BENEFACT TRUST

(formerly Allchurches Trust Limited)

2021 ANNUAL REPORT and ACCOUNTS

Company registration number 1043742
Charity registration number 263960

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Explanation of terms

Throughout the annual report, the following terms are used as defined below:

The Trust or the charity	Benefact Trust Limited
Benefact Group	Benefact Group plc (formerly Ecclesiastical Insurance Group plc), the direct subsidiary of Benefact Trust Limited
The Group	The abbreviation for Benefact Group plc and all its direct and indirectly-owned subsidiaries
Benefact Trust group of companies	The abbreviation for Benefact Trust Limited and all its direct and indirectly-owned subsidiaries
EIO plc	Ecclesiastical Insurance Office plc, a direct subsidiary of Benefact Group plc. It is the principal operating subsidiary.

About us

Benefact Trust Limited (the Trust), previously named Allchurches Trust Limited, was established in 1972 and is one of the UK's largest grant-making charities.

The Trust promotes the Christian religion and provides grants and support to Christian churches and charitable organisations, strengthening communities and seeking to help those in areas of greater need and deprivation. As one of the few charities prepared to fund projects at an early stage, the Trust also acts as a 'catalyst' funder and is uniquely placed to provide early practical advice that can help applicants unlock additional project funding.

Benefact Trust is the owner of Benefact Group plc (the Group), previously named Ecclesiastical Insurance Group, which in turn owns Ecclesiastical Insurance Office plc (EIO plc). The Trust receives the majority of its income from the companies it owns; it does not fundraise. The Trust is governed by a board of trustees who set its strategic direction and fully recognise their responsibility to deliver on its objects in a way that enhances public trust. Among the trustees are senior Church of England and Methodist clerics, which helps the board to understand and reflect its beneficiary base, but it is completely independent of these churches. A full list of the Trust's related undertakings is presented in note 46 to the financial statements.

We seek to celebrate and share the successes of beneficiaries and to recognise and support their challenges. In doing so, we seek the views of our large beneficiary network in shaping our grant-giving programmes, so that we can realise our vision to be one of the UK's most impactful Christian grant-making charities, and fulfil our mission to help Christian organisations have a positive and transformative impact on the lives and communities they support.

Chairman's report

It is pleasing to note that, two years since the first lockdown, life is beginning to return to normal with the easing of most Covid-19 related restrictions. Face to face meetings have returned and the stresses of living and working through the worst of the pandemic are beginning to ease. It has been such a tough time for so many, disrupting children's education and forcing many elderly and vulnerable people to endure long periods of isolation. Happily, we can once again enjoy normal contact with family and friends.

Throughout the past two years, staff members of the Trust and its trading Group have continued to fulfil their professional duties while looking after loved ones, home-schooling their children etc. We are hugely in their debt and, against this very challenging backdrop, their achievements of the past two years are all the more noteworthy.

I reported last year that the Trust did not receive a grant from the Group in 2020 given the regulatory concerns around the impact of Covid-19 on insurance industry results and the consequent discouragement of dividend declarations. The trustees decided, however, against cutting back on grant-making in the light of the hardship faced by beneficiaries, and the impact on the people and places they support. So, with the benefit of a £10.0m withdrawal from the Expendable Endowment Fund (EEF), we increased our giving in 2020 to £23.3m. £3.2m of this was attributable to the 'Hope Beyond' grants programme, developed specifically in response to the pandemic, under which 428 individual grants were made in 2020. A further £5.0m withdrawal was made in March 2021 and the value of the EEF at the end of 2021 was £115.8m. We will return to the challenges arising from Covid-19 in 2022 with the launch of a new grants programme 'Brighter Lives'- specifically focusing on the impact of the pandemic on people's mental health.

Following the recovery in the global markets and a strong financial performance, in 2021 the Group granted £21.0m to the Trust. A further £5.0m attributable to 2021 performance will be gifted in 2022. Our financial support to churches, cathedrals and other charitable institutions was slightly lower than in the previous year at £19.3m (2020: £23.3m). We were able to react quickly to assist charities supporting the resettlement of Afghan evacuees in the UK following the Taliban takeover in Afghanistan and will extend this activity into 2022. The Trust continues

Chairman's report

BENEFACT TRUST

to support beneficiaries overseas, directly awarding grants totalling £1.0m (2020: £1.9m) in Ireland. Through its devolved grant-giving arrangements in Canada and Australia, CAD$0.5m (2020: CAD$0.5m) and AUD$0.2m (2020: AUD$0.2m) were awarded respectively.

Through its Methodist Grant-Giving Committee, the Trust awarded grants totalling £2.3m (2020: £2.5m) to support the mission and ministry of the Methodist Church in Britain and Ireland.

Co-Branding

Over the past two years, colleagues in both the Trust and the Group have been collaborating on a new brand following extensive research indicating that a shared visual identity would communicate their close relationship while, at the same time, reflecting the independence of each.

In March our members approved our new name, Benefact Trust Limited, which derives from two Latin words which combine to mean doing good. It is intended to communicate that our work is more far-reaching than our old name suggests and recognises our wider social impact in tackling issues from homelessness and poverty, to climate change and social cohesion.

For the first time in our 50 year history we will also co-brand with the trading subsidiary we proudly own, now renamed Benefact Group plc, enhancing our shared reputation as a beacon for good and enabling us to articulate a shared purpose. The change of name for the Benefact Group reflects the fact that it is a charity-owned, growing, international family of award-winning financial services businesses that gives all its available profits to good causes, mostly via Benefact Trust.

Over the past six years the Trust has given over £100m in grants which are used to benefit people of all religious denominations and none. The trustees extend their thanks to the Group's staff and we will celebrate this phenomenal achievement together in June 2022 at a special Thanksgiving Service in Westminster Abbey.

The Group performance overview

2021 saw Benefact Group recover quickly from the challenges posed by Covid-19 in the previous year and post a profit before tax of £81.9m[1] (restated 2020: £15.3m[1] loss), underpinned by strong investment returns as markets bounced back, and solid underlying underwriting results.

The Group's general insurance business reported underwriting profits in the UK, Ireland and Canada, but Australia suffered an underwriting loss due to the strengthening of reserves in respect of historic physical and sexual abuse claims. Premium growth was achieved in all geographical regions in which the Group operates.

[1] The figures stated have been prepared under International Financial Reporting Standards (IFRS), which is the accounting basis under which the Benefact Group prepares its financial statements. These may differ when consolidated into the Trust's consolidated financial statements which are prepared under UK Generally Accepted Accounting Practice (UKGAAP).

Chairman's report

The insurance broking businesses also performed above expectations and EdenTree, the Group's award-winning investment management firm, had another excellent year, achieving record inflows and exceeding fund benchmarks though it made a pre-tax loss (while continuing to invest heavily in the business).

An ambitious strategy has been launched that will see the Group transformed over the next five years, accelerating the profitable growth of its General Insurance, Broking and Investment divisions, to enable increased giving to good causes. The "next chapter" will see even greater investment in new systems and technology enabling the provision of an enhanced experience for customers, a focus on innovation to drive growth and a fresh drive to attract, retain and energise the best people. With a view to encouraging support from others and thereby growing its giving, the "next chapter" will also seek to spread the word about the Group as a successful financial services firm that donates all of its available profits for charitable purposes.

Grant-making

Every three years the trustees review our grant-making strategy and the most recent review took place in 2021. Its aim was to ensure that the Trust's range of grants programmes was effective in enabling beneficiaries to respond to the needs of those they seek to benefit and are implemented with clear scope, aims, criteria and impact measures which serve the Trust's strategy, help to achieve its vision and deliver its mission. As part of the review we have agreed and communicated to beneficiaries that the recurrent grants programme which has historically benefited Anglican dioceses, cathedrals and provincial bodies in the UK and Ireland, and continues to do so, will be phased out beginning in 2023 and come to an end by 2030. Funds available under the Trust's other grants programmes will expand accordingly and these same institutions will be encouraged to apply, alongside others, for project funding as appropriate.

In closing, I am pleased to advise that the Trust has just committed to providing at least £1m in grants to alleviate suffering due to the war in Ukraine with £250,000 to be released immediately in emergency aid.

I am very proud to be part of a small team of staff members and trustees who continue to work so hard to deliver grants to thousands of beneficiaries who, in turn, are striving to make a positive difference to so many lives in communities across the UK and in Ireland, Canada and Australia. I and my fellow trustees can only express our immense gratitude to our colleagues in Benefact Trust and Benefact Group who went far beyond expectations in the most challenging of circumstances.

Tim Carroll
Chairman

21 June 2022

Strategic Report

Our Vision, Mission and Values

Benefact Trust Limited is an independent registered charity, originally established as Allchurches Trust Limited in 1972. Its objects are to promote the Christian faith and to contribute to the funds of any charitable institutions and to carry out any charitable purpose.

The Trust is governed by a board of trustees which sets its strategic direction and ensures it meets its goals and objectives. Trustees fully recognise their responsibility to manage the Trust's affairs and deliver on its objects in a way that enhances public trust. In planning its activities, the trustees consider the Charity Commission's guidance on public benefit, including the guidance Public Benefit: Running a Charity (PB2).

We recognise that good governance is the cornerstone of a successful and sustainable business. Over a number of years, we have worked to ensure that good governance is at the heart of the Trust's activities and that its operations are efficient, effective and sustainable. The Trust complies with the Charity Governance Code.

On 8th March 2022, the Trust changed its name from Allchurches Trust Limited to Benefact Trust Limited, and its subsidiary, Ecclesiastical Insurance Group plc, also changed its name to Benefact Group plc. We believe that our new name and brand represents more effectively the Trust's purpose, mission and history, as well as to support our strategic aims to modernise and sustain the Trust for the future.

While the Trust's name has changed, our vision, mission and the values that guide our grant-giving remain the same, and are reflected in all of our actions. These are:

Our Vision

To be one of the UK's most impactful Christian grant-making charities.

Our Mission

To equip and empower Christian organisations to have a positive and transformative impact on lives and communities.

Our Values

Our Strategy 2022-24

During the year, the trustees reviewed the Trust's strategic progress against its 2021 plan and refreshed its three-year Strategy and Business Plan.

The strategy for 2022 to 2024 will continue the theme of building a strong and sustainable future for the Trust and its beneficiaries. The key strategic priorities will focus on a beneficiary centred approach that listens and responds to beneficiaries' changing needs, aiding recovery and building resilience in the Christian charitable sector to cope with current and emerging challenges, while always striving for operational excellence and considering sustainability in all that we do.

The strategy reflects not only the Trust's continued focus on modernisation but also on ensuring that its grants programmes are effective and efficient and enable its beneficiaries to have a long-lasting positive and transformative impact within their communities. The strategy will also embrace the activities to refresh and modernise its brand redesign and launch a successor programme for the recurrent grants to Anglican dioceses and cathedrals in 2023.

The strategy is underpinned by six strategic goals and the outcomes to be delivered at the end of the planning period (31 December 2024) are shown on the following page.

Our Strategy 2022-24

Strategic Goal

Key outcomes we aim to deliver by 2024

Providing solid foundations

- A strong governance framework will be embedded, meeting the required standards for charities with a connected non-charitable trading subsidiary; continuing to comply with the revised Charity Governance Code; operating within risk appetite; being appropriately advised by knowledgeable and competent advisers, and assessed the adequacy of the rate of return received from the trading subsidiary.
- The Trust will continue to have strong oversight of its trading subsidiary and will support its continued development as a successful financial services group.

Enabling greater impact

- Impact practice will be embedded in all of our grants programmes, providing a framework by which the success of individual grants programmes can be judged and outcomes can be utilised to inform the Trust's strategic planning, including the development of new and adapted open and recurrent grants programmes that listen and respond to changing beneficiary needs.
- Impact measurement and analysis will be used to continually improve the Trust's beneficiary offer and to evidence the Trust's own impact to key stakeholders.
- The Trust will take a leading role in sharing its learning on impact practice with other Christian funders and its beneficiaries, with the aim of enabling and celebrating the Christian charitable sector's increasingly positive and transformative impact on communities.

Building Strategic Partnerships

- The Trust will play an increasingly prominent role in Christian Networks. A joint grants programme and/or campaign will be explored with one or more Christian funders that will enhance the Christian sector's reputation for responding to the needs of its beneficiaries and having a transformative impact on communities.
- New and deeper connections will be formed that generate an increasing percentage and enhanced quality of applications from denominations outside the Church of England and from charities.
- Grow an ambassadorial network and increase awareness of the Trust's purpose and mission to the wider Christian sector.

Our Strategy 2022-24

Strategic Goal

Key outcomes we aim to deliver by 2024

Adding Value

- The Trust will be the 'go to' for both funding support and advice for Christian charities and churches, offering a suite of guidance and tools for beneficiaries in a range of formats that help equip them to meet changing needs and build resilience in both their organisation and their community.
- Gaps in beneficiary skills, knowledge and provision will be identified through needs analysis surveys and a sector mapping exercise, and the Trust will look to develop its own expertise in the areas identified.
- Outreach to selected partners will inform planning, exploring the potential for joint resource development and campaigns where both partners can add expertise and value through networks, media, influencers, etc.
- The Trust's deepening expertise will be shared through its own and partner channels and events.

Investing in our Future

- The operating model of the Trust, including its technological needs, will be efficient and effective but also resilient and robust to respond to the challenge of change.
- Be increasingly IT self-sufficient, whilst balancing the economic, resource, risk and data protection benefits of using shared group resource, to maintain the Trust's agility particularly in relation to digital services.
- Future sustainability will be considered in fulfilling the Trust's plans, including the impact on the environment and climate change.
- The Trust's staff and trustees will also be better equipped and more confident to act as spokespeople and/or ambassadors for the Trust.

Growing reputation

- Significantly enhance its reputation as a champion of the Christian charitable sector.
- Opportunities arising from the repositioning under a co-shared brand name with the Group, Benefact Trust and Benefact Group, will be maximised to increase awareness and extend reach and engagement, while protecting reputation and ensuring compliance with charity law and regulations.

Our plans for 2022

In 2022, the key initiatives that will be prioritised are:

Strategic Goal

Strategic initiatives

Providing solid foundations

- Strengthen the Trust's risk management through the adoption of a risk management policy and a defined risk appetite.
- Undertake an informed and objective review of the adequacy of the return received/targeted from the Benefact Group when weighed against the risk.

Enabling greater impact

- Undertake a review of the Trust's grant-making to ensure the charity's grant-giving responds to beneficiary need and is aligned with strategy and areas of funding focus.*
- Continue to embed impact practice into the Trust's grants programmes to assess their success and inform strategic planning of the charity's grant-giving.

*this initiative commenced in 2020 and will run for two years

Building Strategic Partnerships

- Deepen understanding of the sector and increase connections and relationships with key denominational stakeholders.*
- Grow denominational network to help grow awareness of the Trust's grant-giving and increase the charity's presence to enable greater denominational reach.*
- Build existing relationships with key Christian sector stakeholders to deepen insight of the needs and opportunities to inform the Trust's strategic planning.*
- Engage with key sector bodies and 'think tanks' to identify trends, challenges and opportunities*.
- Align the Trust and Group under a new co-brand.
- Establish an ambassador network to raise the profile of Benefact Trust.

*these initiatives commenced in 2020 and will run for two years

Our plans for 2022

In 2022, the key initiatives that will be prioritised are:

Strategic Goal	Strategic initiatives
Adding Value	• Implement and embed the Resource Needs Strategy to position the Trust as a value adding funder and lay the foundation for further thought leadership activity.
Investing in our Future	• Continue to build capacity and expertise of trustees and staff and support and develop a flexible workforce in a post Covid-19 environment. • Review the Trust's technology and software systems to ensure systems are efficient and meet requirements and build staff skills to ensure maximum benefit is derived from system use.
Growing reputation	• Maximise the new Benefact Trust brand to raise the Trust's profile and to extend reach and engagement with beneficiaries and audience • Evolve the Annual Report and Accounts to reflect the new Benefact Trust brand with a modern and professional design as well as the Trust's impactful grant-giving.

Our achievements in 2021

Despite the continuing challenges presented by the Covid-19 pandemic, we made significant progress and had another successful year in meeting the objectives we had set for 2021:

Our objectives for 2021	What we achieved
Implement the actions arising from the Independent Governance Review carried out in 2020 to further strengthen and enhance the charity's governance.	Following the trustees' review of the outcome of the Governance Review in December 2020, all but one of the recommendations (Risk Appetite and Risk Management Policy) were progressed through to completion by December 2021. Due to resource pressures, the remaining recommendation is expected to be completed in the second quarter of 2022.
Strengthen the Trust's risk management through the adoption of a risk management policy and a defined risk appetite.	The Trust's Risk Management Policy and Risk Appetite have been delayed due to resourcing issues. This is due for completion by Q2 2022.
Successfully comply with the refreshed 2020 Charity Governance Code, in particular the updated Integrity and Equality, Diversity and Inclusion principles.	Following the publication of the Charity Governance Code in December 2020, a gap analysis of the two updated principles was undertaken. Identified actions to further strengthen the Trust's governance and compliance with the Code were progressed to completion by September 2021. The Trust is compliant with the Code.
Undertake an independent review of the Trust's principal investment and assess how well the current strategy is being delivered for the benefit of the charity.	The Independent Review of the Group was carried out during 2020 and completed by Q1 2021. The Report concluded that overall the Group was in a strong position and had met the targets set by the Trust. A number of recommended actions were identified for the Group. These were agreed by the trustees and shared with the Group, which subsequently provided a progress report to the trustees on plans to address those recommendations.
Undertake a review of the Trust's grant-making to ensure the charity's grant-giving responds to beneficiary need and is aligned with strategy and areas of funding focus	A Grants Review, undertaken by the Grants Committee, commenced in 2020 and continued through 2021. The outcome of the review and recommendations on the Trust's grant-giving was considered by the Board in December 2021. Implementation of the Grants Review's recommendations and changes to the Trust's grants programme will be carried out in 2022.

