

Derivative financial instruments - foreign exchange contracts

The Trust enters into foreign currency contracts to mitigate the exchange risk for certain foreign currency transactions within its equity investment portfolio. At 31 March 2020 there were two (2019: two) open currency commitments. The unrealised forward foreign exchange transaction was £887,706 (2019: £218,028). This is included within the forward foreign exchange transactions in the year.

The forward currency contracts are measured at fair value using quoted forward exchange rates.

8. Social investments

	2020 £000	2019 £000
Value of investments at 1 April	1,741	3,090
Additions during the year	505	-
Sales proceeds on disposal	(111)	(132)
Net expenditure including management fees	16	9
Provisions against investments	(73)	(1,226)
Value of social investments at 31 March	2,078	1,741

Further details of the social investments are given in note 21 to the accounts.

During the 2019 year Our Power went into administration. The 2019 provision against investments includes Tudor's investment in Our Power.

9. Tangible fixed assets

	Freehold land & building £000	Furniture, fittings & equipment £000	Computer equipment £000	Total £000
Cost				
At 1 April 2019	2,145	150	144	2,439
Additions in the year	-	3	3	6
Assets written off in year	-	-	(94)	(94)
At 31 March 2020	2,145	153	53	2,351
Depreciation				
At 1 April 2019	1,172	116	113	1,401
Charge for the year	43	6	15	64
Assets written off in year	-	-	(94)	(94)
At 31 March 2020	1,215	122	34	1,371
Net book value at 31 March 2020	930	31	19	980
Net book value at 31 March 2019	973	34	31	1,038

All fixed assets are used for charitable purposes.

10. Debtors

	2020 £000	2019 £000
Accrued investment income	238	189
Other debtors and prepayments	48	45
	286	234

11. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Grants payable (note 16)	14,272	14,115
Accruals	225	261
Taxation and Social Security	31	27
	14,528	14,403

12. Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Grants payable in 2 - 5 years (note 16)	7,089	5,173

13. Movement in funds for the current year

	Funds balances at start of the year £000	Income £000	Expenditure £000	Net investment gains/ (losses) £000	Funds balance at end of year £000
Restricted fund					
V Kann Rasmussen Foundation	44		(44)	-	-
Salvaire	295	7	-	-	302
Four Acre Trust	-	250	(250)	-	-
Total Restricted funds	339	257	(294)	-	302
Unrestricted fund					
General fund	215,012	5,947	(23,026)	18,689	216,622
Revaluation reserve	28,871	-	-	(18,690)	10,181
Total Unrestricted funds	243,883	5,947	(23,026)	(1)	226,803
Total funds	244,222	6,204	(23,320)	(1)	227,105

Represented by:	Fixed assets £000	Net current liabilities £000	Creditors >1 year £000	Net assets £000
Unrestricted fund	242,258	(8,366)	(7,089)	226,803
Restricted funds	-	302	-	302
	242,258	(8,064)	(7,089)	227,105

Restricted funds

During the 2019 year Tudor was asked to distribute the closing funds of Salvaire (charity number: 1150709). In keeping with its objects Tudor has committed to distribute the £295,000 received in 2019 together with the balance of funds of £6,560 received in the current year from Salvaire as new grant commitments to charities working in the criminal justice sphere within the greater Sheffield area.

13. Movement in funds note (continued)

Restricted funds (continued)

During the 2019 year Four Acre Trust agreed to contribute to Tudor's grant making to youth projects. In the current year Four Acre funds covered four grants totalling £250,000, which were made through our normal grant making process. (2019 the funds covered two grants totalling £145,000)

Following the receipt of funding from V Kann Rasmussen Foundation in 2018 Tudor distributed the final funds balance during the year. Further details are given below.

General fund

Under the Articles of Association, Capital and Accumulated income are expendable at the trustees' discretion. The Trust has adopted a total return basis of investing. All unexpended funds are therefore held in the General Fund.

It is the trustees' current intention to monitor the value of the General Fund in real terms to ensure that they can maintain the Trust's existing level of charitable donations and meet its outstanding grant commitments over future years.

