

THE TUDOR TRUST

**Annual Report and Accounts
2018/2019**

Company number 5196041

Registered charity number 1105580

Contents

Trustees' report for the year ended 31 March 2019	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	4
Objectives and activities	5
Achievements and performance	6
Looking ahead	18
Financial review	20
Charitable expenditure	20
Remuneration	21
Investments	21
Social investments	23
Reserves	24
Risk management	24
Statement of trustees' responsibilities	25
Financial statements	27
Statement of Financial Activities	27
Balance Sheet	28
Statement of Cash Flows	29
Notes to the annual accounts 2018/2019	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 2019

Introduction

This year has been one of both activity and reflection, with trustees and staff working together to explore some challenging questions. How can we hear the real voice of applicants? How can we learn better? What does it take to collaborate effectively with other grant makers? How can we support our grant holders in ways which recognise that they are working in complexity? What does the future hold for Tudor? We review these strands of work and thinking within this annual report: they are all live conversations so we have no firm conclusions to report at this stage.

Underpinning all aspects of our work, and bringing stability and direction during a period of questioning and exploration, are our principles:

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. **Using learning, our experience and creativity** to offer flexible support to communities.

We continued to explore how we keep these principles at the heart of our work throughout the year. We altered course to a degree in our thinking around how we might use our principles to evaluate our work, moving towards a focus on learning and improving rather than measuring and proving. Using our principles as a lens through which we can reflect on our practice has been a fruitful exercise for both trustees and staff.

We were very pleased to welcome two new trustees during the year, Shilpa Shah and Holly Baine. Both have already made a significant contribution to the work of the Trust, bringing new thinking and fresh perspectives both to our strategic deliberations and to our grant making. We were sad, however, that Amy Collins stepped down as a trustee towards the end of the year: Amy's thoughtfulness, ability to ask the right questions and get to the heart of an issue, and her positivity and humour will be greatly missed both by her fellow trustees and by the staff team. We hope that she may rejoin the Board at some point in the future.

Our grant making and grant management work was of course the foundation of all our exploratory work and wider thinking. The staff team focused strongly on developing and maintaining open and constructive relationships with the groups we

fund: across the year we made 311 grants totalling £17.9 million, and provided continuing support to around 740 grant holders.

Tudor funds groups working all over UK, addressing a huge range of issues: what they have in common is their creativity, adaptability and energy and their unshakeable commitment to the people and communities they work with. Their resilience and enthusiasm, in the face of ever-increasing challenges, is admirable and we continue to be inspired by their determination to make a real and lasting difference in the communities in which they work. We are pleased that we are able to provide some of the support that these groups need, travelling alongside them on some of their journey.

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 26th September 2018. 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: two new trustees, Shilpa Shah and Holly Baine, were appointed in the year under review. 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 sessions and seminars.

In the year under review the Board discussed how best Tudor should consider the recommendations of the Charity Governance Code for larger charities. At the Board's direction, Tudor's Trustee Committee took a staged approach to reviewing six of the seven principles outlined in the code - Organisational purpose:

Leadership, Integrity; Decision-making, risk and control; Board effectiveness and Openness and accountability - with the Resources Team then taking forward work around revising procedures and updating documentation for Board approval. Work around the Diversity principle is ongoing: this of course presents particular challenges for a family trust, where the majority of the trustees are descendants of the founder, but we look forward to grappling with these issues.

In the light of Trustee Committee and Board discussion around the Charity Governance Code it was agreed to remove the role of Vice Chair and open up the role of Chair to non-family trustees: James Long was appointed as Tudor's first non-family Chair in November 2018.

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 eight 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 six 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 **Delegated Decision Committee** meets every four weeks and reports 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 for registered charities, requests to reassess a grant during its term and recommendations for development grants and Africa Group capacity-building grants.
- The **Audit Group** and **Remuneration Committee** also report directly to the Board.
- **Grants Meetings** report to the Trustee Committee and consider the majority of grant applications put before trustees. Usually three Grants Meetings take place every four weeks to make grants, in discussion with staff, with three or four trustees taking part in each meeting by rotation.

- A pro-active special interest group, the **Africa Group** also reports to the Trustee Committee.
- A new special interest group, the **Complexity Friendly Funding Group**, was established during the year under review. This group engages in learning and action research in order to gain insight into what complexity-informed practice might mean in Tudor's context, with the aim of improving our grant making practice when working with groups working in complex environments. This group reports to the Trustee Committee.

In 2018-2019 46% of grants made over the year were agreed at Grants Meetings, 24% by the Trustee Committee, 20% by the Delegated Decisions Committee and 7% by Africa Group. This is in line with the parameters set by the Board. The Board agreed one grant, to Lloyds Bank Foundation for England and Wales, towards the early stages of a collaborative piece of place-based work involving six foundations.

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, communication 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, rather than 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

given the trustees the flexibility to reassess how best we can make use of Tudor's funds, when this feels necessary. We are aware, however, that many organisations value our consistent and relational approach to funding, so made no changes to our funding guidelines for 2018-2019. 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. Details of all the grants we made over the year, alongside a full analysis of our grant making, are given in our *Grants review 2018-2019*, 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 2018-2019 supported a wide range of organisations and work across the UK including:

- A community centre, with roots in community organising, in Lozells, Birmingham.
- An organisation working across Essex to provide emotional and practical support to people who hoard.
- An organisation providing therapeutic support to male BAME survivors of sexual abuse in Bradford.
- A charity in Derry which is developing a new social inclusion programme for people with learning difficulties.

- A law centre's work to support people facing repossession or eviction on the Isle of Wight.
- A charity providing support to people with convictions in Aberdeenshire through community chaplaincy and restorative justice work.

Achievements and performance

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

- To make around 315 grants within the range of £16 million 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 work 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.

Throughout the year, trustees and staff have also been thinking through how we can embed our principles more fully in our work, considering how we can apply them at different points in the grant-making process and how we can use them to review and reflect on our work and practice. Our principles should underpin everything that we do. As we review our progress in meeting our objectives, we will also aim to assess where and how our principles have come into play.

To make around 315 grants within a range of £16 million to £18 million

- We made **311 grants** (2018: 328) totalling **£17.9 million** (2018: £17.8 million). The size of the average grant increased to **£57,553** (2018: £54,342).
- However when smaller-scale staff grants, development grants and Africa Group capacity-building grants are discounted the total number of grants made reduced to **275** with an average grant size of **£64,740**.
- The 'mode' grant - the one made most often over the year - was for **£90,000**.