Our achievements in 2021

Our objectives for 2021	What we achieved
Continue to embed impact practice into the Trust's grants programmes to assess their success and inform strategic planning of the charity's grant-giving.	Building on previous work in this area, further progress was made in 2021 to embed impact practice into the Trust's grants programmes. This is now standard practice when scoping and designing new grants programmes, and has been key to developing proposals for programmes proposed as a result of the Grants Review. Improvements were made to the reporting processes for the Recurrent Grants programme, and impact surveys were conducted during the year for all of the Trust's main grants programmes.
Deepen understanding of the sector and increase connections and relationships with key denominational stakeholders.	Further connections and relationships were made and developed with key denominational stakeholders in 2021, with a consequent deepened understanding of challenges and opportunities across the sector. Some work in this area has been delayed due to resource pressures. Following the appointment of an Interim Trust Director in January 2022, further activity under this objective will be carried forward into 2022.
Grow denominational network to help grow awareness of the Trust's grant- giving and increase the charity's presence to enable greater denominational reach.	Work in this area resulted in more grant applications being received from a broader range of denominations during 2021, especially through the Hope Beyond grants programme which had wide reach across the sector. The appointment of the new Interim Trust Director will enable further progress in this area in 2022 and beyond.
Build existing relationships with key Christian sector stakeholders to deepen insight of the needs and opportunities to inform the Trust's strategic planning.	Relationships with key Christian stakeholders, including significant charities and other Christian funders, were nurtured and developed in 2021, especially during the process of developing plans for the Trust's next thematic grants programme. Insight was also gained through dialogue with, and the distribution of impact surveys to, existing beneficiaries, helping to develop the Trust's awareness of the most pressing needs and issues.
Engage with key sector bodies and 'think tanks' to identify trends, challenges and opportunities.	Particular progress in this area during the year focused on further engagement with other funders in the sector, heritage organisations, and events and publications produced by sector bodies and 'think tanks', thus broadening the Trust's understanding of trends, challenges and opportunities. This work will be taken forward further in the plan period under the leadership of the Interim Trust Director from 2022 onwards.

Our achievements in 2021

Our objectives for 2021	What we achieved
Develop the Trust's expert knowledge and offering for the sector.	In 2021, the focus in this area was particularly in developing the Trust's expert knowledge with regard to impact practice and sharing this with other Christian funders, and in understanding the ongoing needs arising from the Covid-19 pandemic following the conclusion of the Hope Beyond programme in February 2021. The latter has led to the development of a new grants programme to be launched in 2022, responding to particular needs in the area of mental health.
Develop new ways of sharing advice content on the Trust's advice and resources hub to respond to evolving beneficiary need.	The focus in 2021 was on carrying out research identifying successful content and any gaps/opportunities in the Trust's advice and resources offering. Subsequently, an Advice and Resources Strategy aimed at evolving the Trust's offering to beneficiaries was developed and will be implemented in 2022.
Continue to build capacity and expertise of trustees and staff and support and develop a flexible workforce in a post Covid-19 environment.	Plans for developing the capacity and expertise of trustees and staff will continue into the plan period. New ways of working were established in 2021 and will continue to be considered as the UK starts to move into a post Covid-19 environment.
Review the Trust's technology and software systems to ensure systems are efficient and meet requirements and build staff skills to ensure maximum benefit is derived from system use.	A full review of the technology and software systems used by the Trust took place in 2021, with a particular focus on a high-level evaluation of alternative grants management systems, pending the release of a new version of the existing system in use. Improvements have been made where possible, but the delay of the new version of the Trust's current grants management system means further work will continue in this area in 2022.
Ensure orderly and diverse succession plans are in place for trustees and key roles and the principles of Diversity, Equality and Inclusion are embedded into recruitment practices.	Succession plans for trustees were reviewed and agreed in 2021 and will continue to be monitored. An Interim Trust Director was appointed during the year, and commenced in role on 4th January 2022. The Trust's Diversity policy was updated to reflect the principles of Diversity, Equality and Inclusion, and new diversity objectives were agreed by the trustees in December 2021.

Our achievements in 2021

Our objectives for 2021	What we achieved
Review the Trust's target operating model to ensure it is efficient and effective to support the Trust's vision, mission, and values and sustainability.	The Trust's target operating model was reviewed, and changes to processes and procedures to improve operational efficiency were proposed and implemented where possible. Ongoing consideration will be given to potential further improvements in 2022.
Develop a dynamic reputational management strategy to protect and grow the Trust's reputation and ensure that the charity continues to support the building of public trust and confidence in the charity sector.	A reputational management strategy was developed and approved by the trustees in 2021 and will be implemented in 2022.
Develop a new marketing and communications strategy to optimise opportunities and provide reassurance to key stakeholders.	A new marketing and communications strategy plan was developed and agreed by the trustees in 2021. The strategy will be implemented in 2022.
Launch and embed a new, more modern brand for the Trust that enhances the Trust's reputation and reflects the charity's history and objects.	At the end of 2021, the trustees agreed to re-brand the Trust and share a brand name with its trading subsidiary. The new Benefact Trust name was selected to encompass the Trust's purpose and history, whilst modernising the Trust and its identity and enhancing its recognition. A marketing and communications strategy, including launch plans for 2022, were developed and agreed by the end of the year.

Responding to Challenges

The Covid-19 pandemic continued to impact on the UK's social and economic environment during the year and into 2022. We were very aware of the pandemic's significant impact on our beneficiaries and the people and places they support.

We continued to support churches and Christian charities through the thematic programme 'Hope Beyond', from its launch in July 2020 until its closure in February 2021. Hope Beyond aimed to resource churches and Christian charities to adapt to new ways of working and areas of work which would best meet the challenges and changing needs of communities and embrace opportunities for individual, church and community flourishing for life beyond lockdown. Demand for the programme was extremely strong. Positive feedback on the impact that our grants made has led to the development of a further programme, launched in March 2022, which will provide support to strengthen the ability of beneficiaries to respond to the increasing mental health needs within communities, as a result of the Covid-19 pandemic crisis.

In 2021, we also provided additional resources via our website advice and resources hub to help organisations build resilience in response to the Covid-19 crisis.

We were also keen to provide assistance to churches and Christian charities who were supporting the resettlement of Afghan evacuees, welcomed into the UK following the Taliban takeover in Afghanistan. Recognising the costs that these organisations were incurring as they sought to help evacuees in the UK, we set up our Afghan Evacuees Emergency Grants programme in November 2021 to help cover the costs of evacuees securing accommodation, basic necessities and resettling in the UK. The programme ran for one month. In light of research indicating that there continues to be a need for support, further grants are being considered.

Our own small team continued to be impacted by the pandemic in terms of resource demands and administration of grants. However, as well as launching new programmes, we were able to keep our existing grant-giving programmes up and running throughout the period.

Benefact Trust's own investments have not been immune to the Covid-19 pandemic: in the prior year, the Trust and its subsidiaries experienced losses in their respective investment portfolios; the insurance and broking subsidiaries were exposed to a limited number of business interruption claims where there was confirmed cover. The Trust did not receive a grant from the Group in 2020 given the regulatory concerns around the impact of Covid-19 on insurance industry results and the consequent discouragement of dividend declarations. In 2021, there was more optimism in investment markets resulting in gains in the Trust's and its subsidiaries respective investment portfolios. The limited number of business interruption claims where there was confirmed cover continued to develop. We liquidated £5m from the expendable endowment fund in the first quarter of 2021 to maintain liquidity and thereby continued to support beneficiaries through the uncertain times. Donations from EIO plc were restored during 2021.

We undertook some significant projects during 2021 which placed significant demands on management and staff and also the trustees. We embarked on a major review of our grant-giving to ensure that the Trust's grants respond effectively to beneficiary need. Recommendations arising from the Grants Review group, as agreed by the Board, will be implemented during 2022. In addition, we agreed to rebrand the Trust using a co-brand with our immediate subsidiary, Ecclesiastical Insurance Group plc, to Benefact Trust Limited and Benefact Group plc respectively. Both new brands were successfully launched on 8 March 2022. To assist with the stretching workload challenges, we strengthened our Grants, Communications & Marketing and Governance Teams during the period and welcomed a new Trust Director to an interim role in January 2022.

Our Grant-Giving

The Trust's principal source of income is the grants it receives as the owner of the Benefact Group. As insurance is a risk business, the trustees recognise that grants received may fluctuate. The Trust therefore holds significant assets in an Expendable Endowment Fund. The Trust did not receive a donation from its subsidiary during 2020 due to the Covid-19 pandemic impact on the Group's profits, but following the recovery in the global markets during 2021 and the Group's strong performance, the Trust received a £21.0m donation during the year. Our financial support to churches and other charitable institutions reduced in 2021 compared with 2020, with total charitable giving of £19.3m (2020: £23.3m). The 2020 charitable giving reflected the Trust's significant response to the coronavirus pandemic and the desire to help beneficiaries respond to the emerging challenges. The pandemic also had an effect on application levels to the Trust in 2021 and therefore grants awarded, with many churches and charities necessarily taking time to emerge and recover from the Covid-19 disruption before being ready to submit applications. Application volumes started to increase again towards the end of 2021, for 2022 decision-making by the Trust. Over the past six years, the Trust has given over £100m in grants and these are used to benefit people of all faiths and none.

The Trust aims, in particular, to help those in areas of greater need. At the heart of the Trust's grant-making is the Christian belief that individuals reach their full potential in community and that the opportunity to flourish should be available to all. Increasingly, our grants target people in need but they also strengthen the churches, schools and charities who deliver that help. Grants awarded to beneficiaries from such areas in greater need are increased above the normal level, with grants awarded through the Hope Beyond programme factoring deprivation into the grant calculation.

Our continuous research on the impact and benefit of our grants programmes to support beneficiaries and areas of need informed the development of our new grants programmes such as 'Brighter Lives' and the Afghan Evacuees Emergency Grants programme. During the year, a Grants Review was carried out covering all aspects of the Trust's grantmaking. The aim of the review was to implement a new range of grants programmes with clear scope, aims, criteria and impact measures which serve the Trust's strategy, vision and mission.

While we have agreed the overall direction of future grants programmes, more detailed work will be carried out in 2022 in order that new programmes can be launched in 2023, preceded by communications to key stakeholders in Q3-4 2022. As part of the review, we have agreed changes to the Recurrent Grants programme which benefits Anglican dioceses, cathedrals and provincial bodies in the UK and Ireland. This will mean that grants awarded under this programme will begin to reduce by c.£1m per year from 2023, in order that the programme will end by 2030 at the latest. The funds released by the annual reduction will be available for all applicants to apply for through the Trust's other open grant programmes.

Our Grant-Giving

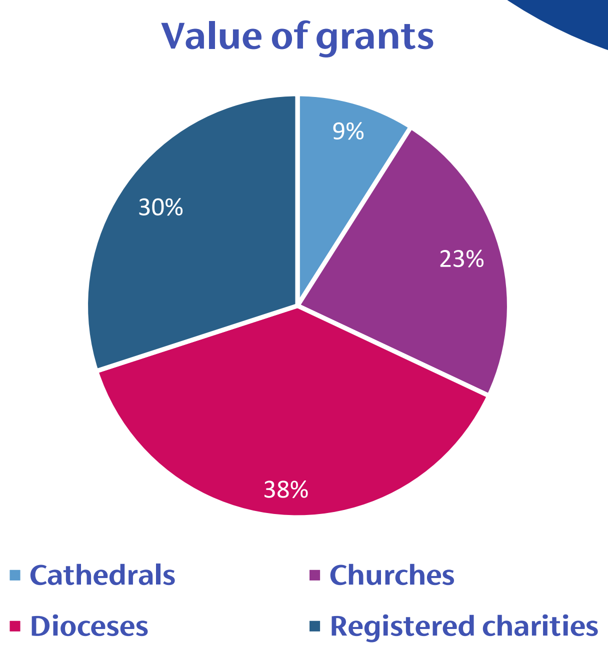
£146.6m donated in grants over the past 10 years

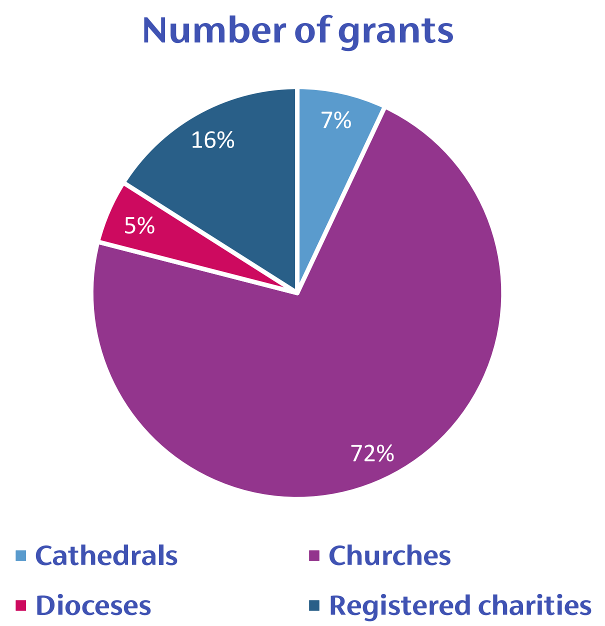
Grant-Giving at a glance

Our target is to deal with 90% of all Small and Roof Protection Scheme grant applications within 2 months. In 2021, we exceeded our target and processed 98.6%.

For all other programmes our target was 75% within 6 months and 90% within 12 months.

We actually processed 98% of all grant applications, large and small, within six months.





£19.3m donated in grants in 2021

Our Grant-Giving

The Trust operated a number of grants programmes during the year:

General Grants Programmes

The Trust's General Grants programme continued through 2021 and forms the backbone of our grant-making. The General Grants programme is split into two categories: Small Grants and Large Grants. Projects costing up to £1m are considered under Small Grants. Projects costing over £1m are considered under Large Grants. In both cases, the grant awarded by the Trust is a percentage of the overall project cost. Applicants are encouraged to raise further funds towards their total costs from other sources.

In 2021, 697 Small Grants totalling £2.1m were awarded to churches and charities across the UK and Ireland. In 2021, 24 Large Grants totalling £1.3m were awarded to churches and charities across the UK and Ireland.

The focus of this programme is on:

- The repair, restoration, protection and improvement of church buildings, cathedrals and other places of Christian worship, especially where those changes support wider community use
- Equipping Christian charities and churches to help the most vulnerable and tackle social issues, including homelessness, poverty, climate change and cultural cohesion
- Projects that support churches and Christian leaders, locally and nationally, spiritually and numerically, and share the Christian faith

In an impact survey carried out in 2021, 50% of General Grants beneficiaries reported that they had been able to repair, restore, protect or improve their buildings with the help of the grant awarded. A further 17% said their grant had enabled them to tackle social issues in their community.

The Trust reviewed the General Grants programme in 2021 as part of its Grants Review, and the learning from this informed the proposals for new grants programmes to be launched in 2023.

Case Study

With the support of £31,000 funding from Benefact Trust, London's Union Chapel will convert its Grade II Listed Sunday School into a centre for creative community outreach, with a focus on the most disadvantaged within the community including refugees and asylum seekers, young people, the LGBTQ+ community, people experiencing homelessness, those with disabilities and Black, Asian and ethnic minority groups. The project, 'Sunday School Stories', is intended to meet the needs of these communities and provide a space for projects that are enriching, skills-based and free.

Our Grant-Giving

Afghan Evacuees Emergency Grants Programme

In November 2021, the Trust launched an emergency grants programme to equip churches and Christian organisations engaged in supporting Afghan evacuees resettling in the UK, following the Taliban takeover in Afghanistan. Grants of up to £5,000 were available to help cover the costs of enabling evacuees to find secure accommodation, be provided with basic necessities, and begin to integrate and settle. 37 grants were awarded totalling £152,600.

Case Study

A £4,000 Afghan Evacuees Emergency Grant will help City Life Church to provide advice, language and practical services to improve the quality of life for Afghan evacuees in Southampton. There are currently 160 evacuees in a bridging hotel in Southampton. The church has been providing ESOL (English for Speakers of Other Languages) classes as well as meeting the practical needs of these families. City Life Church has already provided five families with emergency funds where the families have been unable to access statutory support. The emergency grant from Benefact Trust will enable the church to continue to provide essential support.

Our Grant-Giving

Brighter Lives Grants Programme

Following the closure of the Hope Beyond programme in February 2021, work was carried out to inform the Trust's further response to the effects of the Covid-19 pandemic. Having identified from beneficiary surveys that there are significant needs in the area of mental health, research was carried out with specialist mental health charities to ascertain ways in which the Trust might provide support in this area, through grants and other resources. This led to the development of the Brighter Lives Grants programme through which the Trust will aim to strengthen the ability of the Christian community in the UK and Ireland to respond more effectively to increased mental health needs arising from the Covid-19 pandemic. It will resource improvements for churches and Christian charities so they are better able to provide mental health training and resources, and support to those in greatest need. We launched the programme in March 2022.

Case Study

With the support of a £150,000 grant from Benefact Trust, Feeding Britain will be able to extend the reach of its 'Pathways from Poverty' programme, helping 2,400 more people to access vital support services. The Trust's funding will enable the anti-poverty charity to offer wraparound advice and casework services for people on low incomes who access low-cost food from its 'citizens' supermarkets' in Coventry and Wirral. These on-the-spot services will address issues such as debt, benefits, and housing, which have left people struggling to afford food and other essentials. In doing so, they will minimise the risk of people descending into crisis and having to rely on food banks at a later stage.

Our Grant-Giving

Hope Beyond' Thematic Grants Programme

In response to the Covid-19 pandemic, the Trust launched the 'Hope Beyond' Thematic grants programme in July 2020, to enable churches and Christian charities to meet changing needs within their communities, helping beneficiaries and the communities they support to adapt to the challenges and opportunities presented by the pandemic. The programme continued to run until February 2021.

In 2021, 301 grants totalling nearly £1.9m were awarded to beneficiaries throughout the UK and Ireland, adding to the 428 grants totalling nearly £3.2m that were awarded in 2020. Grants awarded were between 10% and 80% of project cost, to a maximum of £50,000.

The Trust's vision for the programme was that churches and Christian charities would feel more confident and better equipped to embrace new ways of working and offer support and activities to better meet the changing needs of their communities as the impact of the Covid-19 pandemic became clearer.

The programme focused on three key aims:

- Responding to the issues of loneliness and isolation exacerbated by the Covid-19 pandemic
- Growing community resilience and promoting mental and emotional health and wellbeing, including the provision of mental health and wellbeing support groups and 1:1 counselling for people of all ages (including clergy)
- Growing technological capability and resilience, particularly increasing digital capacity and provision, and supporting those without online access to get online through training and support

Seeking to receive applications from a wider denominational reach, the Trust's efforts in 2021 resulted in 64% of applications being received from denominations outside of the Church of England and charities.

92% of 2021 beneficiaries responding to a 2022 impact survey reported that they were now delivering new support or activities in order to meet needs arising from the Covid-19 pandemic, against a target of at least 80%. 95% of beneficiaries also reported that they had adopted new ways of working in order to meet needs arising from the pandemic, against a target of at least 50%.