13b. Movement in funds for the year ended 31 March 2019

	Funds balances at start of the year	Income	Expenditure	Net investment gains	Funds balance at end of year
	£000	£000	£000	£000	£000
Restricted fund					
V Kann Rasmussen Foundation	89		(45)	-	44
Salvaire	-	295		-	295
Four Acre Trust	-	145	(145)	-	-
Total Restricted funds	89	440	(190)	0	339
Unrestricted fund					
General fund	219,824	5,686	(19,764)	9,266	215,012
Revaluation reserve	26,400	-	-	2,471	28,871
Total Unrestricted funds	246,224	5,686	(19,764)	11,737	243,883
Total funds	246,313	6,126	(19,954)	11,737	244,222

	Fixed assets £000	Net current liabilities £000	Creditors >1 year £000	Net assets £000
Unrestricted Fund	261,601	(12,545)	(5,173)	243,883
Restricted Funds	-	339	-	339
Represented by:	261,601	(12,206)	(5,173)	244,222

14. Reconciliation of net (expenditure) to net cash flow from operating activities

	2020 £000	2019 £000
Net (expenditure) for the reporting period (as per the statement of financial activities)	(17,116)	(13,828)
Depreciation charges	64	62
Write off of work in progress	-	11
Investment income	(5,947)	(5,686)
Other movements on social investments	(16)	(9)
St Jude Loan repayment	-	5
Movement in working capital:		
(increase)/decrease in debtors	(3)	9
(decrease)/increase in creditors	(32)	11
increase in grant commitments	2,073	347
Cash outflow from operating activities	(20,977)	(19,078)

15. Analysis of cash and cash equivalents

	At 1 April 2019 £000	Cash Flows £000	At 31 March 2020 £000
Cash at bank and in hand	1,963	4,215	6,178
Investment cash	18,792	7,582	26,374
	20,755	11,797	32,552

16. Grant commitment reconciliation

	2020 £000	2019 £000
Commitment at the start of the year		
Payable in less than one year (note 11)	14,115	13,243
Payable in more than one year (note 12)	5,173	5,698
	19,288	18,941
Grants committed during the year (note 5a)	20,941	17,899
Grants written back or adjusted (note 5a)	(108)	(290)
Grants paid during the year	(18,760)	(17,262)
Commitment at the end of the year		
Payable in less than one year (note 11)	14,272	14,115
Payable in more than one year (note 12)	7,089	5,173
	21,361	19,288

17. Operating lease commitments

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

	2020 £000	2019 £000
Payable within one year	9	-
Payable within two to five years	20	-
	<u>29</u>	<u>-</u>

During the 2020 year Tudor entered into a one year lease arrangement on its photocopier contract. After the year end it entered into a new lease agreement for a term of a minimum of three years.

18. Related organisations

In 2009 the Board agreed to finance the construction of a new family visitors' centre at HMP Wormwood Scrubs through The Family Centre Trust, a new charitable company.

Tudor's director Christopher Graves and the company secretary Fiona Young are two of the three directors of this company. During the 2010 year Tudor committed a grant of £1.35m to FCT for the costs of developing the family and visitors' centre. Practical completion was achieved on 18 May 2011 and the centre was donated to the Ministry of Justice on 29 June 2011.

The Tudor Trust is the sole member of the Family Centre Trust. All trustees of FCT are appointed by the Tudor Trust. When considering future appointments at least three trustees must be individuals who are neither directors of the Tudor Trust nor employed by the Tudor Trust.

The centre continued to operate throughout the year and transactions through FCT are now minimal. In March 2020, following a review, the trustees took the decision to wind the charity up and have instructed solicitors. FCT's balance sheet as at 31 March 2020 and 2019 is as follows; these entries have not been consolidated into the Tudor accounts in this accounting period.

	2020 £000	2019 £000
Cash at bank and in hand	17	35
Creditors: amounts due within one year	-	-
	<u>17</u>	<u>35</u>

19. Capital and other commitments

As explained in note 21, Tudor had a further commitment to Venturesome of £150,000. During the year it was agreed that this investment would be vired to another of Venturesome's funds - the Community Led Housing Fund. CAF requested the drawdown of this investment on 17th April 2020. (2019: commitments were to CAF Venturesome totalling £150,000).

In February 2019 the Investment Committee agreed to invest £1.5m in Social and Sustainable Capital's new Building Fund. At this year's balance sheet date £0.5m had been drawn.

20. Related party transactions

Matt Dunwell, one of Tudor's trustees owns Ragmans Farm. During the year Tudor bought apple juice from Ragmans at a non-discounted cost of £149 (2019 : £171).

Christopher Graves is both the salaried director of Tudor and a trustee. Full details of his remuneration are set out in note 5. Tudor has four other paid trustees; all of whom are non executive, details of their remuneration is also set out in note 5.