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

- In 2018-2019 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	9	£424,825	2%	7%	£0.09
Eastern	9	£359,750	2%	9%	£0.06
London	52	£2,897,281	16%	13%	£0.33
North East	20	£1,171,700	7%	4%	£0.44
North West	36	£2,160,484	12%	11%	£0.30
Northern Ireland	8	£556,600	3%	3%	£0.30
Scotland	13	£678,058	4%	8%	£0.13
South East	9	£529,500	3%	14%	£0.06
South West	17	£1,037,109	6%	8%	£0.19
Wales	11	£951,000	5%	5%	£0.31
West Midlands	11	£923,280	5%	9%	£0.16
Yorkshire & the Humber	29	£2,107,500	12%	9%	£0.39
National/multi-regional	48	£2,807,000	16%	NA	NA
Overseas	39	£1,294,992	7%	NA	NA
Total	311	£17,899,079	100%	NA	NA

- Tudor is primarily a responsive funder, making grants to applications encouraged by our relatively open 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 we saw increased levels of funding going into the North East and Yorkshire and the Humber - £0.44 and £0.39 per head respectively compared to £0.39 and £0.27 in 2017-2018. Conversely, commitments made in the East Midlands, West Midlands and Scotland dropped quite significantly. With relatively few grants going to each region, however, these figures offer no more than a useful indication of current practice.
- The Eastern region is traditionally something of a ‘cold spot’ for Tudor in terms of applications received and funded: this year, as last year, our grant give was just £0.06 per head. We will continue to think about how we can encourage more applications from this part of the country.

- Tudor is committed to supporting smaller organisations which are embedded in their communities. In 2018-2019 27% of our grants went to organisations with a turnover of less than £100,000 (2018: 29%). 82% of our grants went to organisations with a turnover of less than £500,000 (2018: 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 2018-2019, by value, 91% of our revenue grants went towards core costs, rather than to specific projects (2018: 86%).
- We recognise though that core funding isn't always what an applicant wants or needs. Sometimes groups who approach us are seeking support for a distinct and time-limited piece of work and even when offered the option of a core grant prefer the 'boundaries' of a project grant - 10% of our grants went towards projects last year. And there is always a need for capital funding: in the year under review 8% of our grants went towards capital projects, a significant and welcome increase on the 5% committed in the previous year.
- In 2018-2019 30% of our grants went to community centres and resource centres, community development groups, community food projects, community gardens and growing schemes and local advice and advocacy projects: organisations which support the resilience and stability of communities while also encouraging inclusion and positive social connections.

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, as 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 keen to see this done in a way which draws on the positives within communities, building on strengths and potential.
- As well as funding organisations which tackle marginalisation within geographical communities, Tudor also supports groups which address marginalisation in a more targeted way, or which work with particular 'communities of interest'. So in 2019 10% of our grants went to groups providing support to refugees and asylum seekers, 10% to groups working with people with mental health issues, 6% to groups working with people with disabilities and 4% to groups working with the LGBT community.

- We also monitor the proportion of our grants going towards targeted work with BAME communities or to BAME-led groups. In 2018-2019, 19% of our grants went towards work with a specific BAME focus (2018: 17%). Over the year, we made a further grant towards the AVOCADO programme run in partnership by Race on the Agenda, Money4Youth and Black Fundraisers UK, a special interest group of the Institute of Fundraising. This programme provides intensive support around fundraising and sustainable growth to small BAME-led organisations.
- Communities will often experience increased levels of marginalisation in the aftermath of a disaster. During 2017-2018 Tudor was closely involved in the distribution of London Funders funding to voluntary and community organisations working with those affected by the Grenfell Tower fire. Tudor's trustees decided not to set up a specific programme to provide ongoing support to some of these groups, instead agreeing that we could increase our grant making in North Kensington, where that felt appropriate. This means that of the 52 grants we made in London last year, ten went to organisations supporting community recovery in North Kensington: for comparison, in 2016-2017, the year before the fire, we only made one grant in Kensington and Chelsea.
- 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 in the region by resourcing centres of good practice and farmer-to-farmer learning. In 2018-2019 the group made 33 grants totalling £1,078,000 (2017: 15 grants totalling £328,392). This increase was due in part to the grants manager for the Africa Group returning from maternity leave in April 2018: in the previous year the Group ran on a 'holding' basis, mostly making smaller, shorter-term grants. Alongside this, the successful Africa Group conference, held in December 2018, resulted in a number of new grants.
- This five-day conference was held at RUCID Organic Agriculture Training College in Uganda, whose construction was funded by Tudor. During the conference, representatives from 28 'in country' organisations and Africa Group members considered how they could both energise their organisations and inspire the wider world. Six thematic groups worked on very varied topics - seeds, fermented biofertilisers, principles-focused evaluation, teamwork, fundraising and advocacy - and Africa Group members also had one-to-one meetings with all the groups taking part. As well as valuable learning for all involved - some of which we can draw on in our UK work - the conference provided the usual excellent opportunity for the Africa Group to strengthen its relationships with, and understanding of, these impressive and committed organisations.
- Two of the groups which took part in the conference, CELUCT and TSURO, are based in the Chimanimani area of Zimbabwe which was badly affected

by Cyclone Idai in March 2018. On 20th March the Board agreed in principle to provide grants of up to £50,000 to each of these organisations to help them provide emergency support in their communities in the aftermath of the cyclone. These are unusual grants for Tudor as we are not a ‘disaster relief’ funder: in this situation however trustees felt that it was appropriate for us to provide support through embedded organisations which we know and trust. The grants were not formally committed until after the year end so do not appear in the 2018-2019 grants list.

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

- Over the years Tudor’s trustees have come to the conclusion 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 740 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 have had to engage at a high level to support groups as they address complex issues or respond to crises. We aim to help the groups we support respond to changing circumstances by being flexible and supportive in our approach to grants management, where this is possible. This could be by adjusting grants periods, agreeing a change of use for a grant, revising payment schedules or occasionally flexing the size of a grant.
- Tudor’s grants managers also add value to our grant making by offering 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 2018-2019 we made eight development grants which allowed organisations to buy in specialist consultancy to address a variety of governance, strategic or financial issues. In a new departure this year, we also sponsored 25 places for our grant holders at Social Media Exchange 2019, a creative day with a digital storytelling focus for the charity sector, covering travel costs for groups coming from outside London.
- Crucially, our grants managers also support their grant holders more informally by keeping in touch, suggesting useful contacts and resources, listening and acting as a sounding board. They may also (when asked) offer an external perspective on challenging issues.