The programme closed on 15 February 2021 to give time for the trustees to assess the impact of the programme through survey responses, the changing needs of beneficiaries as the pandemic continued, and how best the Trust could focus its Covid-19 support as organisations adapt to the 'new normal'. This led to the development of the Brighter Lives programme, launched in March 2022, which will focus on strengthening the ability of the Christian community in the UK and Ireland to respond more effectively to increased mental health needs arising from the Covid-19 pandemic.

Case Study

As a result of the pandemic, access to support and care for many vulnerable women was severely impacted. Harbour Church's Spa 61 project aims to restore hope and dignity to women who have been trapped in abusive situations, and throughout the pandemic they reached out with online courses, pastoral care, and regular communication. A Benefact Trust Hope Beyond grant of £6,650 helped Harbour Church to purchase streaming equipment, signposting materials and employ a member of staff to run the digital support.

Our Grant-Giving

Transformational Grants Programme

The Transformational Grants programme, which began in 2019, continues to run. During the year, 17 grants totalling £3.2m were awarded to a range of charities and church bodies across the UK and Ireland.

The Trust's vision for the programme is that more churches and Christian charities will connect with more people, communities and organisations, who will benefit from their innovative and impactful work; inspiring and increasing confidence in others to do the same.

The programme's key aim is to enable churches and Christian charities to grow, through funding projects that enable a step change in organisational capacity, reach and impact. Grants awarded in 2021 supported projects focused on work amongst children and young people, church planting and growth, food poverty, relationship education, community health, those affected by imprisonment, diversity in church communities, the church's response to environmental challenges, and responding to the issue of homelessness.

Seeking to receive applications from a wider denominational reach, the Trust's efforts in 2021 resulted in 76% of applications being received from denominations outside of the Church of England and charities, against a target of at least 30%.

A further success measure for the programme is that beneficiaries report that they are better equipped to meet their charitable aims i.e. through having sufficient resources. Grants are awarded for multi-year projects. It is still too soon to measure the overall success of the programme, however an impact survey carried out in 2022 showed that 100% of beneficiaries who had completed all or at least some phases of the work funded reported being better equipped.

Case Study

With the support of a £150,000 grant from Benefact Trust, Feeding Britain will be able to extend the reach of its 'Pathways from Poverty' programme, helping 2,400 more people to access vital support services. The Trust's funding will enable the anti-poverty charity to offer wraparound advice and casework services for people on low incomes who access low-cost food from its 'citizens' supermarkets' in Coventry and Wirral. These on-the-spot services will address issues such as debt, benefits, and housing, which have left people struggling to afford food and other essentials. In doing so, they will minimise the risk of people descending into crisis and having to rely on food banks at a later stage.

Our Grant-Giving

Methodist Grants Programme

The Trust's Methodist Grants programme continued in 2021, seeking to support Methodist churches in their mission and ministry. The Methodist Grants programme is supported by a grant which the Trust receives from Methodist Insurance PLC and which is designated for the purpose of Methodist grant-giving. In 2021, 25 grants totalling £2.3m were awarded to Methodist beneficiaries across the UK and Ireland.

The Trust's vision for the programme is that its grants help to enhance the mission and ministry of the Methodist Church in Great Britain and the Methodist Church in Ireland.

The programme's key aim is to support Methodist churches in their mission and ministry with a particular focus on church growth (both numerically and spiritually), community engagement, accessibility, building development, and projects which will give an environmental benefit.

2022 impact survey responses have shown that 75% of grant recipients state that our grant has helped to significantly improve building accessibility, against a target of at least 50%. All recipients reported that their project was not sufficiently complete, or had completed too recently for there to have been any measurable increase in their community engagement. Therefore at the time of the survey, the target of 50% had not been met.

The impact of the programme's grant-giving will continue to be assessed and measured in 2022.

Case Study

A £90,000 grant from Benefact Trust's Methodist Grants programme will help East Belfast Mission to develop an innovative, housing-focussed project in Northern Ireland, connecting those experiencing homelessness with the church and community. East Belfast Mission has been running its homeless service, Hosford, for 20 years. It currently has two main services, a hostel containing 26 rooms/apartments and a tenancy support service for people who have a home but need support to maintain their independence. The new project will redevelop a disused building into private apartments and a community relations space for community groups, church activities, and to connect vulnerable people with the church and community.

Our Grant-Giving

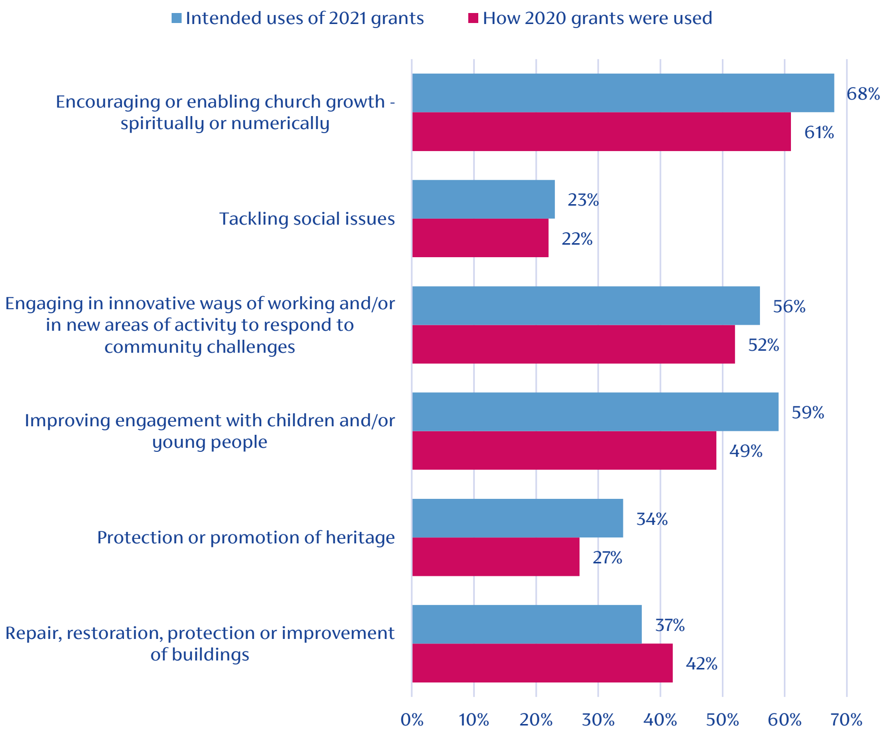
Recurrent Grants Programme

The Trust's Recurrent Grants programme provides annual 'recurrent' grants to dioceses, cathedrals and provincial bodies (in Wales, Scotland and Ireland) of the Church of England, the Church in Wales, the Episcopal Church of Scotland, and the Church of Ireland, to support their mission and ministry. In 2021, nearly £1.5m in grants was given to cathedrals and £6.9m to dioceses and provincial bodies.

In line with the Trust's primary areas of funding focus, beneficiaries were encouraged to direct the use of grants towards work in the following areas:

- Tackling social issues
- Encouraging or enabling church growth, spiritually or numerically
- Engaging in innovative ways of working and/or in new areas of activity to respond to community challenges
- Improving engagement with children and/or young people
- Protecting or promoting heritage
- The repair, restoration, protection or improvement of buildings

An online survey among beneficiaries provided the following information with regard to use of 2020 grants, and intended use of 2021 grants:



Further results of the survey were used to inform the Trust's review of its grant-giving and grant programmes in 2021.

Our Grant-Giving

Roof Protection Scheme Thematic Programme

The Trust's Roof Protection Scheme Thematic programme, first launched in 2016, continued through 2021, providing grants to help churches install roof alarms in response to the problem of metal theft. In 2021, 38 grants totalling £80,000 were awarded to local churches.

An impact survey was conducted in early 2022 in respect of the Roof Protection Scheme programme which indicated that whilst 48% of local church respondents had experienced theft of metal prior to the completion of the roof protection project for which a grant was given, this figure fell to 0% once an alarm had been installed. 68% of local churches expected to be able to function more effectively as a result of improved protection from theft of metal.

Heritage Grants Programme

The Trust's Heritage Grants programme, launched in 2018, continued through 2021, aimed at helping to build and protect sustainable skills to care for the UK and Ireland's historic environment. Throughout 2021, the Trust continued to monitor the progress of its Heritage grants awarded in 2018 to the Queen Elizabeth Scholarship Trust, The Prince's Foundation and Historic England for three-year projects.

During the year the Trust awarded a grant to The Prince's Foundation, payable over three years, to establish a training programme to promote and preserve Heritage skills in Ireland.

The Trust has also been scoping a new Heritage Grants programme which will focus on the preservation of skills which are essential for the conservation of Christian buildings, and this will launch in 2022.

2021 Grant-Giving data

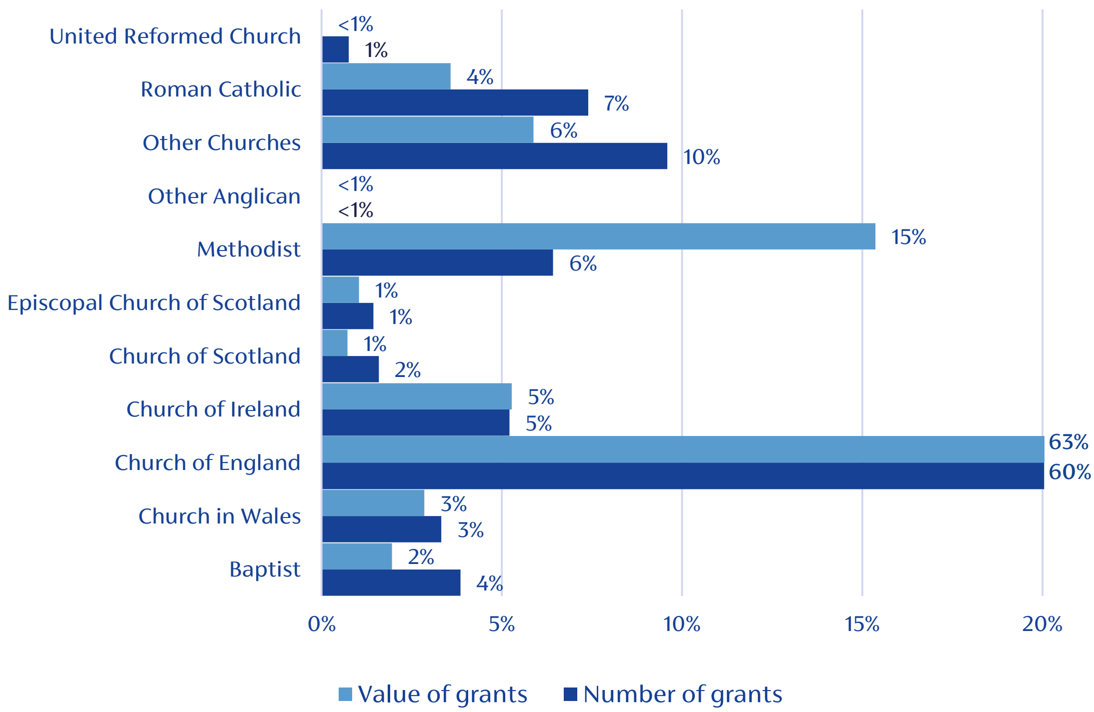
The geographical, denominational and charitable spread of grants made, which are shown in the following tables and on page 20, are largely determined by the Trust's objects and the pattern of applications received by the Trust.

The grants made reflect the number of applications received by the Trust and the size of the project covered by each application as well as the decisions made by trustees about those applications. Assessing trends in grant-making data can be difficult when so much of that data is externally driven.

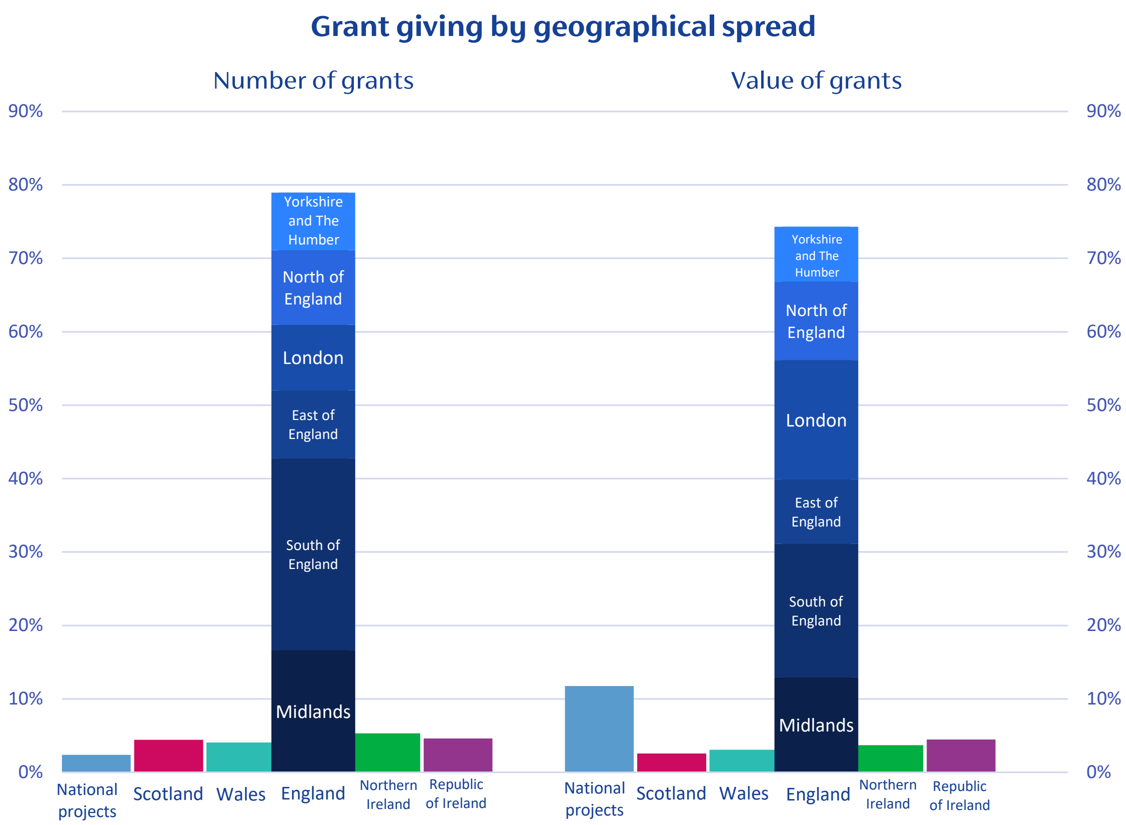
The Church of England receives the highest percentage of grants made by the Trust as it is the Established Church in England with a much higher number of parishes and church buildings to support than any other denomination across the UK and Ireland. Many of the applications received are not just about maintaining church buildings but about adapting them for community use, thus helping those communities to develop and thrive. Many applications involve the provision by churches and other local groups of services to the community, such as helping people experiencing homelessness, supporting asylum seekers, providing groups to tackle loneliness among older people or activities for young people and families.

As part of the Trust's strategy, the trustees have set a strategic aim to grow the Trust's denominational network and encourage applications from denominations outside the Church of England, through awareness raising of the charity's grant-giving and building strategic relationships. This aim builds on the work carried out in 2020 through the Growing Lives and Hope Beyond thematic programmes to receive grant applications from a wider denominational reach.

Grant-giving by denomination



2021 Grant-Giving data



Financial Review

Parent charity

The charity statement of financial activities is shown on page 54.

Our total net income in the year was £88.6m (restated 2020: net expenditure £60.3m).

	2021			2020 (restated)*		
	Unrestricted funds £000	**Endowment funds £000**	**Total funds £000**	Unrestricted funds £000	Endowment funds £000	Total funds £000
Total income	**24,847**	**3,810**	**28,657**	3,299	3,106	6,405
Total expenditure	**(20,372)**	**(370)**	**(20,742)**	(24,305)	(375)	(24,680)
Net gains/(losses) on investments	**68,445**	**12,332**	**80,777**	(41,473)	(458)	(41,931)
Taxation	**-**	**(82)**	**(82)**	-	(83)	(83)
Net income/(expenditure) in the year	**72,920**	**15,690**	**88,610**	(62,479)	2,190	(60,289)
Transfers to endowment	**(4,000)**	**4,000**	**-**	(5,200)	5,200	-
Transfers to unrestrcited	**7,952**	**(7,952)**	**-**	12,723	(12,723)	-
Net movement in funds	**76,872**	**11,738**	**88,610**	(54,956)	(5,333)	(60,289)

* The comparative figures have been restated as detailed in note 19.

Net income in the year of £72.9.m (restated 2020: £62.5m net expenditure) in the unrestricted fund resulted from a £21.5m increase in income and a £68.5m increase in the carrying value of our investment in subsidiary undertakings, as investment markets and economies continued their recovery from the effects of Covid-19. This was also reflected in the EEF portfolio, which generated £15.7m net income in the year (2020: £2.2m net income).

The trustees withdrew £5.0m from the EEF in the first quarter of the year in order to maintain liquidity and ensure that the Trust could continue to support its beneficiaries as the effects of Covid-19 continued. £3.0m of investment income earned in the EEF was also transferred to unrestricted funds to support the Trust's grant-giving. £4.0m excess reserves were transferred into the EEF prior to the end of the year.

Income

Our income increased significantly in 2021 to £28.7m (2020: £6.4m), the prior year having been impacted by the economic effects of Covid-19. We received £21.0m gift aid from EIO plc in the year (2020: nil), as financial markets continued to recover. Dividend and interest income increased to £3.8m (2020: £3.2m).

Donation income of £3.5m received from Methodist Insurance PLC, was designated on receipt for the furtherance of purposes or projects relating to the Methodist Church.

Expenditure

Our charitable giving fell 17.1% in the year to £19.3m (2020: £23.3m). The level of applications to the Trust was affected by the pandemic in 2021, and prior year charitable giving reflects the Trust's significant response to the impact of Covid-19 on its beneficiaries. Charitable giving in the current year included £3.2m awarded through our Transformational grants programme, £2.4m Small Grants and £1.9m awarded through our Hope Beyond grants programme (which closed in February 2021). Further details of our charitable giving in the year are included in the Grant-Giving section of this report and in note 6 to the charity financial statements.