Shilpa Shah, one of Tudor's trustees, is the sister of Jilna Shah who was the interim director at Migrant's Rights Network when we made a grant of £50,000 to this organisation in the 2019 year. Shilpa Shah was not involved in the decision to make this grant.

There were no other related party transactions.

21. Social investments - further information

Tudor's social investments are as follows:

An investment in Charity Bank Limited of 500,000 ordinary fully paid shares of 50p each.

Venturesome is part of Charities Aid Foundation. It offers charities an alternative source of financing to grant donations and bank loans. Over the period of the investment the structure of the funds has changed and as funds are repaid they will be used in Venturesome's development funds. During the year it was agreed to vire the returned £150,000 to the new Community Led Housing Fund; also managed by CAF.

The Trust owns 250,000 ordinary shares in the Ethical Property Company.

The Trust invested £656,000 in the Community Land Trust Fund held by Venturesome. The Fund closed on 20 September 2013 and Tudor is now receiving repayments. The Fund is re-valued annually by Venturesome.

Tudor has made a loan of £250,000 to the Gloucestershire Gateway Trust (GGT). GGT and its commercial partner Westmorland have built two motorway service areas which provide training and employment opportunities for local people who are disadvantaged in the job market. In 2017 GGT started to receive income to support local voluntary and community groups. In the 2018 year Tudor began to receive its scheduled repayments and interest on this loan.

Tudor holds shares in Trillion following its merger with SellAVenture, a crowd funding website Tudor invested in. Trillion is now in liquidation. The investment was written down to £Nil in the 2015 year.

The Essex Children's Social Impact Bond was managed by Social Finance and aimed to reduce the number of young people in Essex going into care. This was delivered through an intensive intervention programme working with Essex County Council. Tudor made a total commitment of £350,000 of which £182,000 was drawn. The project has now completed and is not being extended by Essex County Council. Tudor has received all interest and payments on the bond and in the year received the repayment of its capital. The entity holding the bond is now in liquidation.

An investment in loan notes in Ethex Investment Club Ltd. Ethex aims to make it easier for individuals to invest in truly ethical businesses. Tudor received our first interest payment on the loan in March 2018 although during the year it has agreed to an interest holiday on the loan notes and has committed a grant to support Ethex's development costs.

21. Social investments - further information (continued)

In the 2015 financial year Tudor committed £400,000 towards the Community Land Trust II Fund. The Fund is re-valued annually by Venturesome.

During the 2016 year Tudor committed an unsecured loan of £250,000 to Fair for You, a community interest company seeking to provide affordable finance for the purchase of necessary household items. This is now fully drawn and in December 2016 Tudor agreed to commit a further loan of £250,000 (secured). This loan is also fully drawn and interest is received on both loans. Discussions are currently taking place to restructure the format of these loans following additional investment from Fair4All Finance.

In the 2016 year trustees agreed to reclassify a long-standing loan to Comrie Development Trust as a social investment. This £100,000 loan will be reviewed again by trustees in 2022 when CDT's site development

During the 2018 year, Tudor committed £1,000,000 to Our Power a community benefit organisation set up in Scotland to address market failure in the energy sector for low-income households. Due to an number of events including the introduction of prepayment and standard variable tariff price caps, which adversely impacted on Our Power's competitiveness compared to other energy providers, IT challenges in the Summer of 2018 which gave rise to billing and credit control issues and to the incurrence of additional costs; and wholesale energy price volatility and market competition Our Power failed to grow quickly enough and to acquire sufficient customers to reach break-even trading resulting in trading losses and cashflow issues. Our Power went into administration in January 2019. Tudor has made a claim in the administration and have provided against the investment in full in the 2019 year's accounts. Due to the nature of the investment Tudor will not receive a repayment on the investment.

In February 2019 Tudor agreed to investment £1.5m in Social and Sustainable Capital's Community Housing Fund. The Fund launched in this financial year and Tudor has to date received drawdown requests for £0.5m.

Following the closure of the Community Land Trust Fund II in August 2019, Tudor has agreed to fund the follow up Fund; the Community Led Housing Fund. Tudor has committed £400,000 to this fund which will be funded from a returned payment from an investment in CAF Venturesome of £150,000 and repayments from CLT Fund II. The drawdown request for the £150,000 part of the investment was received on 17 April 2020.

The value of the social investments at the end of year is shown at cost less amounts either provided for or written off. The trustees review the value of the investments annually and where necessary make provisions.