- Relationships have to start somewhere and a willingness to fund organisations we haven't supported before is an important aspect of being an open and accessible funder. In the year under review 36% of the groups we funded were new to us (2018: 43%).
- We know that timely decision making is greatly valued by applicants: in 2018-2019 it took us an average of 20 days (2018: 19 days) to assess a first-stage application and tell the applicant whether it would progress to the second stage. This is well within the one-month target we specify in our funding guidelines. We also aim to let applicants know whether or not they have received a grant within three months of their application going to second stage. In the year under review it took us an average of 74 days (2018: 83 days) to reach a final decision on a grant, from the date it went to second stage.
- Averages, while a useful indicator, only tell part of the story. Our principle around valuing people's time has two elements: *acting quickly where helpful and taking time where needed*. In the year under review there were times when we were able to make grant decisions very quickly, sometimes within a couple of weeks, in response to emergency applications. On other occasions, we worked at the pace of the applicant to bring their proposal to fruition, pausing their application to allow them to refine their plans or address other priorities. However a few grants took longer than they should have to move through the system, with hold ups being down to us: in the year to come we will look at how we can improve things here, with fewer applicants experiencing delays as we develop their application.
- As a relational funder, we are keen to have as much face-to-face engagement with applicants and grant holders as possible, though this can be challenging to achieve as a national funder with a small staff team. Staff and trustees visited 153 organisations over the year, and met another 103 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 in which organisations are working: this was certainly the case when two of our grants managers visited in Northern Ireland during the year. Meeting groups in Belfast, Newtownards and Carrickfergus, and talking to other funders, gave us a greater insight into the challenges arising from an ongoing lack of government from Stormont, the uncertainty around Brexit and the legacy of the Troubles, all of which will help inform our future grant making.
- Trustees and staff now go 'on the road' together on an annual basis, taking part in an extensive programme of visits and meetings while also engaging in the usual four-weekly round 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 2018 20 staff and trustees spent three days in South Wales, based in

Merthyr Tydfil and visiting 19 organisations in Cardiff, Swansea, Bridgend, Port Talbot and Neath, as well as in smaller towns in the Valleys. In addition, meetings with local campaigners, funders and policy experts gave us a broader understanding of the regional context and the wider issues affecting communities across South Wales. Planning is currently underway for our next three-day visit - this time to Hartlepool - in June 2019.

- Tudor is primarily a responsive funder. In the year under review, however, we began to work more proactively to develop our reach into the older people's sector. Over the last few years we have looked to increase the level of our grant making in this area without much success: our give tends to hover at around 2% to 3% of our overall grant commitment. One of our grants managers focused this year on finding new ways to approach this problem: by being more proactive in finding and approaching people with interesting ideas around working with older people, by funding in different ways and by collaborating with other funders. We joined with three other funders (The John Ellerman Foundation, The Dulverton Trust and The Rayne Foundation) to work with Social Finance's Impact Incubator to identify specific areas of focus that would improve vulnerable older people's lives. This particular piece of work should come to fruition in the year to come but testing out this more proactive way of working has given us another approach we can use as a relational funder.
- In the year under review we continued to build our social media presence, using Twitter to provide a way in to the Trust for those who might sit outside our usual networks, to amplify the voices of our grant holders, share useful resources and to provide an insight into our approach to grant making. Being present in a space where the people and groups we support (or want to support) are active has also allowed us to hear from groups we might not otherwise have encountered and to have some interesting and useful conversations, helping us to begin some relationships as well as deepen others.

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

- 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 are looking for in the organisations we support and shared decision making. In the year under review 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 was also helpful to have different trustee's perspectives at this crucial stage of the assessment process.

- 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 350 progress reports from our grant holders in 2018-2019. 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.
- We are also thinking carefully about what learning we really need to capture and how best to do this: as part of this, we are working with IVAR and a group of eight other funders to test a set of new principles for grant reporting which aim to make reporting a shared, more meaningful and mutually beneficial experience. In the summer of 2019 the group will come together to review and refresh the principles, based on how they have worked in practice.
- 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, is influencing 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. Measurement for learning and improvement is what matters. In the year under review we established a new special interest group, the Complexity Friendly Funding Group, which is investigating 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. So far the group has met twice, with helpful input from Richard Jenkins, a Tudor associate, who has led on this work, and Melissa Hawkins, a Tudor-funded researcher working with Toby, to talk through how we can develop our approach to supporting complexity.
- Linked to this, we have 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 continued to think through how our values can be applied at different points in the grant-making process, how we can use them to review and reflect on our work and whether this approach could help us to be more accountable to ourselves and others. Support and guidance from Richard Jenkins has been invaluable as we have developed our thinking on this issue.
- Both trustees and staff spent time after grants meetings considering how our values had come into play while developing and making a decision on each application. We also considered whether, intentionally or otherwise, we

tend to fund groups which we feel share our principles. While this is often the case trustees are keen to ensure that we always have the freedom to push the boundaries in our decision making and so we are now thinking about how to word a 'wild card' principle which will support this freedom. Overall, we are moving away from the idea that principles-focused evaluation can 'prove' the value of our work or measure progress: it is more about using our principles as a lens through which we can reflect on various aspects of our practice, with the overarching aim of learning and improving.