Operating expenses of £1.0m (2020: £1.0m) were incurred. We aim to keep operating expenses below 7.5% of total charitable giving and have achieved this as follows:

Target	2021	2020	2019
< 7.5%	5.4%	4.3%	4.3%

Funds

Total funds at 31 December 2021 were £658.2m (restated 2020: £569.6m) consisting of £542.4m in the unrestricted fund (restated 2020: £465.6m) and £115.8m (2020: £104.1m) in the EEF. The unrestricted fund includes a revaluation reserve of £521.5m (restated 2020: £453.0m) which represents the cumulative increase in the fair value of the Trust's investment in subsidiary undertakings. The revaluation reserve is not available for charitable purposes.

The Trust continues to have adequate available resources to continue its charitable activities. The going concern statement for the Trust is included in the Trustees' Report.

Reserves

The objective of our reserves policy is to ensure that the Trust has sufficient liquid resources to meet its grant commitments and maintain flexibility in its grant-giving. Our principal source of income is the gift aid that we receive from our trading subsidiary, Ecclesiastical Insurance Office plc. As the insurance market is cyclical, and the income that we receive can fluctuate, we hold reserves to ensure that we can continue with our grant-giving in the event of a reduction in income. Our reserves policy is set by reference to the amount of cash and readily realisable assets that we hold in the general and designated unrestricted funds.

In setting the policy, the trustees consider the potential volatility in income arising from market and concentration risks, the management of which is outlined in the principal risks and uncertainties section of this report.

The trustees have determined that the level of reserves that the Trust should hold in its unrestricted funds, in the form of cash and readily realisable assets, should be sufficient to cover six months forecast cash outflows. Target reserves at 31 December 2021 were £6.8m.

At 31 December 2021, the Trust held reserves of £25.1m, including £15.5m of donation and gift aid income that was received at the end of December. The majority of the Trust's charitable giving is paid in the second half of the year, due to the timing of Recurrent Grant payments to dioceses and cathedrals. As the Trust's donation and gift aid income is mainly received in December, the reserves held at the year-end also support charitable giving in the second half of the year. The trustees therefore do not intend to take corrective action to reduce the level of reserves held at this time.

Financial Review

Trading subsidiaries

The consolidated statement of financial activities is shown on page 73.

Net income

The principal activities of the Trust's trading subsidiaries throughout and at the end of the year remain the provision of general insurance and a range of financial services in the United Kingdom and overseas. A list of these undertakings is given in note 46.

The trading subsidiaries reported net income of £66.0m[1] (restated 2020: net loss of £17.2m[1]) driven in particular by strong investment returns, as markets rebounded strongly from 2020. The trading subsidiaries general insurance business reported an underwriting profit of £8.0m[1] (2020: £11.4m[1]) representing a robust performance. This result includes areas where reserves have been strengthened and the impacts of some adverse weather events. The underwriting result is also reflective of continued strategic investment across insurance technology platforms to ensure that the businesses are well positioned to deliver sustainable and profitable growth. Retention and satisfaction levels were strong, which have supported an 11% growth in gross written premiums.

The broking and advisory businesses reported an overall profit before tax of £4.6m[1] after amortisation of goodwill and intangibles (2020: pre-tax loss of £1.4m[1]).

Details of the key performance indicators for EIO plc are found in the Strategic Report of its annual report and accounts. Copies of these accounts are available from the registered office, as shown on page 134, and are provided to members of the Trust.

During the year, the trading subsidiaries directly distributed £2.5m (2020: £2.7m) for charitable purposes.

No fund or subsidiary was in deficit at the end of the year.

Consolidated funds

The consolidated balance sheet is shown on page 74. At the year-end date, total net assets of the Benefact Trust group of companies were £760.1m (restated 2020: £671.5m).

The net assets of the Benefact Trust group of companies includes a net pension asset of £24.6m (2020: £16.2m net pension liability). The Trust's trading subsidiaries operate two defined benefit pension schemes, both of which are closed to future accrual. The increase in the net valuation of the pension schemes during the year was primarily due to actuarial gains arising from changes in financial assumptions and strong investment return. Further details relating to the trading subsidiaries' defined benefit pension schemes are included in note 41 to the consolidated financial statements.

[1] This is the result under UK Generally Accepted Accounting Practice (UKGAAP) which is the accounting basis under which the consolidated financial statements of the Trust are prepared. The majority of the trading subsidiaries prepare their own financial statements under International Financial Reporting Standards (IFRS).

Financial Review

Factors affecting future financial position and performance

The principal factor affecting the future position and performance of the Trust is the performance of its trading subsidiaries, which are the principal source of funding for its charitable activities.

The recent conflict in Ukraine has increased market volatility, put pressure on supply chains and increased the risk of inflation. As we adjust to living with Covid-19, it is likely that some uncertainty will continue. The Trust may be exposed to resulting financial market volatility, either directly through its expendable endowment fund, or indirectly through the performance of its trading subsidiaries.

More details of the principal risks and uncertainties to which the Trust is exposed, and how it manages them are included in the Principal Risks and Uncertainties section of this report.

Investments

Benefact Trust is the ultimate parent undertaking of Benefact Group, and full details of the Trust's investments in related undertakings are disclosed in note 46. The Trust's principal source of income is the gift aid it receives from EIO plc. The Board discusses regularly with Benefact Group the rate of return it expects on its investment and monitors performance over a rolling 5, 7 and 10 year period.

As explained in the Principal Risks and Uncertainties section of this report, the Trust has established an expendable endowment fund (EEF) to assist in diversifying its asset base to reduce the concentration risk arising from its ownership of a financial services group. Gradually building the size of the EEF enables the Trust to grow a separate, more stable, income stream, for the benefit of present and future generations.

The EEF is invested through two investment fund managers: EdenTree Investment Management Limited (EdenTree) and Rathbones Investment Management Limited (Rathbones), who operate under the same investment policy. The performance of the investment managers is assessed against a benchmark over 1, 3, 5 and 10-year periods, dependent on the duration of their appointment. Owl Private Office Holdings Limited provided expert investment advice to the Board's Finance and Investment Committee.

Investment policy

Our principal investment objective in relation to the EEF is to maximise long-term investment returns through a diversified portfolio with an acceptable risk profile.

We believe our investment strategy, which is regularly reviewed, provides an appropriate balance between ethical considerations and fiduciary responsibility. The Investment Managers apply a positive engagement approach, actively seeking out companies that exhibit strong corporate citizenship and business ethics. In addition, we have:

- adopted an absence of harm approach, and seek to avoid investing in companies whose activities may be inconsistent with the values of the Trust's beneficiaries or supporters. These have been determined as companies that are wholly or mainly involved in the manufacture or production of alcohol, gambling, pornographic and violent material, strategic weapons (including indiscriminate weaponry) and tobacco. In the case of indiscriminate weaponry, we take a 'nil exposure' approach.
- adopted a 'carbon aware' approach in which the overall carbon profile and intensity of companies is taken into account when making investment decisions. Companies with a material exposure to oil sands and Arctic drilling are excluded.

Investments

Investment performance

The EEF amounted to £115.8m (2020: £104.1m) on 31 December 2021 and generated dividend and interest income of £3.8m (2020: £3.1m).

The portfolio managed by EdenTree stood at £81.2m (2020: £76.1m), of which £72.6m (2020: £68.6m) was in a discretionary portfolio and £8.6m (2020: £7.4m) in an EdenTree open-ended investment company (OEIC) fund. Over the year the total portfolio delivered a return of 14.4%, which was -1.4% behind the composite benchmark. The portfolio started 2021 with a continuation of its recovery which commenced in the fourth quarter of 2020, as the 'value' rally led the investment markets. The relative out-performance slowed during the year. Over the longer-term the discretionary portfolio managed by EdenTree has underperformed its benchmark over three years, but outperformed over 5 and 10 years.

The discretionary portfolio managed by Rathbones stood at £34.6m (2020: £28.0m) and delivered a return of 18.7% over the year, which was 2.9% ahead of the composite benchmark. The portfolio's performance benefitted by strong outperformance of the UK equity allocation, which was +4% above the benchmark. Over three years Rathbones has outperformed its benchmark. As Rathbones commenced managing the Trust's investments in 2018, benchmarking of its performance over the 5 and 10 years in not applicable.

Climate change and environment

The Benefact Trust group of companies has reported on all emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The reporting year runs from January to December. The emissions reporting boundary is defined as all entities and facilities either owned or under operational control of the group and associated travel by staff. The Benefact Trust group of companies continues to improve the coverage and quality of data which informs the reporting. The 2020 emissions have been restated in the table below to include a broader scope of operations and improved quantification methodology.

Scope 1 Emissions from fluorinated gas losses and fuel combustion in premises/ vehicles, Scope 2 Emissions from electricity and cooling in premises, and Scope 3 Emissions associated with business travel, waste and water use have been calculated using UK Government Greenhouse Gas reporting emission factors 2021 (Department for Environment, Food and Rural Affairs), and independently verified according to ISO – 14064-3:2019 Specifications with Guidance for the Validation and Verification of Greenhouse Gas Statements.

The Benefact Trust group of companies' 2021 carbon footprint continues to be impacted by the Covid-19 pandemic which has influenced reduced office attendance and business travel. Some of this influence we expect to stay with us for the long-term – increased use of meeting technologies and more flexible work – but we also expect office occupancy to increase, but not to pre-Covid levels. To grasp the learnings from the pandemic period the Benefact Trust group of companies launched future flexible working principles supported by investment in technology and fantastic office environments. The environmental benefits will be monitored over the long-term.

In line with the Streamlined Energy and Carbon Reporting requirements the Benefact Trust group of companies' carbon footprint is detailed here including carbon intensity:

	UK tCO2e		Non-UK tCO2e		Total tCO2e	
	2021	2020	2021	2020	2021	2020
Scope 1	98	378	6	40	104	418
Scope 2 – location based	383	414	97	106	480	520
Scope 2 – market based*	68	-	97	-	165	-
Scope 3	172	273	22	46	194	319
Total**	338	1,065	125	192	463	1,257

* not previously reported in 2020.
**2021 totals assume Scope 2 – market based

Total energy use 59,585,679kWh, of which 48,147,143kWh is UK and 11,438,536kWh non-UK. Carbon intensity: 0.23 tonnes/employee (2020: 0.54). tCO2e refers to tonnes (t) of carbon dioxide (CO2) equivalent (e).

The carbon intensity of the Benefact Trust group of companies' investments continues to be a key part of its footprint and opportunity for influence. In 2021, the Benefact Trust group of companies moved into new head office premises, which has been designed to a 'very good' BREEAM sustainability standard. The building features heat recycling, solar panels and electric charging points. These enhancements have had a significant impact on our footprint already and will make further contributions to our direct reduction plans in the future.

Principal risks and uncertainties

The major risks to which the Trust is exposed are reviewed by the Board with the aid of external advisers. The Board can choose whether or not to accept a particular risk, manage it or to mitigate against it. It is recognised that it is not possible or cost-effective to mitigate all risks fully and therefore some risks are accepted. The evolving risks associated with the Covid-19 global pandemic continue to be considered by the trustees, as the impact from the pandemic continues to effect the social and economic environment. All identified risks are monitored and assessed on an ongoing basis and actions taken where appropriate. The principal risks identified are detailed below together with a summary of the key mitigants in place to manage the risks.

Investment Risk

The investment risks relate to underperformance of the investments of the Trust, which could adversely impact its ability to undertake charitable giving.

How they are managed

The Trust has a Finance and Investment Committee, which is responsible for setting investment criteria and overseeing and reviewing the performance of the investment portfolio. Limits have been established for the permitted range of investments held within the expendable endowment fund to ensure a diversified portfolio with an acceptable risk profile. The Trust uses two Investment Fund managers, EdenTree and Rathbones, to enable further diversification. Independent investment advice is provided to trustees by Owl Private Office, who provide investment monitoring reports twice a year to the Finance and Investment Committee. These appointments are regularly reviewed.

A formal policy between the Trust and the Benefact Group specifies how the level of income paid via Gift Aid is determined and this is subject to regular review.

Regular reporting is received from the Trust's principal asset, the Benefact Group, on its performance and two of the trustees act as 'common directors'.

The Trust's reserves policy, which can be found under the Finance Review section, details the Trust's policy to maintain liquidity to ensure it can meet its grant commitments. This policy is reviewed at least annually.

Given the ongoing Covid-19 pandemic and its impact on the economic environment, the level of this risk remains unchanged compared to last year and has been closely monitored. Regular updates were sought from the CEO of the principal asset and updates on investment performance from the Trust's Investment Advisor. A number of scenarios have been considered in respect of differing levels of income to determine the appropriate action to be taken.

Concentration Risk

The risk of detriment to the Trust as a result of overexposure to the primary source of funding and capital.

How they are managed

The Trust formally sets out its expectations of the Group. This is reviewed regularly and there is ongoing monitoring of the performance against these expectations.

Principal risks and uncertainties

The Trust regularly reviews its strategy and diversification needs to ensure the level of this risk remains acceptable.

The long term strategy of the Trust is to continue to grow the Expendable Endowment Fund to provide greater diversification of the Trust's assets to reduce the degree of concentration risk.

The level of this risk has remained unchanged over the course of the year.

Regulatory Risk

The risk of public censure or regulatory intervention as a consequence of failing to comply with relevant legislation, regulation and policies ultimately leading to loss of public confidence in the Trust's charitable status.

How they are managed

The Trust has a dedicated resource to provide regular updates on relevant legislative or regulatory items to the Board and there is a regular formal training programme for all trustees. External expertise, including through the Trust's solicitors, is also utilised where required.

The level of this risk has remained unchanged over the course of the year.

Reputational Risk

The risk of damage to the reputation of the Trust in the eyes of its stakeholders and the broader community through the actions of any people associated with the Trust, its investments or from sectoral scandals resulting in a loss of confidence from the people and groups that the Trust is looking to assist. This includes consideration through the year of the recent re-brand of the Trust.

How they are managed

Reputational risk is continually monitored by the Trust and regular updates are provided to the Board through the reporting provided at its meetings. The Trust has developed a Reputational Management Strategy to protect its reputation.

The principal asset insures church and charitable organisations, including providing public liability insurance related to clergy abuse claims. The Trust pays close attention to the work of the Independent Inquiry into Child Sexual Abuse (IICSA).

The Trust has a dedicated Head of Communications and Marketing Officer, and communications protocols are in place to ensure that any potential issues are managed appropriately and proactively. Ongoing monitoring of media is conducted to identify any potential issues.

The overall level of this risk is broadly unchanged compared to last year. This is closely monitored due to the importance of the reputation of the Trust to its ongoing operation and to determine any reputational impacts arising from the ownership of its trading subsidiary.

Principal risks and uncertainties

Strategy Risk

This is the potential for failing to, or being unable to, formulate and/or deliver an appropriate strategy, resulting in a failure to achieve the Trust's objectives, which are detailed under the 'Our Strategy' section in this report.

How they are managed

The Trust has a three year Strategy and Business Plan, details of which can be found under the 'Our Strategy' section of this report. The trustees regularly review the effectiveness of the various strategic initiatives employed, and annually reviews its Strategy plan. Advice is also sought from external parties as part of this process.

An annual review of Board composition, skills and processes is undertaken to ensure their ongoing appropriateness and to identify any areas for improvement.

The trustees reviewed its strategy during the year. This resulted in in the development of new grants programmes, and plans for a three year budget plan. This risk continues to be monitored closely in light of the ongoing pandemic and the potential for a reduction in income as detailed above under Investment risks.

Operational Risk

This is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. This includes business continuity events, financial crime, information security breaches and third party failure, which could result in a failure to meet the Trust's objectives, full details of which can be found under 'Our plans for 2022' section of the Strategic Report.

How they are managed

The operational risks are managed through a robust control framework to ensure effective management. This includes ongoing training and induction processes for the trustees and staff and also those who provide arm's length support services to the Trust.

Business Continuity plans are in place and are subject to regular review.

The agreements in place with relevant third parties are regularly reviewed and updated to reflect the changing environment.

Operational Resilience was tested during the year as a result of the ongoing Covid-19 pandemic, with no detrimental impacts for Trust or beneficiaries.

Section 172 Statement

This statement provides an overview of how the directors have fulfilled their duties to promote the success of the Company and had regard to the matters set out in Section 172(1) of the Companies Act 2006, which is detailed below:

(1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to-

a) the likely consequences of any decision in the long term;

b) the interests of the company's employees;

c) the need to foster the company's business relationships with suppliers, customers and others;

d) the impact of the company's operations on the community and the environment;

e) the desirability of the company maintaining a reputation for high standards of business conduct, and;

f) the need to act fairly as between members of the company.

Our Stakeholders

We have identified and documented our stakeholders in the Company's Governance Framework and Board Charter and our Strategy & Three Year Business Plans.

Key stakeholders are: our members, beneficiaries and other Christian partners, trading subsidiary Benefact Group and its subsidiaries, the workforce (seconded from EIO plc), suppliers, wider community and environment, and Regulators.

Our Approach to the Long Term Success of the Company

We recognise that the long-term success of the Company is dependent on ensuring that good governance is at the heart of the Trust's activities, which includes having regard to the interests of its stakeholders.

As the Trust largely derives its income from its trading subsidiary, the Group, and investment income generated from its Expendable Endowment Fund (EEF), directors' decision-making takes into account any potential impact on the Company's sustainability and its ability to continue to carry out its charitable objects for the public benefit.

Ensuring that the Company's trading subsidiary delivers on its strategy for the benefit of the Trust as a whole, trustees engaged an independent consultant to review its principal asset in 2020. The findings of the review were reported to the Finance and Investment Committee in early 2021 and subsequently considered in detail by the Board. Recommendations arising from the Review and agreed by the Board were communicated to the Group, who subsequently reported to the directors on its action plan to meet the recommendations.

Section 172 Statement

The Trust commenced a review of its grant-giving in 2021, engaging with beneficiary representatives to understand their views, to inform the development of its grant-making strategy and ensure its grants are directed effectively to support the Christian community and beneficiaries.

Further detail on the Trust's strategy and investments can be found in the Strategic Report.

2021 COVID-19 Response

As part of the Trust's grant-giving review, trustees recognised the continuing impact from the Covid-19 pandemic on the mental health of its beneficiary community. We carried out research surveys and consultations with stakeholders on the developing needs of communities and as a result created a new Thematic Grants programme 'Brighter Lives', focusing on providing grants to Christian organisations providing mental health support to communities.

Considering the challenges being experienced by beneficiaries from the Covid-19 pandemic, and in light of the Trust not receiving a grant from the Group during the first half of 2021, trustees agreed to liquidate a small portion of funds from its EEF for grant-giving purposes.

Further detail on the Trust's grant-giving response to Covid-19 can be found in the Grant-Giving section of the Strategic Report.