Note 22. Statement of Financial Activities for the previous year**(incorporating an income and expenditure account)****Year ended 31 March 2019**

	Notes	2019 £000	Restricted 2019 £000	Total 2019 £000
Income				
Donations	13	-	440	440
Investment income	2	5,686	-	5,686
Total income		5,686	440	6,126
Expenditure				
Costs of raising funds				
Investment Management Costs	3	744	-	744
Expenditure on charitable activities				
Grantmaking				
Grants approved	4/5a	17,709	190	17,899
Grants withdrawn	5a	(290)	-	(290)
Management of grants	5b	1,514	-	1,514
Professional support costs	5b	68	-	68
Governance costs	5b	19	-	19
Cost of grantmaking		19,020	190	19,210
Total expenditure		19,764	190	19,954
Net expenditure before gains and losses on investments		(14,078)	250	(13,828)
Net gains on investments	7	12,963	-	12,963
Provisions on social investments	8	(1,226)	-	(1,226)
Gain on repayment of Peterborough Social Impact Bond		-		
Net (expenditure)/ income for the year and net movement in funds		(2,341)	250	(2,091)
Funds balance at beginning of year	13	246,224	89	246,313
Funds balance at the end of the year	13	243,883	339	244,222

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

The donations income above includes receipt of two restricted donations from the V Kann Rassmussen Foundation.

Further information is given in note 13.

Independent auditor's report to the members of The Tudor Trust

Opinion

We have audited the financial statements of The Tudor Trust (the 'charitable company') for the year ended 31 March 2020 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 31 March 2020 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.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Use of our report

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

Joanna Pittman (Senior statutory auditor)

9th July 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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

Reference and administrative information

The Tudor Trust is a charitable company limited by guarantee, incorporated in the United Kingdom. The principal and registered office address is:

7 Ladbroke Grove
London W11 3BD
Telephone: 020 7727 8522 Website: www.tudortrust.org.uk

Company Limited by Guarantee Number 5196041
Registered in England and Wales: Charity Number 1105580

Trustees of the Tudor Trust

Catherine Antcliff	Matt Dunwell * #
Holly Baine	Roz Dunwell
Monica Barlow * #	Christopher Graves * #
Jonathan Bell #	James Long * # (Chair)
Nell Buckler *	Francis Runacres
Louise Collins	Shilpa Shah *
Elizabeth Crawshaw	Carey Weeks
Ben Dunwell *	

** member of the Trustee Committee; # member of the Investment Committee*

Catherine Antcliff, Monica Barlow, Louise Collins, Roz Dunwell and Francis Runacres retired from office and were reappointed on 4th September 2019.

Staff of the Tudor Trust

Ihsaan Budaly	Grants Support Officer
Anna Cooper	Database & Systems Manager
Ruth Crawley	Resources Manager
Joanna de Havilland	Grants Manager
Jascha Elliott	Grants Manager
Suneer Fida	Grants Manager (Intern) (from 7 th October 2019 to 27 th March 2020)
	Grants Manager (maternity cover) (from 27 th March 2020)
Eryl Foulkes	Grants Manager
Christopher Graves * #	Director
Lotte Hiller	PA to the Director
Anne Lane	Head of Grant Making
Nicky Lappin	Head of Research and Information
Meena Mistry	Finance Officer
Jennifer Oatley	Grants Manager
Anne Salter	Learning and Communications Manager (from 3 rd June 2019)
Catriona Slorach	Grants Manager
Frankie Stevens	Grants Manager
Cathy Togher	Grants Manager
Hannah Torkington	Grants Manager (Africa and UK)
Aris Tsontzos	Database Transition Manager (contract role)
Ayoade Wallace	Grants Support Assistant (from 11 th November 2019)
Louise Wright	Grants Support Officer (to 14 th November 2019)
Eman Yosry	Resources Officer

Fiona Young Head of Finance and Resources *(to 31st March 2020)*
Interim Head of Finance *(from 1st April 2020)*

Associates of the Tudor Trust

Richard Jenkins Associate - UK
John Wilson Associate - Africa Group

Bankers

Barclays Bank PLC
Marble Arch Corporate Banking
PO Box 32016
London
NW1H 2ZH

Auditor

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

Investment managers, advisers and custodian

Liontrust
8 West Marketgait
Dundee DD1 1QN

Sarasin & Partners LLP *(including provision of equity custodian services)*
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Solicitors

Bates Wells LLP
10 Queen Street Place
London EC4R 1BE

Russell-Cooke LLP
2 Putney Hill
London SW15 6AB