- Our 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 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, share reports received from groups and identify lessons learned. Following the grants meetings, the afternoon is set aside for meetings with applicants, grant holders, or for a focused training session - in the year under review, for example, we discussed our approach to funding non-charities with input from a specialist charity lawyer. Other afternoons were themed so that we could spend time focusing on developments in specific fields - such as community-led housing, gangs and the criminal exploitation of young people or the shifting nature of substance misuse - hearing directly from groups working on these issues.
- Talking to people working on the ground is one of the best ways for us to gather information, intelligence and learning, whether this is through inviting groups in to talk to us or by getting trustees and staff out to talk to people on their home turf. This kind of focused contact helps both staff and trustees develop their ability to listen carefully for the *real voice* of our applicants and the communities they serve. In the year under review we decided it would be a valuable exercise for trustees and staff to meet with groups in areas in which we tend not to fund - often called 'cold spots' - with a view gaining a better understanding of communities in the UK which may not historically have engaged with traditional models of funding.
- The Local Trust's Big Local programme is working in 150 communities across England that had been 'overlooked' for Lottery funding in the past. Unsurprisingly Tudor hasn't funded much in these areas either. Trustee and staff 'pairs' visited eight Big Local areas to hear about how their place-based work was developing in response to community priorities, gain a better understanding of areas we are not familiar with and help us improve our own approach to funding in place. We are very grateful to the Local Trust for their help in organising these visits, and to the people we met from the eight Big Locals who so generously shared their time and experience with us. Our hope is that we can build on what we have learned through these conversations to find ways of improving our reach into under-resourced communities, which may need a different approach to funding.

- During 2018-2019 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. We also made a core grant to 360 Giving to help back their wider advocacy work around data sharing and transparency in the trust and foundation sector. While we have some experience of drawing on our own data to support learning, over the year to come we hope to develop our ability to learn lessons from this much more comprehensive data set.
- Our Power, a company offering low-cost energy across Scotland, went into administration in the year under review. Tudor made a social investment of £1 million in Our Power in 2017, alongside other social investors, on the basis that the organisation was addressing the market failure in the energy sector which results in low-income households paying more for their energy. Despite strong efforts both from Our Power and the investor group, Our Power entered administration in January 2019. Tudor submitted a Serious Incident Report to the Charity Commission as the failure of Our Power resulted in a significant loss of charity funds. Tudor's trustees have spent time discussing the learning we can draw from this experience of an unsuccessful social investment experience. This learning will also feed into a review of our approach to social investment, planned to take place over the summer.
- We continue to encourage knowledge sharing between the groups we support, often by making introductions and facilitating useful conversations. During the year grants managers drew on their extensive knowledge of organisations and the issues they are dealing with to put groups in touch with others who may be able to support them on a particular issue or share their knowledge and experience.
- While we are interested in and ambitious about learning, we have lacked capacity at times to pull together the many different strands of work and exploration we have underway. In the year under review, therefore, we created and recruited for a new post of Learning and Communications Manager, to help us scope, define and develop our approach to learning and to work with the wider staff team on how we can make our practice around monitoring and evaluating less onerous and more useful for the groups we support. The new post holder will join us in June 2019.

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

- Underpinning all our principles is the desire to *actively use our resources, and the freedom and independence they give, to contribute 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. Three years ago, we reviewed how we could most

effectively direct the key resources of trustee time, energy and experience to support and develop the work of the trust. Following this review we introduced our new meeting cycle which enables wider trustee engagement with applicants and grant holders, established the annual trustee and staff away days to different locations around the UK and began work on strengthening the Board by recruiting new trustees.

- Strengthening the Board helps us to be more effective both in our direct grant making and in our strategic thinking, with trustees supporting both our highly-engaged, relational approach to grant making and our deliberations around learning, focus and direction of travel in the years ahead. Wider work around reviewing and embedding the Charity Governance Code has also helped us think through the hallmarks of an effective Board and assess where change may be needed.
- One new trustee, Jonathan Bell, came on board in 2017-2018. During that year we also embarked on an open recruitment process, seeking trustees who could bring new energy and thinking to the Trust and who had a live connection with the type of organisations we are most interested in supporting. We were pleased and surprised to receive more than 90 strong applications. Following an informal conversation with our recruitment consultant, we invited a number of candidates to come and talk to a panel of trustees and to meet some of the staff team. After a further meeting with the wider trustee group, Shilpa Shah and Holly Baine were appointed as trustees on 30th April 2018. Holly and Shilpa bring extensive and varied experience of ‘on the ground’ work in different communities, along with emotional intelligence, intellectual curiosity and a real commitment to Tudor’s values and approach. We are delighted that they have joined us and greatly appreciate the new perspectives they have brought to our work, along with the gentle challenges they have made along the way.
- 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 from charities, within clear parameters. Over the year 20% of grant decisions were made by the DDC. As well as freeing up trustee time and energy, delegating decisions in this way makes effective use of grants managers’ skills and experience, allowing them to build on established relationships whether we are funding with an eye to continued engagement or negotiating a ‘good ending’ for a particular stage of the funding relationship. In some cases, while a grants manager may have prepared the ground for disengagement, they may still feel that a final short-term grant would give an organisation some useful support and breathing space while they look for other funding: this kind of grant can be made quickly via the DDC.
- In the year under review we were approached by two charities, Salvaire and Four Acre Trust, to distribute funds on their behalf. We received £295,000 from Salvaire when they wound up, placing this in a restricted fund for distribution to charities working in the criminal justice field in Sheffield and the surrounding area. We also received £145,000 from Four Acre Trust, to

help resource our grant making within the youth sector. Four Acre's interest in supporting smaller, local charities, commitment to backing good people and focus on prevention aligns closely with Tudor's approach to funding, so Tudor's trustees were delighted to embark on this partnership and grateful to Four Acre for placing their trust and confidence in us. Happily, this partnership will continue into 2019-2020, with Four Acre allocating £250,000 towards grant support for youth projects over the year ahead. Tudor's trustees are interested in the potential for further partnerships of this type and would be happy to talk to other organisations interested in aligning some of their resource with ours.

- Collaboration is an increasingly important way of leveraging the resources at our disposal. In the year under review Tudor joined with five other funders - City Bridge Trust, Esmeé Fairbairn Foundation, Lankelly Chase 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. The group has been exploring how we might 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. The deep challenge of six funders trying to move beyond their own culture, approach and strategy to find common ground has taken time to work through. However we are now at a point where the group - known as Localmotion - is recruiting for a Director for Collaboration to work with group members and local communities to turn ideas into a programme of work.
- At a smaller scale, we also partnered with Corra Foundation in Scotland to 'piggyback' a small number of core grants to organisations they are already funding through their Henry Duncan grants programme. The intention here is to reduce the burden on applicants - we will make a decision based on the group's application to Corra, combined with a conversation with one of the Tudor team. But alongside this the hope is that working in partnership in this way will allow us to get grants into areas we might normally struggle to fund in, benefiting from Corra's established relationships and in-depth knowledge of communities. The ground work for this partnership took place during the year under review, with the first grants to come during 2019-2020.
- 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 it is important that we make use of this *freedom and independence in ways which contribute to the health and strength of civil society*. Working collaboratively, as through Localmotion, is one way in which we can do this: as funders we are in the privileged position of having the time, headspace 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 New Economics Foundation to support their work to build a private renters' movement and to Street to Scale CIC towards their work around building and

extending trust within communities. We also continued to support organisations such as NEON, working to build the strength of movements for social and economic justice and the Sheila McKechnie Foundation, which teaches and supports campaigners, at all levels, so that they can shape their world. These may not be ‘typical’ Tudor grant holders, but in our view their work is strongly aligned with our principles, and with our wider aims as a funder.