Benefact Trust brand

Throughout 2021, we considered plans for the name change of both the Trust and trading subsidiary, the Ecclesiastical Insurance Group, to a shared name: Benefact Trust and Benefact Group respectively. Our decision (approved by members at a General Meeting in March 2022) followed detailed consideration of extensive stakeholder feedback and insight, which informed and supported the development of a new brand for the Trust. Trustees' discussion and consideration of the benefits and aims of the new name and brand was carried out at various strategy meetings over the year, culminating in unanimous agreement to proceed with the Benefact Trust and Benefact Group brand for the benefit of the Trust's objectives and mission.

For more detail on the Company's strategic objectives and how the Board operates please refer to the Strategic Report and Trustees Report.

Stakeholder Engagement

Below is a summary of key decisions and actions that have been taken during the year in respect of strategic and company performance and how it has had regard to the interests of, and impact on, stakeholders.

Members

As a company limited by guarantee, the Trust has a maximum of 50 registered members. The interests of the Company and its members are aligned with the common purpose of carrying out the objects of the Company. This ensures that the views of beneficiaries and the wider Christian and charitable community are communicated to the Board as a whole and considered.

Section 172 Statement

There are open channels of communication between the Company and its members. The Company holds an Annual General Meeting (AGM). In 2021, due to the Covid-19 pandemic and government guidance on social distancing, the Company was unable to hold the Meeting in person. Members were invited to engage with the business of the Meeting and raise questions with the Company through alternative, electronic arrangements. A special newsletter was issued to members to provide an update on the Company's progress and work during the year. The Trust provides members with the option to receive an annual newsletter via email.

Beneficiaries and other Christian partners

The Board's composition includes at least two directors who are representative of the Company's beneficiary base. This ensures that the views of beneficiaries are communicated to directors as a whole and considered. In addition, the Trust's Methodist Grant Giving Committee includes at least three members with understanding of the Methodist Church, helping to ensure that the Methodist Grants programme provides the support needed for Methodist churches and ministries.

During 2021, the Grants Committee undertook a review of the Trust's grant-giving, considering survey findings and research reports which provided insights and feedback from beneficiaries; engaged with beneficiary groups on emerging grant-giving proposals; consulted on the impact of its grant-giving, and considered feedback on the Company's website resource hub.

As part of the Company's strategic plan, work commenced on two strategic initiatives during the year to grow and build its Christian network of beneficiaries and partners.

Trading Subsidiary

As the ultimate owner of the Group, directors maintain an open and constructive relationship with its trading subsidiary. There are at least two 'Common Directors' who are on the Board of the Company and the Group. This enables the Board as a whole to receive regular updates and maintain oversight of its subsidiary. There is also regular engagement between the Board Chairman and the Chairman of the Group, and with the Group Chief Executive Officer (Group CEO) who provides updates to directors at every Board meeting.

During 2021, discussions were held with the Group at various meetings regarding plans for the rebrand of both companies, considering research and survey findings from stakeholders to inform the development of a new shared brand.

Workforce

The Company has no direct employees but uses staff employed by EIO plc to undertake its charitable activities under a Shared Services agreement. The Group CEO updates the Trust with updates on workforce, including staff survey results.

The Trust's Management Team attend each Board meeting and various committee meetings, and provide a quarterly management report. Staff are encouraged to provide challenge and feedback to the directors. In particular, the views of the Trust's Grants Officers are welcomed by the Grants Committee to help develop the Trust's grant-giving strategy.

In regard to the rebrand of the Company during 2021, research surveys included feedback and insights obtained from staff seconded to the Trust.

Section 172 Statement

Suppliers

The Company does not have a supply chain itself, but uses the services of EIO plc under the terms of its Shared Services Agreement. The Company recognises its responsibility and that of its subsidiary to ensure business activities are undertaken in accordance with regulatory requirements and best practice. The Board and the Audit and Risk Committee therefore receive regular updates on the performance of its subsidiary at meetings.

For further information on the Trust's recognition of its responsibility towards its supply chain, please see its Modern Slavery Act Statement available on its website.

Community and Environment

As detailed in the Strategic Report, directors are focused on long-term and strategic charitable giving.

During 2021, we reviewed our grant-giving strategy and agreed a new Thematic programme called 'Brighter Lives', launched in March 2022, recognising the continuing impact from the Covid-19 pandemic on the mental health of communities and individuals.

Directors also engaged in discussions on Climate Change, both in terms of the Trust's investment approach and grant-giving. The Finance and Investment Committee considered impact investing and Environmental, Social and Governance (ESG) investing during the year. Our discussions will continue in 2022. Further detail on the Trust's Grant-Giving and Investment Policy can be found in the Strategic Report.

Regulators

We recognise the importance of open and honest dialogue with Regulators. As a registered charity, the Trust is also regulated by the Charity Commission. Directors receive regular reports on legal, regulatory and compliance matters at each board meeting.

The Strategic Report of Benefact Trust Limited was approved by the Board and signed on its behalf by

Tim Carroll
Chairman
21 June 2022

Trustees' Report
(incorporating the Directors' Report for the year ended 31 December 2021)

The trustees, who are the directors of the charitable company for Companies Act purposes, are pleased to present their annual report and review together with the audited financial statements of the charity and the group for the year ended 31 December 2021. In this report they are referred to as the trustees or, collectively, as the Board.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Governance

Corporate Governance

We are committed to applying the highest standards of corporate governance and believe that the affairs of the Trust should be conducted in accordance with best practice. We comprehensively review our governance practices and procedures in the light of the Charity Governance Code (the Code), which was most recently refreshed in December 2020. Following a gap analysis undertaken of the 2020 Code, the trustees agreed a number of recommended actions to further strengthen the Trust's governance. These included amendments to the trustees' Code of Conduct and Board Diversity policy, to ensure compliance with the Code's refreshed Integrity Principle and Equality, Diversity and Inclusion Principle. All actions were progressed through to completion during 2021. We confirm that the Trust is compliant with the Code.

During 2021, we progressed all recommendations arising from the independent Governance Review (undertaken by an independent firm of solicitors during the last quarter of 2020) to completion. The Governance Review found that the Trust's governance was strong.

Governing document

Benefact Trust Limited was incorporated (as Allchurches Trust Limited) in 1972 in England and Wales. It is a company limited by guarantee not having a share capital and is a registered charity.

The governing documents are the articles of association.

In accordance with the articles of association, the company in a general meeting may admit any person to membership provided the total number of members does not exceed 50. In the event of the company being wound up, the liability of each of the members is limited to £1. A member has the ability to affect the governance of the charity by voting at its annual general meeting (including on the election, re-election and removal of trustees and on any changes to the charity's articles of association) and thereby influencing the way the charity is run. Members are also responsible for receiving and adopting the charity's report and accounts; voting on the appointment or removal of external auditors; and voting on any changes to the charity's name or articles of association.

Trustees' Report

Organisation

The body responsible for the management, actions and decisions of Benefact Trust is the Board of trustees. The Board meets at least five times a year.

Trustees seek to ensure that all activities comply with UK law and regulatory guidance, and come within agreed charitable objectives. Its work includes setting the strategic direction of the Trust, developing its objectives and policies, reviewing the performance of trading subsidiaries and delivering the outcomes for which the Trust was established.

The Board has established a Finance and Investment Committee, an Audit and Risk Committee, a Nominations Committee, a Grants Committee and a Methodist Grant-Giving Committee.

The Finance and Investment Committee has three scheduled meetings a year and primarily oversees the Trust's investment strategy, including the performance of its expendable endowment fund and the Trust's financial affairs. Its members are Mr David Smart (Chair), Mr Michael Arlington, Ms Caroline Banszky, Mr Tim Carroll, and Mr Stephen Hudson. Sir Laurie Magnus retired as a member and Chair of the Committee in February 2022.

The Audit and Risk Committee has four scheduled meetings a year. It is responsible for the appropriateness of the Trust's financial reporting, the rigour of the external audit processes and the effectiveness of the risk management framework. Its members are Mr Stephen Hudson (Chair), Mr Tim Carroll, Sir Stephen Lamport, and Mr Chris Moulder.

The Nominations Committee has two scheduled meetings a year. Its remit includes reviewing the structure, size, composition and effectiveness of the Board and its committees; overseeing the recruitment and induction of new trustees and the professional development of all the existing trustees; and considering succession planning and the membership needs of the Trust. Its members are Mr Tim Carroll (Chair), The Very Revd Jane Hedges, and Sir Laurie Magnus.

The Grants Committee has five scheduled meetings a year. It is responsible for overseeing and advising the Board on the further development of the Trust's grant-giving strategy, processes and other arrangements, and advising and making recommendations to the Board on grant applications. Its members are Mr Michael Arlington (Chair), Mr Tim Carroll, Revd Paul Davis, and The Venerable Karen Lund.

The Methodist Grant-Giving Committee has three scheduled meetings per year. Its remit is to consider applications from and grants to Methodist beneficiaries. Its members are Revd Linda Barriball (Chair), Mr David Crompton, Mrs Louise Wilkins (appointed in December 2021) and Mr Stephen Hudson. Revd Davis retired as a member of the Committee in November 2021.

The day-to-day management of the Trust is undertaken by its senior executive staff, Interim Trust Director (appointed in January 2022) and the Company Secretary.

Board procedures have been established setting out a framework for the conduct of trustees, with clear guidelines as to the handling of any conflicts of interest and the standard of behaviour, responsibilities, and best practice expected of them in fulfilling their obligations to the charity.

Trustees' Report

Trustees are able, where appropriate, to take independent professional advice at no personal expense so that they are able to fulfil their role. No trustee sought independent professional advice in the current or prior year. Trustee remuneration and expenses are disclosed in notes 11 and 29 to the financial statements.

Appointments to the Board

We aim to have a diverse group of trustees, with a balance of necessary skills and experience, who are broadly representative of the communities the Trust serves. Dialogue with stakeholders that Benefact Trust serves takes place in identifying potential candidates for the Board. The Board will advertise and engage external search consultants, as per its Board Equality, Diversity and Inclusion policy.

In accordance with the articles of association, the Board may at any time appoint any person to be a trustee either to fill a casual vacancy or in addition to the existing trustees. Any such person appointed must retire at the following annual general meeting and will be eligible for election by the members. In certain circumstances, the articles of association permit a member to propose a trustee for election in general meetings.

The names of the trustees at the date of this report are stated on page 134.

Mr Stephen Hudson and Mr Chris Moulder will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting ('AGM'). Sir Laurie Magnus will also retire by rotation but will not offer himself for re-election. Mr Michael Arlington will resign as a director on 14 July 2022.

On 16 March 2021, Mr David Smart was appointed to the Board and his appointment was approved by the members at the AGM held on 15 July 2021.

The trustees are covered by qualifying third-party indemnity provisions which were in place throughout the year and remain in force at the date of this report.

Board Equality, Diversity and Inclusion

The primary responsibility of the trustees is to conduct the affairs of Benefact Trust in a manner which best enables the Trust to fulfil its charitable objectives. Appointments to the Board of the Trust are made which will best enable the trustees to discharge that responsibility.

We recognise the benefits of having a diverse Board. We believe that recognising and encouraging diversity, including in respect of gender, is essential to strengthening the Trust's ability to meet its objectives.

When considering our approach and commitment to the principles of equality, diversity and inclusion, we have agreed the following commonly used definitions:

- Equality means ensuring every individual has equal opportunities; equality means treating people in ways that make sure they are not unfairly prevented from accessing resources and opportunities nor that others have an unfair advantage.
- Diversity means having differences within an organisation or setting.
- Inclusion means being proactive to make sure people of different backgrounds, experiences and identities feel welcomed, respected and fully able to participate.

Trustees' Report

The Board has already taken steps over the last few years to increase the degree of diversity on the Board.

In 2019, the Board set itself the objective of meeting the Hampton-Alexander Review target of having 33% of women on boards. This was accomplished by 2020.

In 2021, the Board set the following objectives:

- Continue to achieve at least 33% female trustees on the Board;
- Ensure that the Board composition comprises at least one trustee from United Kingdom Minority Ethnic (UKME);
- Ensure that the Board broadly reflects the wider Christian family;
- Ensure that the recruitment process reflects the Board's commitment to its equality, diversity and inclusion policy, and takes account of the Charity Governance Code's Principle 6 (Equality, Diversity and Inclusion);
- Engage solely with executive search firms who have signed up to the voluntary Code of Conduct on both gender and ethnic diversity and practice.

As at the date of this report, the Board has met all of these objectives.

Trustees' induction and training

On acceptance of a position on the Board, all trustees receive a comprehensive welcome pack, which includes their appointment letter and terms. All trustees are required to undertake a formal and comprehensive induction to the Trust and its trading subsidiaries upon joining the Board. The induction is a two-stage process and is primarily undertaken by the Secretariat. The programme is also offered to other trustees as a refresher every two years and when a programme is being run. New trustees also meet individually with the Chairman, Senior Independent Director and each of the Executive Directors of the main trading subsidiary, EIO plc.

In addition, all trustees participate in a continuing professional development programme.

Board Evaluation

The trustees have agreed to undertake an external Board Evaluation at least every three years, the last being carried out in 2018. The next evaluation was deferred in 2021 due to the Covid-19 pandemic, but will be carried out later in 2022.

All trustees receive an annual individual review with the Chairman. The Chairman is appraised by the Board, in his absence, led by the Deputy Chairman.

Related parties

Related parties of the Trust include its subsidiary undertakings. A full list of the Trust's related undertakings is disclosed in note 46 to the financial statements. All subsidiaries listed are included in the consolidated financial statements.

Where it is sensible and appropriate to do so in terms of efficiency and the prudent use of resources, the Trust uses facilities and services provided by EIO plc for administrative support. Some of the services provided are donated by EIO plc and others are recharged.

Trustees' Report

None of the trustees receive any remuneration or other benefit from their work with the Trust. Details of remuneration received by trustees in their capacity as non-executive directors of subsidiary undertakings is disclosed in note 29.

A conflicts register is maintained by the Company Secretary to monitor and manage any potential conflicts of interest. Training on the Companies Act 2006 and Charities Act 2011 has been given to all trustees and they are regularly reminded of their duties. Any conflicts are declared at the first board meeting at which the trustee becomes aware of the potential conflict and are then recorded in the conflicts register. The Board considers all conflicts in line with the provisions set out in the Company's articles. The trustees are required to review their interests recorded in the conflicts register twice a year.

Remuneration policy

The day-to-day management of the Trust is undertaken by its senior executive staff, Interim Trust Director (appointed in January 2022) and the Company Secretary, who, with the trustees, are the Trust's key management personnel.

Remuneration of key management personnel is disclosed in note 12 to the financial statements.

All trustees give their time freely and no remuneration was received by any trustee in the year. The articles of association include a power to pay a chairperson but no such fee has been paid to date. Details of trustees' expenses are disclosed in note 11 to the financial statements.

Benefact Trust itself has no employees, but uses staff employed by a subsidiary company to undertake its charitable activities. These employee costs are recharged to the Trust. The remuneration policy for the Group can be found in the Group Remuneration Report of the EIO plc annual report and accounts which are available from the registered office, as shown on page 134.

Charitable giving policy

The Board regularly reviews its charitable giving policy to ensure it reflects the changing circumstances of the Trust, its strategic direction, its objects and its beneficiaries' needs, and thereby advances public benefit. A copy of the Trust's charitable giving policy can be found on the home page of our website.

During 2021 applications made through the Trust's Large Grants programme in respect of individual projects with a total value in excess of £1m were referred to the Board for consideration. These applications were subject to initial appraisal by grants officers and the Head of Grants and Relationships. From 2022, these applications will also be subject to review by the Grants Committee, prior to submission to the Board. Consideration of Small Grants programme applications relating to individual projects of up to £1m, and applications under the Roof Protection Scheme programme, were delegated by the Board to the Chair of the Grants Committee and a grants officer. All charitable giving made under this delegated authority is disclosed to the Board at its next meeting.

Applications made through the Transformational and Heritage Skills grants programmes were subject to review by the Grants Committee, prior to submission to the Board for final grant decisions.

Responsibility for consideration of applications under the Hope Beyond thematic grants programme was delegated by the Board to the Grants Committee. All charitable giving made under this delegated authority was disclosed to the Board at its next meeting.

Consideration of applications under the Methodist Grants Programme, which seek to promote the mission and ministry of the Methodist Church in Great Britain and the Methodist Church in Ireland is delegated by the Board to the Methodist Grant-Giving Committee. All charitable giving made under this delegated authority is disclosed to the Board at its next meeting.

Charitable giving by subsidiaries

The trading subsidiaries of Benefact Trust have an organised programme of direct community investment independent of the Trust, which is managed centrally by EIO plc's Corporate Responsibility team and at business unit level by local management. Through this programme they seek to fulfil their position as responsible businesses, to build and support their customers and brand, and to engage their people. It operates in two key ways: supporting projects and partnerships important to customers and communities; and providing charitable support for employees to give to causes close to their hearts.

Political donations

As a charity, the Trust is not permitted to make political donations. It is the policy of the Trust's main trading subsidiaries not to make political donations.

Climate change and environment

Information about the approach to climate change and the environment is provided in the Strategic Report.

Going concern

A review of the financial position and performance of the Trust and its trading subsidiaries has been outlined in the Strategic Report together with a description of the principal risks and uncertainties faced by the Trust.

The Trust has considerable financial resources: the unrestricted fund has cash at bank and in hand of £25.1m and no borrowings (2020: cash at bank and in hand of £14.4m, cash deposits with original maturities of more than three months of £2.0m and no borrowings); and the expendable endowment fund has financial investments of £109.9m, 100% of which are liquid (2020: financial investments of £103.1m, 100% of which are liquid).

The Trust's subsidiary Group has considerable financial resources: financial investments, excluding funeral plan investments, of £919.9m, 87% of which are liquid (2020: £845.8m) and cash and cash equivalents of £144.0m (2020: £129.6m). Liquid financial investments consist of listed equities and open-ended investment companies, government bonds and listed debt. The subsidiary Group also has a strong risk management framework and solvency position, is well placed to withstand significant market disruption and has proved resilient to stress testing.

Trustees' Report

The Benefact Trust group of companies operated effectively during the Covid-19 pandemic of the last two years, and are expected to continue to do so. Given the liquidity position of the Benefact Trust group of companies, and the capital strength of the Benefact Group, there is a reasonable expectation that the Benefact Trust group of companies has adequate resources and is well placed to manage its risks successfully and continue in operational existence for at least 12 months from the date of this report.

Accordingly, the trustees continue to adopt the going concern basis in preparing the annual report and accounts.

Trustees' Responsibilities Statement

The trustees (who are also directors of Benefact Trust Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of 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.

Auditor and the disclosure of information to the auditor

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
(b) the trustee has taken all the steps that they ought to have taken as a trustee in order to make themself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that PwC LLP be appointed as auditor of the Trust will be put to the annual general meeting.

Equality, diversity and inclusion

The Trust and its trading subsidiaries are committed to the principle and practice of equal opportunity in employment for all employees of group undertakings, applicants for employment and board membership.

The Group recognises the importance of employee communication and aims to keep employees informed about its affairs through the use of briefing groups, group newsletters and the annual publication of financial reports. Regular meetings are held between management and employees and discussion is encouraged. It is the Group's policy to give full consideration to applications for employment by disabled persons. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

The Trustees' Report of Benefact Trust Limited was approved by the Board and signed on its behalf by

Tim Carroll
Chairman

21 June 2022

Independent Auditor's Report to the Members of Benefact Trust Limited

Report on the audit of the financial statements

Opinion

In our opinion, Benefact Trust Limited's group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2021 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, and of the group's and parent charitable company's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the 2021 Annual Report & Accounts (the "Annual Report"), which comprise: the consolidated and charity balance sheets as at 31 December 2021; the consolidated and charity statements of financial activities (incorporating an income and expenditure account) and the consolidated and charity statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern.

Independent Auditor's Report to the Members of Benefact Trust Limited

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement, 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 group's and parent 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 group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors’ 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group and parent charity, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulation, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated the trustees’ incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue or expenditure and management bias in accounting estimates specifically the valuation of specific general insurance reserves including asbestos and Physical and Sexual Abuse (“PSA”) reserves. Audit procedures performed included:

- Reviewing Board minutes and holding discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations;
- Procedures relating to the valuation of investment property and unlisted equity investments, and the valuation of specific general insurance reserves such as UK loss of profits, asbestos and PSA reserves described in the related key audit matters below;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations in revenue or expenditure; and
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors’ report.

Independent Auditor's Report to the Members of Benefact Trust Limited

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Katharine Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

21 June 2022

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

for the year ended 31 December 2021

	Notes	2021 Unrestricted funds £000	2021 Endowment funds £000	2021 Total funds £000	Restated* 2020 Unrestricted funds £000	Restated* 2020 Endowment funds £000	Restated* 2020 Total funds £000
Income and endowments from:							
Donations	3	**3,841**	**-**	**3,841**	3,239	-	3,239
Investments							
Gift aid from subsidiary undertaking		**21,000**	**-**	**21,000**	-	-	-
Dividend and interest income	4	**6**	**3,810**	**3,816**	60	3,106	3,166
Total income		**24,847**	**3,810**	**28,657**	3,299	3,106	6,405
Expenditure on:							
Raising funds	5	**-**	**(370)**	**(370)**	-	(375)	(375)
Charitable activities							
Charitable giving - grants	6	**(19,329)**	**-**	**(19,329)**	(23,311)	-	(23,311)
Other expenditure on charitable activities	7	**(1,043)**	**-**	**(1,043)**	(994)	-	(994)
Total expenditure		**(20,372)**	**(370)**	**(20,742)**	(24,305)	(375)	(24,680)
Net gains/(losses) on investments	8	**68,445**	**12,332**	**80,777**	(41,473)	(458)	(41,931)
Taxation	9	**-**	**(82)**	**(82)**	-	(83)	(83)
Net income/(expenditure) in the year		**72,920**	**15,690**	**88,610**	(62,479)	2,190	(60,289)
Transfers between funds							
Gross transfers to the endowment fund	17	**(4,000)**	**4,000**	**-**	(5,200)	5,200	-
Gross transfers to the unrestricted fund	17	**7,952**	**(7,952)**	**-**	12,723	(12,723)	-
Net movement in funds		**76,872**	**11,738**	**88,610**	(54,956)	(5,333)	(60,289)
Total funds brought forward		**465,550**	**104,089**	**569,639**	520,506	109,422	629,928
Total funds carried forward		**542,422**	**115,827**	**658,249**	465,550	104,089	569,639

*The comparative financial statements have been restated as detailed in note 19.

The accompanying notes on pages 60 to 75 are an integral part of this charity statement of financial activities. All income relates to continuing operations. The charity had no other recognised gains or losses during the current or prior year other than those included in the charity statement of financial activities.

CHARITY BALANCE SHEET

at 31 December 2021

	Notes	2021 Unrestricted funds £000	2021 Endowment funds £000	2021 Total funds £000	Restated* 2020 Total funds £000
Fixed assets					
Investments	13	**521,514**	**109,902**	**631,416**	556,182
Total fixed assets		**521,514**	**109,902**	**631,416**	556,182
Current assets					
Debtors	14	**172**	**237**	**409**	315
Investments	13	-	-	-	2,000
Cash at bank and in hand	15	**25,077**	**5,690**	**30,767**	15,079
Total current assets		**25,249**	**5,927**	**31,176**	17,394
Liabilities					
Creditors: amounts falling due within one year	16	**(3,076)**	**(2)**	**(3,078)**	(2,643)
Net current assets		**22,173**	**5,925**	**28,098**	14,751
Total assets less current liabilities		**543,687**	**115,827**	**659,514**	570,933
Creditors: amounts falling due after one year	16	**(1,265)**	-	**(1,265)**	(1,294)
Total net assets		**542,422**	**115,827**	**658,249**	569,639
The funds of the charity:					
Unrestricted funds					
General funds	17	**14,612**	-	**14,612**	5,585
Designated funds	17	**6,346**	-	**6,346**	6,946
Revaluation reserve	17	**521,464**	-	**521,464**	453,019
		542,422	-	**542,422**	465,550
Restricted funds					
Endowment funds	17	-	**115,827**	**115,827**	104,089
Total funds		**542,422**	**115,827**	**658,249**	569,639

*The comparative financial statements have been restated as detailed in note 19.

The analysis of the prior year comparatives by fund is included in the related notes on pages 71 to 72.

The financial statements of Benefact Trust Limited (formerly Allchurches Trust Limited), registration number 1043742, on pages 57 to 75 were approved and authorised for issue by the Board on 21 June 2022 and signed on its behalf by:

Tim Carroll
Chairman

Stephen Hudson
Trustee

CHARITY STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Notes	2021 £000	Restated* 2020 £000
Net income/(expenditure) for the reporting period		**88,610**	(60,289)
Adjustments for:			
(Gains)/losses on investments		**(80,777)**	41,931
Dividend and interest income from investments		**(3,816)**	(3,166)
(Increase)/decrease in debtors		**(174)**	3
Increase in creditors		**443**	1,698
Taxation paid		**82**	83
Net cash provided by/(used in) operating activities		**4,368**	(19,740)
Cash flows from investing activities:			
Dividend and interest income from investments		**3,798**	3,134
Proceeds from the sale of investments		**20,718**	16,808
Purchase of investments		**(13,175)**	(22,630)
Net cash provided by/(used in) investing activities		**11,341**	(2,688)
Change in cash and cash equivalents in the reporting period		**15,709**	(22,428)
Analysis of changes in net debt			
Cash and cash equivalents at the beginning of the reporting period		**15,079**	37,527
Change in cash and cash equivalents in the reporting period		**15,709**	(22,428)
Change in cash and cash equivalents due to exchange rate movements		**(21)**	(20)
Cash and cash equivalents at the end of the reporting period	15	**30,767**	15,079

*The comparative financial statements have been restated as detailed in note 19.

1 Accounting policies for charity parent only

Benefact Trust Limited is incorporated in England and Wales. It is a company limited by guarantee and a registered charity. The principal accounting policies adopted in preparing the charity financial statements are set out below.

Basis of preparation

The financial statements of the charity have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (SORP); Financial Reporting Standard 102 (FRS 102); and the Companies Act 2006 (the Act). The historical cost convention has been applied, modified to include certain items at fair value.

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

A review of the financial position and performance of the charity and its trading subsidiaries has been outlined in the Financial Review section of the Strategic Report, together with a description of the principal risks and uncertainties faced by the charity.

The Trust has considerable financial resources: the unrestricted fund has cash at bank and in hand of £25.1m and no borrowings (2020: cash at bank and in hand of £14.4m, cash deposits with original maturities of more than three months of £2.0m and no borrowings); and the expendable endowment fund has financial investments of £109.9m, 100% of which are liquid (2020: financial investments of £103.1m, 100% of which are liquid). The charity's subsidiaries have considerable financial resources which are sufficient to meet their own financial obligations as outlined in consideration of the going concern status of the group in the Trustees' Report. As a consequence, the trustees have a reasonable expectation that the charity is well placed to manage its business risks successfully and continue in operational existence for at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts of the charity.

The charity financial statements are stated in sterling, which is the charity's functional and presentational currency.

Fund structure

Unrestricted funds of the charity consist of general funds and designated funds. General funds are available to the trustees to apply for the general purposes of the charity, in addition to each of the priorities adopted by the charity as set out in the Strategic Report. Designated funds are unrestricted funds that have been set aside by the trustees for a particular purpose, as set out in note 17. Endowment funds are restricted funds of expendable endowments that are retained to strengthen the charity's reserves. The Trust has the power to convert endowment funds to expendable income.

Income

Donations and gift aid

Donations and gift aid are recognised on an accruals basis at the point at which it is probable that the charity will receive the income and the amount receivable can be reliably measured.

Donated services

Donated services are an estimate of the fair value of management and administration costs incurred by subsidiary undertakings on behalf of the charity but not recharged. They are recognised on an accruals basis. An equal amount is included in expenditure on charitable activities.

Dividend and interest income

Dividends on equity securities are recognised on the ex-dividend date. Interest is recognised as it accrues. Dividends from overseas equities are grossed-up for the irrecoverable withholding tax suffered.

Unrealised gains and losses are calculated as the difference between carrying value and the original cost, and the movement during the year is recognised in the statement of financial activities. The value of realised gains and losses includes an adjustment for previously recognised gains or losses on investments disposed of in the accounting period.

Expenditure

Charitable giving

Charitable giving consists of grants approved by the Board in the year, net of returned grant payments and grant offers withdrawn. Charitable giving is recognised once approved for payment by the Board. Returned grants are recognised when received. Withdrawn grants are recognised when the Board communicates the withdrawal of the grant offer. Charitable giving which is contingent upon the satisfaction of certain conditions is not recognised in the financial statements until those conditions have been satisfied. Contingent charitable giving is not material to the financial statements.

Expenditure is classified under the following headings in the statement of financial activities:

- Raising funds' comprises the investment management fees incurred by the expendable endowment fund.

- 'Charitable activities' include charitable giving, shared costs (in respect of grants officers) and support costs (such as governance, finance and IT costs) including donated services. The bases for allocating costs to the specific activities are disclosed in note 7.

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

Taxation

Benefact Trust Limited is a UK registered charity and is therefore exempt from corporation tax under Chapter 3 of Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation for Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes. Irrecoverable tax withheld from overseas dividend income in the expendable endowment fund is recognised when the dividend is received.

Transfers between funds

Transfers between the funds are recognised when cash is transferred.

Financial instruments

As permitted by FRS 102, the charity has chosen to account for its financial instruments using the recognition and measurement provisions of IAS 39, *Financial Instruments: Recognition and Measurement* issued by the International Accounting Standards Board as adopted by the UK, and the disclosure requirements of section 11 and 12 of FRS 102.

IAS 39 requires certain financial assets and liabilities to be classified into separate categories, for which the accounting treatment differs.

The classification depends on the nature and purpose of the financial assets and liabilities, and is determined at the time of initial recognition. Financial instruments are initially measured at fair value. Their subsequent measurement depends on their classification:

- Financial instruments designated at fair value and those held for trading are subsequently carried at fair value. Changes in fair value are included in the statement of financial activities in the period in which they arise.

- All other financial assets and liabilities are held at amortised cost, using the effective interest method (except for short term debtors and creditors when the recognition of interest would be immaterial).

The trustees consider that the carrying value of those financial assets and liabilities not carried at fair value in the financial statements approximates to their fair value.

Investments

Financial assets at fair value

Investments are classified into this category if they are managed, and their performance evaluated, on a fair value basis. Purchases and sales of these investments are recognised on the trade date, which is the date that the charity commits to purchase or sell the assets, at their fair value adjusted for transaction costs.

The fair values of investments are based on quoted bid prices. Where there is no active market, fair value is established using a valuation technique based on observable market data where available.

Investments at amortised cost

Current asset investments at amortised cost consist of cash deposits with original maturities of more than three months but which mature within 12 months of the balance sheet date.

Investment in subsidiary undertakings

Investment in subsidiary undertakings is accounted for at fair value. Changes in value are reported under 'net gains/(losses) on investments' in the charity statement of financial activities. The cumulative fair value gain is held in a revaluation reserve in the parent balance sheet.

Cash at bank and in hand

Cash at bank and in hand includes short term deposits at amortised cost, which are highly liquid investments with original maturities of three months or less. Cash at bank and in hand equates to cash and cash equivalents in the statement of cash flows.

2 Critical accounting judgements and key sources of estimation uncertainty

In applying the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. There were no critical accounting judgements made in the current or prior year.

The key source of estimation uncertainty is determining the fair value of the investment in subsidiary undertakings. When determining a fair value, judgement is required in both the selection of a suitable valuation technique together with the application of that technique. Based on the calculations performed, the trustees deem that net asset value is a reasonable approximation of fair value. The carrying amount of the investment in subsidiary undertakings at the balance sheet date was £521,514,000 (restated 2020: £453,069,000).

3 Donations

During the year the charity received a donation of £3,500,000 (2020: £3,000,000) from Methodist Insurance PLC which was designated by the trustees.

The charity received £341,000 (2020: £239,000) of donated services which the trustees have estimated as the fair value of management and administration costs incurred by subsidiary undertakings on behalf of the charity, but which are not recharged. An equal amount is included within expenditure on charitable activities.

4 Dividend and interest income

	2021			2020		
	Unrestricted funds £000	**Endowment funds £000**	**Total funds £000**	Unrestricted funds £000	Endowment funds £000	Total funds £000
Income from financial assets at fair value						
Equity securities						
- listed	-	**3,292**	**3,292**	-	2,569	2,569
Debt securities						
- listed	-	**527**	**527**	-	549	549
Income from financial assets at amortised cost						
- cash at bank and in hand and cash deposits, net of exchange movements	**6**	**(9)**	**(3)**	60	(12)	48
	6	**3,810**	**3,816**	60	3,106	3,166

5 Expenditure on raising funds

Expenditure on raising funds relates to investment management costs, which are charged to the expendable endowment fund.

6 Charitable giving - grants

2021	**Grants to institutions £000**	**Shared costs £000**	**Support costs £000**	**Total £000**
National projects	**2,592**	**23**	**105**	**2,720**
England	**14,698**	**244**	**105**	**15,047**
Scotland	**402**	**35**	**105**	**542**
Wales	**575**	**31**	**105**	**711**
Ireland	**1,022**	**58**	**105**	**1,185**
Other	**40**	**22**	**105**	**167**
	19,329	**413**	**630**	**20,372**
2020				
National projects	2,743	17	116	2,876
England	17,308	190	117	17,615
Scotland	596	22	116	734
Wales	716	20	116	852
Ireland	1,902	36	116	2,054
Other	46	12	116	174
	23,311	297	697	24,305

The charity does not make grants to individuals.

During the year the charity made the following material institutional grants, where material is defined as over £100,000 in aggregate:

	2021
	£000
National projects	
A Rocha UK, Brentford, London	150
British Youth for Christ, Halesowen, West Midlands	225
Church Urban Fund, London	750
Feeding Britain, Westminster, London	150
Growing Hope, London	258
KICK, Richmond, Surrey	150
Parish Nursing Ministries UK, Peterborough, Cambridgeshire	125
The National Society (operating as the Church of England Education Office), Westminster, London	450
The Prince's Foundation, London	300
	2,408
England	
Bolton YMCA, Bolton, Greater Manchester	100
Exeter Cathedral	117
Greyfriars Church, Reading, Berkshire	130
Lighthouse London Church (Holy Trinity Swiss Cottage), Camden, London	100
Methodist Connexion, London	1,380
One YMCA, Watford, Hertfordshire	136
Salisbury Diocese Board of Education, Salisbury, Wiltshire	200
St Paul's Cathedral	225
The Diocese of Bath and Wells	126
The Diocese of Birmingham	178
The Diocese of Blackburn	156
The Diocese of Bristol	118
The Diocese of Canterbury	127
The Diocese of Chelmsford	286
The Diocese of Chester	169
The Diocese of Chichester	173
The Diocese of Coventry	111
The Diocese of Derby	137
The Diocese of Durham	378
The Diocese of Ely	103
The Diocese of Exeter	158
The Diocese of Guildford	107
The Diocese of Leeds	285
The Diocese of Leicester	135
The Diocese of Lichfield	228
The Diocese of Lincoln	147
The Diocese of Liverpool	180
The Diocese of London	385
The Diocese of Manchester	231
The Diocese of Newcastle	121
The Diocese of Norwich	140
The Diocese of Oxford	232
The Diocese of Peterborough	120
Subtotal carried onto page 65	6,919

	2021 £000
England (continued)	
Subtotal from page 64	6,919
The Diocese of Portsmouth	102
The Diocese of Rochester	144
The Diocese of Salisbury	130
The Diocese of Sheffield	160
The Diocese of Southwark	258
The Diocese of Southwell and Nottingham	145
The Diocese of St Albans	178
The Diocese of St Edmundsbury and Ipswich	103
The Diocese of Truro	102
The Diocese of Winchester	135
The Diocese of Worcester	117
The Diocese of York	177
Truro Methodist Church, Truro, Cornwall	180
	8,850
Ireland	
The Big House (Ireland), Limavady, County Londonderry	170
	170
Wales	
The Representative Body of the Church in Wales	182
	182
Total material grants	11,610
Total of grants that are not individually material in aggregate:	
National projects	184
England	5,848
Scotland	402
Wales	393
Ireland	852
Other	40
	7,719
Total grants	19,329

During the prior year the charity made the following material institutional grants, where material is defined as over £100,000 in aggregate:

	2020
	£000
National projects	
Archbishops' Council, London	105
Betel UK, Birmingham	120
Christian Education t/a RE Today Services, Birmingham, West Midlands	280
Gregory Centre for Church Multiplication, London	350
Plunkett Foundation, Woodstock, Oxfordshire	203
Relational Hub, Littlehampton, West Sussex	120
Safe Families for Children, Nottingham	280
The Cinnamon Network, London	201
The Keswick Convention Trust, Cumbria	100
The Trussell Trust, Salisbury, Wiltshire	300
With Community, Luton, Bedfordshire	300
	2,359
England	
Diocese in Europe, London	250
FareShare, London	100
Just Finance Foundation, London	100
London Diocesan Fund, London	146
Methodist Connexion, London	1,400
Missional Youth Church Network (MYCN), York, North Yorkshire	200
The Diocese Of Bath And Wells	131
The Diocese of Birmingham	164
The Diocese of Blackburn	148
The Diocese of Bristol	106
The Diocese of Canterbury	125
The Diocese of Chelmsford	278
The Diocese of Chester	166
The Diocese of Chichester	172
The Diocese of Coventry	105
The Diocese of Derby	138
The Diocese of Durham	176
The Diocese of Ely	102
The Diocese of Exeter	169
The Diocese of Gloucester	104
The Diocese of Guildford	105
The Diocese of Leeds	302
The Diocese of Leicester	134
The Diocese of Lichfield	230
The Diocese of Lincoln	154
The Diocese of Liverpool	172
The Diocese of London	403
The Diocese of Manchester	227
The Diocese of Newcastle	121
The Diocese of Norwich	153
The Diocese of Oxford	245
The Diocese of Peterborough	118
Subtotal carried onto page 67	6,644

	2020
	£000
England (continued)	
Subtotal from page 66	6,644
The Diocese of Rochester	141
The Diocese of Salisbury	141
The Diocese of Sheffield	154
The Diocese of Southwark	258
The Diocese of Southwell and Nottingham	140
The Diocese of St Albans	168
The Diocese of St Edmundsbury And Ipswich	107
The Diocese of Truro	101
The Diocese of Winchester	132
The Diocese of Worcester	112
The Diocese of York	185
The Trussell Trust, Salisbury, Wiltshire	100
	8,383
Ireland	
Representative Church Body of the Church of Ireland/Church of Ireland, Dublin	300
	300
Wales	
The Representative Body of the Church in Wales	182
	182
Total material grants	11,224
Total of grants that are not individually material in aggregate:	
National projects	384
England	8,925
Scotland	596
Wales	534
Ireland	1,602
Other	46
	12,087
Total grants	23,311

Examples of grants paid are included in the Strategic Report. A full list of beneficiaries of charitable grants awarded in the year is available on the Trust's website.