- Tudor’s trustees have operated a responsible investment policy for managing the Trust’s endowment for 18 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: this led to a decision to divest from investments in oil and gas companies. We also sold the Trust’s holding in a High Income Unit Trust as its investments no longer aligned with our principles. Here our sense is that alignment with mission must be prioritised if we are to make the best use of our resources, even if this might reduce short-term financial return.
- During the year we continued to work on the development of a new grants management database, intended to streamline internal processes and maximise staff effectiveness while also supporting and enhancing our relational style of grant making. Progress has been slower than anticipated, in part due to the challenges inherent in ‘containing’ our iterative and flexible grant-making approach within a workflow system. We do feel, however, 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. Beyond this database work, we undertook a full IT upgrade in the year under review, intended to provide us with a more stable and reliable work platform in the future.

Looking ahead

- Tudor’s trustees have agreed a grant commitment of £18 million for 2019-2020, to around 300 organisations. Our giving against this grant commitment budget will be monitored closely by the Board, with a review taking place in November 2019.
- This commitment level sits in line with the level of grants agreed over the last six years: over this period our annual grant commitment has ranged from £16.1 million to £19.9 million. We are maintaining this commitment level while the trustees continue to discuss a range of future scenarios for the Trust, thinking through how Tudor may need to change and develop in order to best deliver our purpose.
- Over the year the Board discussed how we can develop a ‘route map’ which will help us make decisions at various key points in the future. Discussion

has focused on how we can build the trustees' confidence that they are making the right decisions at the right time and on what kind of learning needs to be in place to support that decision making. Alongside this the trustees are keen to ensure that any decisions we take now do not irrevocably close off options for future trustees: balancing our responsibility to the current and future trust, and current and future beneficiaries, is a key area of debate here. These conversations will continue in the year ahead.

- Next year we also plan to develop our thinking and practice around learning. We need to clarify what we need to put in place to help us fulfil our aim of being a learning organisation. We will continue to find ways of building 'reflection points' into our processes, so that we can take stock of whether and how staff and trustees are really living our values and where we might need to change things. The Complexity Friendly Funding Group will explore whether our thinking around accountability needs to change as we recognise the complexity of the systems which many of the groups we fund are working within, and a funder's role within the system. Finally, funding in place is likely to be another key theme, as the Localmotion partnership work develops and we build on the exploratory work we have carried out in a number of Big Local areas.
- Underpinning all this, we will continue to concentrate on making good grants. 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 £17.9 million (2018: £17.8 million), making 311 grants (2018: 328). Trustees confirm a budget range for grants at the beginning of each financial year. Following the completion of the budgeted five year grant range of £17 million to £19 million in 2016 the trustees have, for the last three years, agreed a grant range of £16 to £18 million. The level of grants being committed throughout the year is regularly kept under review and this year's commitment falls within the planned range.

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 £13.8 million (2018: £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 returns on the fund have been comparable with the previous year even though c£20million was 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 £2.1 million compared to a deficit of £2.9 million in 2018.

Income earned on Tudor's investment portfolio this year (net of investment management fees) decreased significantly from £6.56 million in 2018 to £5.68 million. This is due to a reduction in dividend income of c£0.5 million together with the loss of the Legal and General income following the disposal of the Unit Trust Fund in the year. Overall charitable expenditure has increased slightly during the year from £19.1 million to £19.2 million. This is partly due to two remunerated trustees joining the trust and the creation of an additional grants manager role in the year.

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 £1,514,000 (2018: £1,406,000). This uplift is largely due to an increase in staff numbers. Consultancy costs have increased this year as the Africa Group hosted its bi-annual conference in Uganda. We have experienced ongoing problems with the heating system this year and the resulting investigations and the need for a new boiler have increased the trust's accommodation costs for the year.

Expenditure on professional support costs, representing fees paid to external consultants and professional advisers in support of grant applications and ongoing grant work, was £68,000 this year (2018: £81,000). This reduction

reflects a fall both in the level of legal advice being commissioned in support of our beneficiaries, and in consultancy fees. Most of these costs are ad hoc and vary from year to year depending on need.

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 increase in comparison with the previous year: to £290,000 compared to £194,000. This year four grants were fully withdrawn, with adjustments made to six others. In two cases grants were withdrawn due to the respective organisations being wound up while in the other two work was unable to proceed on the basis agreed in grant the commitment.

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 38. 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 18 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 this 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 has, in addition to discussing oil and gas, considered gender inequality, higher cost fuel, mining, nuclear, tax adjusting company stocks, deforestation, plastic pollution, animal testing, human embryo cloning, modern day slavery and living wage employers.

At the beginning of the year Tudor's Investment Committee agreed to sell the trust's holding in Legal and General's High Income Unit Trust. This legacy holding did not fully align with Tudor's principles and in September and December 2018 the holding was sold. All of Tudor's investments now align with our investment principles. In June 2018 the Committee agreed to invest £7.5 million in Paloma Real Estate Fund II.

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 £164.4 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 realised £20 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, the Investment Committee agreed to realise the Legal and General Holding in September and December 2018 when there was a cash requirement. Due to uncertainties around the year end over Brexit, £7m was realised from the equity portfolio in February 2019 to facilitate Tudor's cash requirement over a longer period.

The market value of Tudor's investments at 31st March 2019 was £261 million (2018: £263 million), including social investments. The portfolio at this date

comprised 64% global equities, 24% fixed interest holdings, 5% in Real Estate Funds, 6% in cash and 1% as social/unlisted investments (in 2018: 60%, 30%, 2%, 7% and 1% respectively). Cash flow requirement is reviewed at each Investment Committee meeting.

The £62.7 million fixed interest portfolio is held in the Corporate Bond Fund at the year end.