7 Other expenditure on charitable activities

Other charitable expenditure in the current year of £1,043,000 relates to the shared costs and support costs incurred in the charity's grant making activities and can be analysed as follows:

2021	National projects £000	England £000	Scotland £000	Basis of allocation
Shared costs	23	244	35	Time spent
Support costs:				
Governance costs	19	19	19	Equal allocation
Finance	12	12	12	Equal allocation
Information technology	11	11	11	Equal allocation
Buildings	14	14	14	Equal allocation
Corporate	11	11	11	Equal allocation
Other	38	38	38	Equal allocation
	105	105	105	
Other expenditure on charitable activities	128	349	140	

2021	Wales £000	Ireland £000	Other £000	Basis of allocation
Shared costs	31	58	22	Time spent
Support costs:				
Governance costs	19	19	19	Equal allocation
Finance	12	12	12	Equal allocation
Information technology	11	11	11	Equal allocation
Buildings	14	14	14	Equal allocation
Corporate	11	11	11	Equal allocation
Other	38	38	38	Equal allocation
	105	105	105	
Other expenditure on charitable activities	136	163	127	

Other charitable expenditure in the prior year of £994,000 relates to the shared costs and support costs incurred in the charity's grant making activities and can be analysed as follows:

2020	National projects £000	England £000	Scotland £000	Basis of allocation
Shared costs	17	190	22	Time spent
Support costs:				
Governance costs	52	52	52	Mixed allocation*
Finance	9	9	9	Equal allocation
Information technology	6	6	6	Equal allocation
Buildings	10	10	10	Equal allocation
Corporate	5	5	5	Equal allocation
Other	34	35	34	Mixed allocation*
	116	117	116	
Other expenditure on charitable activities	133	307	138	

2020	Wales £000	Ireland £000	Other £000	Basis of allocation
Shared costs	20	36	12	Time spent
Support costs:				
Governance costs	52	52	52	Mixed allocation*
Finance	9	9	9	Equal allocation
Information technology	6	6	6	Equal allocation
Buildings	10	10	10	Equal allocation
Corporate	5	5	5	Equal allocation
Other	34	34	34	Mixed allocation*
	116	116	116	
Other expenditure on charitable activities	136	152	128	

*Mixed allocation includes some expenses that have been allocated equally between the different categories and other expenses that have been allocated directly to specific categories based on the nature of the support cost.

8 Net gains/(losses) on investments

The net gains/(losses) on investments in the unrestricted fund arises on its investment in subsidiary undertakings, which is accounted for at fair value.

The net gains/(losses) on investments in the expendable endowment fund are all generated by financial assets at fair value through the statement of financial activities.

9 Taxation

Benefact Trust Limited is a registered charity and is exempt from corporation tax. The £82,000 (2020: £83,000) tax charge recognised in the statement of financial activities relates to irrecoverable withholding tax that has been suffered on dividends received from overseas equity investments held by the expendable endowment fund.

10 Employee information

The charity itself has no employees, but uses staff employed by a subsidiary company to undertake its charitable activities. The subsidiary company recharges employee costs to the charity.

The average monthly number of full-time equivalent employees of the subsidiary company who carried out the charity's activities during the year was eight (2020: eight). All employees were employed in the United Kingdom in both the current and prior year.

	2021	2020
	£000	£000
Wages and salaries	**413**	372
Social security costs	**44**	43
Pension costs - defined contribution plans	**33**	30
	490	445

In the current year, one employee (2020: one) received employee benefits within the £60,001-£70,000 band, and one employee (2020: one) received employee benefits within the £70,001-£80,000 band.

11 Trustee remuneration

The trustees did not receive any remuneration from the charity during the current or prior year. Two trustees (2020: two trustees), who during the year were also non-executive directors of a subsidiary undertaking, received remuneration from that subsidiary in respect of their services as non-executive directors. Details of the remuneration they received are disclosed in note 29 to the consolidated financial statements.

During the year the charity reimbursed expenses totalling £2,000 (2020: £3,000) which were incurred by three trustees primarily in respect of travel and subsistence (2020: three trustees primarily in respect of travel and subsistence).

In addition, the charity paid direct expenses totalling £1,000 (2020: £1,000) which were incurred by four trustees primarily in respect of travel and subsistence (2020: seven trustees, primarily in respect of travel and subsistence).

None of the trustees was a member of the trading subsidiaries' defined benefit pension schemes during the current or prior year.

12 Key management remuneration

Key management remuneration of the charity, including employee benefits, pensions and social security costs, in the year was £239,000 (2020: £206,000). Details of the key management of the charity can be found in the Trustees' Report.

13 Investments

	2021 Unrestricted funds £000	2021 Endowment funds £000	2021 Total funds £000	Restated* 2020 Unrestricted funds £000	Restated* 2020 Endowment funds £000	Restated* 2020 Total funds £000
Financial assets at fair value						
Equity securities						
- listed	-	100,726	100,726	-	93,034	93,034
Debt securities						
- listed	-	9,176	9,176	-	10,079	10,079
Investment in subsidiary	521,514	-	521,514	453,069	-	453,069
Total non-current investments	521,514	109,902	631,416	453,069	103,113	556,182
Current financial assets at amortised cost						
Cash on deposit	-	-	-	2,000	-	2,000
Total investments	521,514	109,902	631,416	455,069	103,113	558,182

*The comparative figures have been restated as detailed in note 19.

The value of the investment in subsidiary on a historical cost basis is £50,000 (2020: £50,000).

The charity's investment in subsidiary is classified as level 3 in the fair value hierarchy. The methodology for determining the fair value of the investment is disclosed in note 2. No investments in the expendable endowment fund were classified as level 3 in the current or prior year.

Details of the charity's investment policy can be found in the Strategic Report.

Reconciliation of the movement in financial assets:

2021	**Unrestricted funds** At fair value £000	**Unrestricted funds** At amortised cost £000	**Endowment funds** At fair value £000	**Total funds** £000
Fair value at 1 January	453,069	2,000	103,113	558,182
Additions at cost	-	1,016	12,159	13,175
Sale proceeds	-	(3,016)	(17,702)	(20,718)
Fair value gains	68,445	-	12,332	80,777
Fair value at 31 December	521,514	-	109,902	631,416

2020 (restated*)	Unrestricted funds At fair value £000	Unrestricted funds At amortised cost £000	Endowment funds At fair value £000	Total funds £000
Fair value at 1 January	494,542	2,024	97,725	594,291
Additions at cost	-	2,000	20,630	22,630
Sale proceeds	-	(2,024)	(14,784)	(16,808)
Fair value losses	(41,473)	-	(458)	(41,931)
Fair value at 31 December	453,069	2,000	103,113	558,182

*The comparative figures have been restated as detailed in note 19.

14 Debtors

	2021			2020		
	Unrestricted funds £000	**Endowment funds £000**	**Total funds £000**	Unrestricted funds £000	Endowment funds £000	Total funds £000
Prepayments and accrued income	**-**	**237**	**237**	15	300	315
Other debtors	**172**	**-**	**172**	-	-	-
	172	**237**	**409**	15	300	315

15 Cash at bank and in hand

	2021			2020		
	Unrestricted funds £000	**Endowment funds £000**	**Total funds £000**	Unrestricted funds £000	Endowment funds £000	Total funds £000
Short term deposits	**20,658**	**5,690**	**26,348**	13,758	678	14,436
Cash at bank and in hand	**4,419**	**-**	**4,419**	643	-	643
	25,077	**5,690**	**30,767**	14,401	678	15,079

16 Creditors

	2021			2020		
	Unrestricted funds £000	**Endowment funds £000**	**Total funds £000**	Unrestricted funds £000	Endowment funds £000	Total funds £000
Amounts falling due within one year:						
Accruals for grants payable	**2,972**	**-**	**2,972**	2,562	-	2,562
Amounts due to related parties	**1**	**-**	**1**	3	-	3
Other creditors	**103**	**2**	**105**	76	2	78
	3,076	**2**	**3,078**	2,641	2	2,643
Amounts falling due after one year:						
Accruals for grants payable	**1,265**	**-**	**1,265**	1,294	-	1,294
	1,265	**-**	**1,265**	1,294	-	1,294

17 Summary of fund movements

	Unrestricted funds				
	General funds	Designated funds	Revaluation reserve	Endowment funds	Total
	£000	£000	£000	£000	£000
Fund balance at 1 January 2021	**5,585**	**6,946**	**453,019**	**104,089**	**569,639**
Income	**21,343**	**3,504**	-	**3,810**	**28,657**
Expenditure	**(18,136)**	**(2,236)**	-	**(370)**	**(20,742)**
Taxation	-	-	-	**(82)**	**(82)**
Fair value gains on investments:					-
Investment in subsidiary	-	-	**68,445**	-	**68,445**
Other investments at fair value	-	-	-	**12,332**	**12,332**
Gross transfers to endowment funds	**(2,000)**	**(2,000)**	-	**4,000**	-
Gross transfers to unrestricted funds	**7,828**	**124**	-	**(7,952)**	-
Gross transfers to designated funds	**(8)**	**8**	-	-	-
Fund balance at 31 December 2021	**14,612**	**6,346**	**521,464**	**115,827**	**658,249**
Fund balance at 1 January 2020 (restated*)	16,635	9,379	494,492	109,422	629,928
Income	299	3,000	-	3,106	6,405
Expenditure	(21,806)	(2,499)	-	(375)	(24,680)
Taxation	-	-	-	(83)	(83)
Fair value losses on investments:					-
Investment in subsidiary	-	-	(41,473)	-	(41,473)
Other investments at fair value	-	-	-	(458)	(458)
Gross transfers to endowment funds	(4,200)	(1,000)	-	5,200	-
Gross transfers to unrestricted funds	12,657	66	-	(12,723)	-
Gross transfers to general funds	2,000	(2,000)	-	-	-
Fund balance at 31 December 2020	5,585	6,946	453,019	104,089	569,639

*The comparative figures have been restated as detailed in note 19.

The general unrestricted fund consists of funds available to the trustees to apply for the general purposes of the charity, in addition to each of the priorities it has adopted as set out in the Strategic Report.

The designated fund has been designated by the trustees for the furtherance of purposes or projects of or relating to the Methodist Church. The source of these funds is the donations that the charity receives from Methodist Insurance PLC (see note 3). During the current year, the trustees designated £3,636,000 (2020: £3,066,000) and transferred £2,000,000 (2020: £1,000,000) into the expendable endowment fund. In the prior year, £2,000,000 designated funds were returned to the general fund.

The endowment fund is a restricted capital fund of expendable endowment that is retained to strengthen the charity's reserves and provide diversification of its assets. £5,000,000 (2020: £10,000,000) was transferred into the general unrestricted fund in the first quarter of the year in order to maintain liquidity. £4,000,000 excess reserves were subsequently transferred from unrestricted funds into the expendable endowment fund.

The revaluation reserve is the cumulative fair value gain on the charity's investment in subsidiary undertakings.

18 Related party transactions

Transactions between the charity and its subsidiaries, which are related parties, are shown below. The full list of related undertakings is disclosed in note 46. Transactions between the charity and its trustees, who are related parties, are disclosed in note 11.

	2021	2020
	£000	£000
Gift aid received	21,000	-
Expenses recharged	483	551
Investment management fees paid	221	252
Amounts due to related parties	1	3

In addition, the charity received donated services from a trading subsidiary in the current and prior year. Further details are provided in note 3.

19 Prior year restatement

During the year, the Trust's subsidiary, Benefact Group plc, reassessed the level of insurance risk transferred to its trading subsidiary, Ecclesiastical Planning Services Limited (EPSL), on its funeral plan book of business, and concluded that there is no significant insurance risk on these contracts. As a result, these contracts ceased to be recognised as insurance contracts under FRS 103, *Insurance Contracts*, and were reclassified and measured in line with IAS 39, *Financial Instruments: Recognition and Measurement*.

Under FRS 102, a retrospective restatement of the prior period results is required. The effects of the restatement are detailed in this note, and included throughout the financial statement comparatives, where appropriate. As a result of the restatement, the charity revalued its investment in the Benefact Group as at 1 January 2020 which resulted in an increase in total unrestricted funds of the Trust of £11,139,000.

2020	As reported Unrestricted funds £000	Restatement £000	As restated Unrestricted funds £000	As reported Endowment funds £000	As restated Total funds £000
Total income	3,299	-	3,299	3,106	6,405
Total expenditure	(24,305)	-	(24,305)	(375)	(24,680)
Net (losses)/gains on investments	(43,928)	2,455	(41,473)	(458)	(41,931)
Taxation	-	-	-	(83)	(83)
Net (expenditure)/income in the year	(64,934)	2,455	(62,479)	2,190	(60,289)
Gross transfers to the endowment fund	(5,200)	-	(5,200)	5,200	-
Gross transfers to the unrestricted fund	12,723	-	12,723	(12,723)	-
Net movement in funds	(57,411)	2,455	(54,956)	(5,333)	(60,289)

2020	As reported Unrestricted funds £000	Restatement £000	As restated Unrestricted funds £000	As reported Endowment funds £000	As restated Total funds £000
Investments	439,475	13,594	453,069	103,113	556,182
Total fixed assets	439,475	13,594	453,069	103,113	556,182
Total current assets	16,416	-	16,416	978	17,394
Creditors: amounts falling due within one year	(2,641)	-	(2,641)	(2)	(2,643)
Net current assets	13,775	-	13,775	976	14,751
Total assets less current liabilities	453,250	13,594	466,844	104,089	570,933
Creditors: amounts falling due after one year	(1,294)	-	(1,294)	-	(1,294)
Total net assets	451,956	13,594	465,550	104,089	569,639
The funds of the charity:					
Unrestricted funds					
General funds	5,585	-	5,585	-	5,585
Designated funds	6,946	-	6,946	-	6,946
Revaluation reserve	439,425	13,594	453,019	-	453,019
	451,956	13,594	465,550	-	465,550
Restricted funds					
Endowment funds	-	-	-	104,089	104,089
Total funds	451,956	13,594	465,550	104,089	569,639

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)

for the year ended 31 December 2021

	Notes	2021 Unrestricted funds £000	2021 Endowment funds £000	2021 Total funds £000	Restated* 2020 Unrestricted funds £000	Restated* 2020 Endowment funds £000	Restated* 2020 Total funds £000
Income from:							
Donations		**3,500**	-	**3,500**	3,000	-	3,000
Other trading activities							
Income arising from trading activities	22	**385,342**	-	**385,342**	345,192	-	345,192
Investments							
Dividend, interest and rental income	23	**33,065**	**3,810**	**36,875**	30,991	3,106	34,097
Total income		**421,907**	**3,810**	**425,717**	379,183	3,106	382,289
Expenditure on:							
Raising funds		-	**(370)**	**(370)**	-	(375)	(375)
Charitable activities							
Grants		**(19,329)**	-	**(19,329)**	(23,311)	-	(23,311)
Other expenditure on charitable activities		**(702)**	-	**(702)**	(755)	-	(755)
Other							
Charitable donations paid by trading subsidiaries		**(2,548)**	-	**(2,548)**	(2,748)	-	(2,748)
Expenditure arising from trading activities		**(404,217)**	-	**(404,217)**	(354,750)	-	(354,750)
Total expenditure		**(426,796)**	**(370)**	**(427,166)**	(381,564)	(375)	(381,939)
Net gains/(losses) on investments	24	**69,315**	**12,332**	**81,647**	(36,234)	(458)	(36,692)
Taxation	25	**(14,988)**	**(82)**	**(15,070)**	432	(83)	349
		49,438	**15,690**	**65,128**	(38,183)	2,190	(35,993)
Net income/(expenditure) in the year	26						
a. arising from the charity		**(16,526)**	**15,690**	**(836)**	(21,006)	2,190	(18,816)
b. arising from trading activities		**65,964**	-	**65,964**	(17,177)	-	(17,177)
		49,438	**15,690**	**65,128**	(38,183)	2,190	(35,993)

*The comparative financial statements have been restated as detailed in note 49.