Financial markets have again been volatile during the financial year compounded by the devaluation of sterling. 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 gains of £13.0 million (2018: gains of £10.2 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 underperformed its benchmark by -0.6%, for the year, following outperformance in 2018 of 4.8%. The Corporate Bond Fund is managed against a bespoke benchmark: and during the year has underperformed by 0.93% (2018: outperformance of 1.52%). 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 £1.7 million (2018: £3.1 million), representing 0.65% of the endowment.

For the first time in a number of years Tudor has not made a social investment during the year. In February 2019 Tudor's Investment Committee agreed to invest in Social and Sustainable Capital's Building Fund. This investment is a new fund and due diligence and legal agreements were not in place at the year end.

We were disappointed that Our Power entered into administration on 25 January 2019. This market-disrupting investment was intended to address the market failure in the energy sector for low-income households. Tudor had invested £1 million alongside a number of other social investors and, with these investors, worked extensively with Our Power during the life of the investment and in the period leading up to its eventual administration. We have made a

claim in the administration. Further details are set out in note 21. In addition, we have been working with Fair for You during the year to see whether there is an equitable way to use our unsecured loan of £250,000 to support Fair for You as it looks for further financing.

There have been a small number of repayments of social investments during the year; we continue to receive repayments from Gloucestershire Gateway Trust and the first Community Land Trust (CLT) Fund, while the Essex Social Impact Partnership has now fully repaid, barring the capital costs of the investment.

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 2019, 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, Our Power 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; of note this year is the provision against Our Power together with one for the unsecured loan to Fair for You.

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 £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 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 The Tudor Trust on 10 July 2019 and signed on their behalf by:

James Long
Chair

Shilpa Shah
Trustee Director

Statement of Financial Activities
 (incorporating an income and expenditure account)
 Year ended 31 March 2019

	Notes	Unrestricted 2019 £000	Restricted 2019 £000	Total 2019 £000	Total 2018 £000
Income					
Donations	13	-	440	440	128
Investment income	2	5,686	-	5,686	6,558
Total income		5,686	440	6,126	6,686
Expenditure					
Costs of raising funds					
Investment Management Costs	3	744	-	744	650
Expenditure on charitable activities					
Grantmaking					
Grants approved	4/5a	17,709	190	17,899	17,824
Grants withdrawn	5a	(290)	-	(290)	(194)
Management of grants	5b	1,514	-	1,514	1,406
Professional support costs	5b	68	-	68	81
Governance costs	5b	19	-	19	22
Cost of grantmaking		19,020	190	19,210	19,139
Total expenditure		19,764	190	19,954	19,789
Net expenditure/(income) before gains and losses on investments		(14,078)	250	(13,828)	(13,103)
Net gains on investments	7	12,963	-	12,963	10,202
Provisions on social investments	8	(1,226)	-	(1,226)	(98)
Gain on repayment of Peterborough Social Impact Bond		-	-	-	81
Net (expenditure)/ income for the year and net movement in funds		(2,341)	250	(2,091)	(2,918)
Funds balance at beginning of year	13	246,224	89	246,313	249,231
Funds balance at the end of the year	13	243,883	339	244,222	246,313

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 2018 Statement of Financial Activities is included at note 22

Balance Sheet

As at 31 March 2019

Company number: 5196041

	Notes	2019 £000	2018 £000
Fixed Assets			
Investments	7	258,822	259,578
Social investments	8	1,741	3,090
Tangible assets	9	1,038	1,075
		261,601	263,743
Current Assets			
Debtors	10	234	526
Cash at bank and in hand		1,963	1,262
		2,197	1,788
Current liabilities			
Creditors: amounts falling due within one year	11	(14,403)	(13,520)
Net current liabilities		(12,206)	(11,732)
Total assets less current liabilities		249,395	252,011
Creditors: amounts falling due after more than one year	12	(5,173)	(5,698)
Net assets		244,222	246,313
Funds			
Unrestricted funds			
General fund (expendable endowment)	13	215,012	219,824
Revaluation reserve (expendable endowment)	13	28,871	26,400
Restricted fund	13	339	89
		244,222	246,313

The financial statements were approved and authorised for issue by the Trustees of the Tudor Trust on 10 July 2019 and signed on their behalf by:

James Long
Trustee/Director

Shilpa Shah
Trustee/Director

Statement of Cash Flows

Year ended 31 March 2019

	2019 £000	2018 £000
Net cash used in operating activities (note 14)	(19,078)	(18,860)
Cash flows from investing activities:		
Interest and dividends	5,964	6,682
Proceeds from sale of investments	56,521	63,103
Purchase of investments	(39,276)	(53,287)
Forward foreign exchange transactions	(1,678)	455
Repayments from social investments	132	1,391
Purchase of social investments	-	(1,125)
Purchase of fixed assets	(36)	(32)
Net cash provided by investing activities	21,627	17,187
 Change in cash and cash equivalents in the year	 2,549	 (1,673)
Cash and cash equivalents at the beginning of the year	18,206	19,879
Cash and cash equivalents at the end of the year (note 15)	20,755	18,206

Notes to the annual accounts 2018/19

1. Accounting policies

a) Basis of accounts preparation

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (effective 1 January 2015) preparing our accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

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 2019 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.

- m) 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.

- n) 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

	2019 Total £000	2018 Total £000
Dividends and Interest		
Equity investments	2,206	2,713
Fixed interest	2,963	3,401
Real Estate Fund distributions	315	261
Social investments	107	129
Bank interest	95	54
	5,686	6,558

3. Investment management costs

	2019 £000	2018 £000
Investment management fees	720	646
Accountancy fees re tax reclaims	24	4
	744	650

4. Analysis of grants by classification

	% by number of grants	Number	2019 Total £000	% by number of grants	Number	2018 Total £000
Grants by classification						
Youth	9	27	1,576	13	43	2,643
Older People	3	9	413	3	11	449
Community	42	132	7,858	48	157	8,781
Relationships	15	45	3,033	9	28	1,443
Housing	6	19	1,403	6	19	1,216
Mental Health	6	20	1,159	5	18	977
Substance Misuse	2	7	470	2	6	419
Learning	1	4	115	2	8	376
Financial Security	1	2	165	1	2	90
Criminal Justice	2	7	412	5	15	862
Overseas	13	39	1,295	6	21	568
	100	311	17,899	100	328	17,824

Included in the Community classification is one grant to an individual; Peter Lipman (2018:2). Further information on this grant 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

	2019 Number	2019 £000	2018 Number	2018 £000
Grants approved during the year	311	17,899	328	17,824
Grants cancelled or adjusted during the year	(10)	(290)	(8)	(194)
	301	17,609	320	17,630

The number of fully cancelled grants in the year was 4 (2018: 1), adjustments were made to 6 other grants (2018: 7).

b) Resources expended

		2019 Total £000	2018 Total £000
Management of grants			
	Staff costs	1,084	1,023
	Office expenses	146	128
	Depreciation	62	51
	Accommodation costs	54	57
	IT costs	68	71
	Trustee remuneration	77	53
	Trustees' expenses	23	23
		1,514	1,406

Professional support costs	68	81
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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	2
	Auditor's remuneration	17	20
		19	22

5. Expenditure (continued)

The Trustees are reimbursed for out-of-pocket travel and subsistence expenses. The number of trustees who received reimbursement was 12 (2018: 11).

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.

	2019 Total £000 £	2018 Total £000 £
James Long	25	24
Monica Barlow	25	24
Shilpa Shah	15	-
Holly Bain	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 £88,122 (2018: £84,190) and Tudor made contributions of £13,627 towards his pension (2018: £12,708).

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

	2019 Total £000	2018 Total £000
This is stated after charging:		
Operating leases - plant and machinery	7	8
Auditor's remuneration (net of VAT) - statutory audit	14	14
Auditor's remuneration (net of VAT) - grant audits	-	3
Depreciation	62	51

6. Employment costs

	2019 £000	2018 £000
Wages and salaries	874	817
Social Security costs	93	86
Pension costs	124	113
	1,091	1,016

The average head count for the year was 20 (2018: 19). The average full-time equivalent number of employees during the year was 17 (2018: 16).

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

	2019 £000	2018 £000
£60,000 - £69,999	2	2
£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 £436,119 (2018: £398,803).

7. Investments

	2019 £000	2018 £000
Fair value of investments at 1 April	259,578	261,292
Purchases at cost made during the year	39,276	53,287
Sales proceeds on disposal	(56,521)	(63,103)
Forward foreign exchange transactions in year	1,385	(455)
Increase/(decrease) in investment cash held	2,141	(1,645)
Net gain on change in fair value	12,963	10,202
Fair value of investments at 31 March	258,822	259,578
Historic cost at 31 March	229,951	233,178
Accumulated unrealised gains based on historic cost	28,871	26,400

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:

	2019 £000	2018 £000
UK equity investments	17,051	12,942
UK fixed interest investments	62,737	77,378
Overseas equity investments	147,380	146,372
Cash on deposit awaiting investment held in the UK	18,792	16,944
Unlisted Jersey-based Real Estate Fund	12,862	5,942
Unlisted UK fixed interest investments	-	-
	258,822	259,578

Due to issues with fundraising the unlisted UK fixed interest investment has been impaired to £nil since the 2017 year end. The investment is being closely monitored by the trustees.

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 2019 there were two (2018: two) open currency commitments. The unrealised forward foreign exchange transaction was £218,028 (2018: £75,030). 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

	2019 £000	2018 £000
Value of investments at 1 April	3,090	3,381
Additions during the year	-	1,125
Sales proceeds on disposal	(132)	(1,391)
Net expenditure including management fees	9	(8)
Gain on repayment of Peterborough Social Impact Bond	-	81
Provisions against investments	(1,226)	(98)
Value of social investments at 31 March	1,741	3,090

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

During the year Our Power went into administration. The 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 2018	2,145	150	145	2,440
Additions in the year	-	-	36	36
Work in Progress (written off)	-	-	(11)	(11)
Assets written off in year	-	-	(26)	(26)
At 31 March 2019	2,145	150	144	2,439
Depreciation				
At 1 April 2018	1,129	109	127	1,365
Charge for the year	43	7	12	62
Assets written off in year	-	-	(26)	(26)
At 31 March 2019	1,172	116	113	1,401
Net book value at 31 March 2019	973	34	31	1,038
Net book value at 31 March 2018	1,016	41	18	1,075

All fixed assets are used for charitable purposes.

10. Debtors

	2019 £000	2018 £000
Accrued investment income	189	468
Loans	-	5
Other debtors and prepayments	45	53
	234	526

11. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Grants payable (note 16)	14,115	13,243
Accruals	261	251
Taxation and Social Security	27	26
	14,403	13,520

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

	2019 £000	2018 £000
Grants payable in 2 - 5 years (note 16)	5,173	5,698

13. Movement in funds for the current year

	Funds balances at start of the year £000	Income £000	Expenditure £000	Net investment gains £000	Funds balance at end of year £000
Restricted fund					
V Kann Rasmussen Foundation	89	-	(45)	-	44
Salvaire	-	295	-	-	295
Four Acre Trust	-	145	(145)	-	-
Total Restricted funds	89	440	(190)	-	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

Represented by:	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
	261,601	(12,206)	(5,173)	244,222

Restricted funds

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

Following the receipt of funding from V Kann Rasmussen Foundation in 2018 at the year end Tudor stills holds the final year of funding. 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 2018

	Funds balances at start of the year	Income	Expenditure	Transfer of funds	Net investment gains	Funds balance at end of year
	£000	£000	£000	£000	£000	£000
Restricted fund #	-	128	(39)	-	-	89
Unrestricted fund						
General fund	224,987	6,558	(19,750)		8,029	219,824
Revaluation reserve	24,244	-	-	-	2,156	26,400
Total Unrestricted funds	249,231	6,558	(19,750)	-	10,185	246,224
Total funds	249,231	6,686	(19,789)	-	10,185	246,313

	Fixed assets £000	Net current liabilities £000	Creditors >1 year £000	Net assets £000
Unrestricted Fund	263,743	(11,821)	(5,698)	246,224
Restricted Funds	-	89	-	89
Represented by:	263,743	(11,732)	(5,698)	246,313

During the 2018 year Tudor agreed to accept a second grant of US\$50,000 (converted at £38,693) from the V Kann Rasmussen Foundation. The grant was towards research and reporting on possible responses to a complex set of environmental problems on behalf of the Foundation. Following due diligence work Tudor has offered this grant to Peter Lipman. The grant was received and distributed during the 2018 year.

To complete the work being carried out by Peter Lipman Tudor was asked by the V Kann Rasmussen Foundation to hold a third grant for a further two years of US\$120,000 (converted at £89,191). This grant had not yet been distributed at the 2018 year end.

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

	2019 £000	2018 £000
Net (expenditure) for the reporting period (as per the statement of financial activities)	(13,828)	(13,103)
Depreciation charges	62	51
Write off of work in progress	11	-
Investment income	(5,686)	(6,558)
Other movements on social investments	(9)	8
St Jude Loan repayment	5	15
Movement in working capital:		
decrease/(increase) in debtors	9	(5)
increase/(decrease) in creditors	11	(118)
increase in grant commitments	347	850
Cash outflow from operating activities	(19,078)	(18,860)

15. Analysis of cash and cash equivalents

	At 1 April 2018 £000	Cash Flows £000	At 31 March 2019 £000
Cash at bank and in hand	1,262	701	1,963
Investment cash	16,944	1,848	18,792
	18,206	2,549	20,755

16. Grant commitment reconciliation

	2019 £000	2018 £000
Commitment at the start of the year		
Payable in less than one year (note 11)	13,243	13,478
Payable in more than one year (note 12)	5,698	4,613
	18,941	18,091
Grants committed during the year (note 5a)	17,899	17,824
Grants written back or adjusted (note 5a)	(290)	(194)
Grants paid during the year	(17,262)	(16,780)
Commitment at the end 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

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:

	2019 £000	2018 £000
Payable within one year	-	6
Payable within two to five years	-	-
	-	6

During the current year Tudor entered into a one year lease arrangement on its photocopier contract.

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 has continued to operate throughout the year and transactions through FCT are now minimal. FCT's balance sheet as at 31 March 2019 and 2018 is as follows; these entries have not been consolidated into the Tudor accounts in this accounting period.

	2019 £000	2018 £000
Cash at bank and in hand	35	35
Creditors: amounts due within one year	-	-
	<u>35</u>	<u>35</u>

19. Capital and other commitments

As explained in note 21, Tudor has a further commitment to Venturesome of £150,000 (2018: 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 the balance sheet date due diligence was still taking place on the investment.

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 £171 (2018 : no purchases were made).

Christopher Graves is both the salaried director of Tudor and a trustee. Full details of his remuneration are set out in note 5.

Shilpa Shah, one of Tudor's trustees, is the sister of Jilna Shah the interim director at Migrant's Rights Network. During the year Tudor made a grant of £50,000 to the Network. 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 2018 year £150,000 of Tudor's investment was returned and will be released again once Venturesome has a need for it.

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 being wound down. 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 is awaiting repayment of its capital once the entity holding the bond has been wound up.

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.

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.

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 plans are more advanced. Interest is received on this loan.

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 a 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 this year's accounts.

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 2018

	Notes	2018 £000	2017 £000
Income			
Donations	13	128	40
Investment income	2	6,558	6,605
Total income		6,686	6,645
Expenditure			
Costs of raising funds			
Investment Management Costs	3	650	772
Expenditure on charitable activities			
Grantmaking			
Grants approved	4/5a	17,824	16,137
Grants withdrawn	5a	(194)	(195)
Management of grants	5b	1,406	1,333
Professional support costs	5b	81	67
Governance costs	5b	22	21
Cost of grantmaking		19,139	17,363
Total expenditure		19,789	18,135
Net expenditure before gains and losses on investments		(13,103)	(11,490)
Net gains on investments	7	10,202	42,404
Provisions on social investments	8	(98)	(60)
Gain on repayment of Peterborough Social Impact Bond		81	-
Net (expenditure)/ income for the year and net movement in funds		(2,918)	30,854
Funds balance at beginning of year	13	249,231	218,377
Funds balance at the end of the year	13	246,313	249,231

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.

Note 23. Post Balance Sheet Event

Tudor's trustees have been closely monitoring the unlisted UK fixed interest investment for a number of years. This investment was impaired to £nil in the 2017 year and is disclosed with investments in note 7.

Following the year end Tudor has been informed that the company is being put into liquidation and a liquidator has been appointed.

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 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

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

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

11 July 2019

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	Ben Dunwell *
Holly Baine (<i>appointed 30th April 2018</i>)	Matt Dunwell * # (<i>Chair to 21st November 2018</i>)
Monica Barlow * #	Roz Dunwell
Jonathan Bell #	Christopher Graves * #
Nell Buckler *	James Long * # (<i>Chair from 21st November 2018</i>)
Amy Collins (<i>resigned 21st November 2018</i>)	Francis Runacres
Louise Collins	Shilpa Shah * (<i>appointed 30th April 2018</i>)
Elizabeth Crawshaw	Carey Weeks (nee Buckler)

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

Holly Baine, Jonathan Bell, Nell Buckler, Ben Dunwell, Christopher Graves and Shilpa Shah retired from office and were reappointed on 26th September 2018.

Staff of the Tudor Trust

Ihsaan Budaly	Grants Support Assistant (<i>from 26th November 2018</i>)
Anna Cooper	Database & Systems Manager
Ruth Crawley	Resources Manager
Joanna de Havilland	Grants Manager
Jascha Elliott	Grants Manager
Eryl Foulkes	Grants Manager
Christopher Graves * #	Director
Lotte Hiller	PA to the Director
Zoe Hines	Grants Support Officer (<i>until 29th June 2018</i>)
Anne Lane	Head of Grant Making
Nicky Lappin	Head of Research and Information
Tony Maher	Database Transition Manager (<i>contract to 7th November 2018</i>)
Meena Mistry	Finance Officer
Jennifer Oatley	Grants Manager (<i>on maternity leave from 29th March 2018</i>)
Catriona Slorach	Grants Manager
Frankie Stevens	Grants Manager
Cathy Togher	Grants Manager (<i>from 12th February 2018</i>)
Hannah Torkington	Grants Manager (Africa and UK)
Aris Tsontzos	Database Transition Manager (<i>contract from 10th December 2018</i>)
Lulu Wright	Grants Support Officer
Eman Yosry	Resources Officer
Fiona Young * #	Head of Finance and Resources

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 & Braithwaite LLP
10 Queen Street Place
London EC4R 1BE

Russell-Cooke LLP
2 Putney Hill
London SW15 6AB