	Notes	2021			Restated* 2020		
		Unrestricted funds £000	**Endowment funds £000**	**Total funds £000**	Unrestricted funds £000	Endowment funds £000	Total funds £000
Transfer between funds							
Gross transfers to endowment funds		**(4,000)**	**4,000**	-	(5,200)	5,200	-
Gross transfers to unrestricted funds		**7,952**	**(7,952)**	-	12,723	(12,723)	-
Other recognised gains/(losses)							
Losses on revaluation of fixed assets		-	-	-	(65)	-	(65)
Actuarial gains/(losses) on retirement benefits	41	**41,260**	-	**41,260**	(19,036)	-	(19,036)
Other (losses)/gains							
Currency translation differences	43	**(2,357)**	-	**(2,357)**	1,982	-	1,982
Gains/(losses) on net investment hedges	43	**1,912**	-	**1,912**	(2,339)	-	(2,339)
Tax attributable to other recognised gains/(losses)	25	**(8,551)**	-	**(8,551)**	4,188	-	4,188
Minority interests	44	**(8,782)**	-	**(8,782)**	(8,782)	-	(8,782)
Net movement in funds excluding minority interests		**76,872**	**11,738**	**88,610**	(54,712)	(5,333)	(60,045)
Total funds brought forward	42	**465,550**	**104,089**	**569,639**	520,506	109,422	629,928
Acquisition of minority interests	44	-	-	-	(244)	-	(244)
Total funds carried forward		**542,422**	**115,827**	**658,249**	465,550	104,089	569,639

*The comparative financial statements have been restated as detailed in note 49.

The accompanying notes on pages 81 to 133 are an integral part of this consolidated statement of financial activities. All income relates to continuing operations.

CONSOLIDATED BALANCE SHEET

at 31 December 2021

	Notes	2021 Total funds £000	Restated* 2020 Total funds £000
Fixed assets			
Intangible assets	31	**33,627**	38,367
Tangible assets	32	**14,613**	15,463
Investment property	33	**163,355**	142,142
Investments	34	**1,229,029**	1,139,879
Investment in associate	30	**12,148**	5,696
Total fixed assets		**1,452,772**	1,341,547
Current assets			
Debtors	36	**489,318**	430,661
Investments	34	**-**	2,000
Cash at bank and in hand	37	**174,779**	144,675
Total current assets		**664,097**	577,336
Liabilities			
Creditors: amounts falling due within one year	38	**(146,467)**	(140,453)
Net current assets		**517,630**	436,883
Total assets less current liabilities		**1,970,402**	1,778,430
Creditors: amounts falling due after one year	38	**(2,477)**	(2,244)
Provisions for liabilities	39	**(1,200,949)**	(1,082,029)
Subordinated liabilities	40	**(24,433)**	-
Net assets excluding retirement benefit obligations		**742,543**	694,157
Net pension asset/(deficit)	41	**24,579**	(16,173)
Other retirement benefit obligations	41	**(7,058)**	(6,530)
Total net assets including retirement benefit obligations		**760,064**	671,454
The funds of the charity:			
Unrestricted funds			
General funds	42	**14,612**	5,585
Designated funds	42	**6,346**	6,946
Revaluation reserve	42	**268**	624
Non-charitable trading reserves	42	**503,656**	434,226
Translation and hedging reserve	43	**17,540**	18,169
		542,422	465,550
Restricted funds			
Endowment funds	42	**115,827**	104,089
Total funds (excluding minority interests)		**658,249**	569,639
Minority interests	44	**101,815**	101,815
Total funds		**760,064**	671,454

*The comparative financial statements have been restated as detailed in note 49.

The consolidated financial statements of Benefact Trust Limited, formerly Allchurches Trust Limited, registration number 1043742, on pages 76 to 133 were approved and authorised for issue by the Board on 21 June 2022 and signed on its behalf by:

Tim Carroll
Chairman

Stephen Hudson
Trustee

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	2021 £000	Restated* 2020 £000
Net income/(expenditure) for the reporting period	**65,128**	(35,993)
Adjustments for:		
Depreciation of property, plant and equipment	**3,426**	2,613
(Gain)/loss on disposal of property, plant and equipment	**(41)**	3
Revaluation of property, plant and equipment	-	(10)
Amortisation and impairment of intangible assets	**3,783**	6,847
Loss on disposal of intangible assets	**4,765**	-
Share of profit of associate	**(2,274)**	(601)
Tax (income)/expense	**15,070**	(349)
(Gains)/losses on financial investments and investment property	**(69,783)**	20,804
Dividend and interest income from investments	**(27,395)**	(25,524)
Finance costs	**1,444**	34
Increase in debtors	**(65,199)**	(63,520)
Increase in creditors	**8,533**	11,739
Increase in provisions	**101,172**	104,542
Adjustment for pension funding	**1,151**	1,127
(Decrease)/increase in retirement benefit obligation	**(115)**	69
Proceeds from the sale of investment property by trading subsidiaries	-	1,020
Proceeds from the sale of financial investments by trading subsidiaries	**175,794**	167,226
Purchase of financial investments by trading subsidiaries	**(217,021)**	(163,277)
Dividends received by trading subsidiaries	**8,676**	6,305
Interest received by trading subsidiaries	**15,340**	15,061
Interest paid by trading subsidiaries	-	(34)
Tax paid by trading subsidiaries	**(3,515)**	(3,819)
Net cash provided by operating activities	**18,939**	44,263
Cash flows from investing activities:		
Purchases of property, plant and equipment	**(3,845)**	(6,891)
Proceeds from the sale of property, plant and equipment	**559**	1
Purchases of intangible assets	**(3,942)**	(15,646)
Purchase of investments	**(13,175)**	(22,630)
Proceeds from the sale of investments	**20,718**	16,808
Acquisition of business, net of cash acquired	**(5,258)**	(822)
Acquisition of interests in subsidiaries, net of cash acquired	-	(1,519)
Dividend and interest income from parent charity investments	**3,798**	3,134
Net cash used in investing activities	**(1,145)**	(27,565)

*The comparative financial statements have been restated as detailed in note 49.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 31 December 2021

	2021 £000	2020 £000
Cash flows from financing activities:		
Interest paid by trading subsidiaries	**(1,444)**	-
Payment of finance lease liabilities	**(217)**	(241)
Proceeds from other borrowings	**25,014**	-
Dividends paid to non-controlling interests of subsidiaries	**(8,782)**	(8,782)
Net cash provided by/(used in) financing activities	**14,571**	(9,023)
Change in cash and cash equivalents in the reporting period	**32,365**	7,675
Analysis of changes in net debt		
Cash and cash equivalents at the beginning of the reporting period	**144,675**	135,896
Change in cash and cash equivalents in the reporting period	**32,365**	7,675
Change in cash and cash equivalents due to exchange rate movements	**(2,261)**	1,104
Cash and cash equivalents at the end of the reporting period	**174,779**	144,675

20 Accounting policies for consolidated financial statements

The principal accounting policies adopted in preparing the consolidated financial statements are set out below. Where an accounting policy specifically relates to the charity, it is not repeated in the Benefact Trust group of companies' accounting policies, and reference should be made to note 1 to the charity's financial statements.

Basis of preparation

The consolidated financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ; the Companies Act 2006 (the Act); and 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)' (SORP) (effective 1 January 2019). The historical cost convention has been applied, modified to include certain items at fair value as permitted by section 404 of the Act. The format of the financial statements has been adapted to comply with the SORP as permitted by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

The principal activities of the trading subsidiaries of the charity remain the transaction of insurance and the provision of financial services. All funds within the trading subsidiaries support their trade. Note 48 includes certain disclosures relevant for groups containing insurance companies in accordance with Financial Reporting Standard 103 (FRS 103), Insurance Contracts.

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

As stated in the Trustees' Report, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Items included in the financial statements of each of Benefact Trust's subsidiaries are measured in the currency of the primary economic environment in which that entity operates (the 'functional currency'). The consolidated financial statements are stated in sterling, which is the charity's functional and presentation currency.

Basis of consolidation

Subsidiaries

Subsidiaries are those entities over which the charity, directly or indirectly, has control. For businesses acquired or disposed of during the year, the results and cash flows relating to a business are included in the consolidated statement of financial activities and the consolidated statement of cash flows from the date of acquisition or up to the date of disposal. All inter-company transactions, balances and cash flows are eliminated.

The Benefact Trust group of companies uses the purchase method of accounting to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Minority interests are measured at a proportionate share of the identifiable net assets of the acquiree. Goodwill is calculated as the excess of the aggregate consideration transferred, the fair value of contingent consideration, the minority interests and, for an acquisition achieved in stages, the fair value of previously held equity interest over the fair value of the identifiable net assets acquired.

Associates

Associate are those entities over which the Benefact Trust group of companies has significant influence and are neither subsidiaries nor interests in joint ventures. The assets, liabilities and results of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Benefact Trust group of companies' share of the net income/(expenditure) and other recognised gains/(losses) of the associate. When the Benefact Trust group of companies' share of losses of an associate exceeds its interest in that associate, the Benefact Trust group of companies discontinues recognising its share of further losses. Additional losses are recognised by a provision only to the extent that the Benefact Trust group of companies has incurred legal or constructive obligations or made payments on behalf of the associate.

Foreign currency translation

The assets and liabilities of foreign operations are translated from their functional currencies into the Benefact Trust group of companies' presentation currency using year end exchange rates, and their income and expenses using average exchange rates for the year. Exchange differences arising from the translation of the net investment in foreign operations are taken to the translation reserve. On disposal of a foreign operation, such exchange differences are transferred out of this reserve, along with the corresponding movement on net investment hedges, and are recognised in the statement of financial activities as part of the gain or loss on sale.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. Exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of financial activities.

Turnover

General insurance business

Premiums written by trading subsidiaries are shown gross of commission paid to intermediaries and are accounted for in the period in which the risk commences. Estimates are included for premiums not notified by the year end ("pipeline premiums") and provision is made for the anticipated lapse of renewals not yet confirmed. Those proportions of premiums written in a year which relate to periods of risk extending beyond the end of the year are carried forward as unearned premiums.

Premiums written include adjustments to premiums written in prior periods and estimates for pipeline premiums and are shown net of insurance premium taxes.

Life insurance business

Insurance contract premiums are recognised as income when receivable, at which date the liabilities arising from them are also recognised.

Fee and commission income

Fee and commission income consists primarily of reinsurance commissions and reinsurance profit commissions from the trading subsidiaries' insurance business. It also includes income from the trading subsidiaries' insurance broking activities, investment fund management fees, distribution fees from mutual funds and commission revenue from the sale of mutual fund shares. As with general insurance premiums, reinsurance commissions are accounted for in the period in which the risk commences. Those proportions of reinsurance commissions written in a year which relate to periods of risk extending beyond the end of the year, are carried forward as deferred income. Reinsurance profit commissions are recognised at the point in time when the amount of commission can be accurately estimated.

Income generated from trading subsidiaries' insurance broking activities is recognised at the inception date of the insurance cover. An estimate is made for the amount of fees and commission that may be clawed back as a result of policy cancellations or amendments. Where commission or fees are received in advance of the inception date of cover, deferred income is recognised. Receivables are recognised in other assets on inception date of cover in respect of fees or commissions that the trading subsidiaries have an unconditional right to receive.

Fees charged for investment management services are recognised as revenue when the services are provided. Management fees charged in respect of funeral plans are only refundable where the plan is cancelled within 30 days, and are recognised in full when the plan is sold with provision being made for the expected level of cancellations that give rise to a refund.

Claims

General insurance claims incurred include all losses occurring during the year, whether reported or not, related handling costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Claims handling costs include all internal and external costs incurred in connection with the negotiation and settlement of claims.

Life business claims and death claims are accounted for when notified.

Insurance contract liabilities

General insurance technical provisions

(i) Outstanding claims provisions

General insurance outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs. Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the balance sheet date. An estimate is made representing the best estimate plus an uncertainty margin within a range of possible outcomes. Designated insurance liabilities are remeasured to reflect current market interest rates.

(ii) Provision for unearned premiums

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods is deferred as a provision for unearned premiums. The change in this provision is taken to the statement of financial activities in order that revenue is recognised over the period of risk.

(iii) Liability adequacy

At each reporting date, the trading subsidiaries review their unexpired risks and carry out a liability adequacy test for any overall excess of expected claims and deferred acquisition costs over unearned premiums, using the current estimates of future cash flows under its contracts. Unexpired risks are assessed separately for each class of business.

Surpluses and deficits are offset where business classes are considered to be managed together and a provision is held for any net deficit.

Life insurance provisions

The life insurance provision is held in respect of certain funeral plans and is based on an estimate of the discounted future cash flows expected to arise from contracts in-force at the year-end date. The methods and assumptions used in calculating the provision are approved by the directors of the trading subsidiaries based on advice from their Chief Actuary. Changes in the life business provision are recognised in the statement of financial activities.

Reinsurance

General insurance business

Certain trading subsidiaries assume and cede reinsurance in the normal course of business, with retention limits varying by line of business. Premiums on reinsurance assumed are recognised as revenue in the same manner as direct business. Outwards reinsurance premiums are accounted for in the same accounting period as the related premiums for the direct or inwards reinsurance business being reinsured. Estimates are included for premiums not notified by the year end and provision is made for the anticipated lapse of renewals not yet confirmed. The proportion of premiums ceded in a year which relates to periods of risk extending beyond the current year is carried forward as unearned. The Benefact Trust group of companies does not reinsure its life business.

Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions or the settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.

Investment contract liabilities

For products that have no significant insurance risk and are therefore classified as investment contracts, the trading subsiadiries recognise a liability measured at fair value. The fair value of these liabilities is estimated based on an arms-length transaction between willing market participants with consideration given to the cost of the minimum repayment guarantee to the policyholders. The cost of the guarantee is determined using risk free rates of return, with the associated volatility assumption and allowing for the costs of administration associated with this low risk investment strategy.

Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, being the excess of the cost over the fair value of assets and liabilities acquired, is capitalised in the balance sheet and amortised through the statement of financial activities over its estimated useful economic life of ten years, on a straight-line basis. The gain or loss on any subsequent disposal of a subsidiary or associated undertaking will include any attributable unamortised goodwill. Goodwill is tested annually for impairment and is carried at cost less accumulated amortisation less accumulated impairment losses. The amortisation and impairment charge for the period is included in the statement of financial activities within expenditure arising from trading activities.

Computer software

Computer software is carried at historical cost less accumulated amortisation and impairment, and amortised over a useful life of between three and ten years, using the straight-line method. The amortisation and impairment charge for the period is included in the statement of financial activities within expenditure arising from trading subsidiaries.

Other intangible assets

Other intangible assets consist of acquired brand, customer and distribution relationships, and are carried at cost at acquisition less accumulated amortisation and impairment after acquisition. Amortisation is on a straight-line basis over the weighted average estimated useful life of the intangible assets acquired. The amortisation and impairment charge for the period is included in the statement of financial activities within expenditure arising from trading activities.

Financial instruments

As permitted by FRS 102, the Benefact Trust group of companies has chosen to account for its financial instruments using the recognition and measurement provisions of IAS 39, *Financial Instruments: Recognition and Measurement* as issued by the International Accounting Standards Board as adopted by the UK.

IAS 39 requires certain financial assets and liabilities to be classified into separate categories, for which the accounting requirements differ.

The classification depends on the nature and purpose of the financial assets and liabilities, and is determined at the time of initial recognition. Financial instruments are initially measured at fair value. Their subsequent measurement depends on their classification:

- Financial instruments designated as at fair value, those held for trading, and hedge accounted derivatives are subsequently carried at fair value. To the extent to which they are effective, changes to the fair value of hedging instruments are included in the other recognised gains/(losses) in the statement of financial activities. All other changes in fair value are recognised in net gains/(losses) on investments in the statement of financial activities in the period in which they arise.

- All other financial assets and liabilities are held at amortised cost, using the effective interest method (except for short-term debtors and creditors when the recognition of interest would be immaterial).

Investments

(i) Financial assets at fair value through profit or loss

Financial investments are classified into this category if they are managed, and their performance evaluated, on a fair value basis. Purchases and sales of these investments are recognised on the trade date, which is the date that the Benefact Trust group of companies commits to purchase or sell the assets, at their fair value adjusted for transaction costs. Financial investments within this category are classified as held for trading if they are derivatives that are not accounted for as a net investment hedge or are acquired principally for the purpose of selling in the near term.

The fair values of investments are based on quoted bid prices. Where there is no active market, fair value is established using a valuation technique based on observable market data where available.

Derivative financial instruments and hedging

Derivative financial instruments include foreign exchange contracts and other financial instruments that derive their value from underlying equity instruments. All derivatives are initially recognised in the balance sheet at their fair value, which usually represents their cost, including any premium paid. They are subsequently remeasured at their fair value, with the method for recognising changes in the fair value depending on whether they are designated as hedges of net investments in foreign operations. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities in the balance sheet as they do not represent the fair value of these transactions. Collateral pledged by way of cash margins on futures contracts is recognised as an asset in the balance sheet within cash at bank and in hand.

Certain trading subsidiary derivative transactions, while providing effective economic hedges under the trading subsidiaries' risk management positions, do not qualify for hedge accounting under FRS 102 and are therefore treated as held for trading. Their fair value gains and losses are recognised immediately in net gains/(losses) on investments. The fair value gains and losses for derivatives which are hedge accounted under FRS 102 are shown as other recognised gains/(losses) in the statement of financial activities.

(ii) Financial assets at amortised cost

Financial assets at amortised cost include loans and cash held on deposit for more than three months. These are carried at amortised cost using the effective interest method. Loans are recognised when cash is advanced to borrowers. To the extent that a loan is uncollectable, it is written off as impaired. Subsequent recoveries are credited to net income/(expenditure).

(iii) Financial assets at fair value through other recognised gains/(losses)

Derivative instruments for hedging of net investments in foreign operations

On the date a foreign exchange contract is entered into, the trading subsidiaries designate certain contracts as a hedge of a net investment in a foreign operation (net investment hedge) and hedge the forward foreign currency rate. Hedge accounting is used for derivatives designated in this way, provided certain criteria are met. At the inception of the transaction, the trading subsidiaries document the relationship between the hedging instrument and the hedged item, as well as the risk management objective and the strategy for undertaking the hedge transaction. The trading subsidiaries also document their assessment of whether the hedge is expected to be, and has been, highly effective in offsetting the risk in the hedged item, both at inception and on an ongoing basis.

Gains and losses on the hedging instrument, relating to the effective portion of the net investment hedge, are recognised in other recognised gains/(losses) and accumulated in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in net income/(expenditure), and is included in net investment gains/(losses). Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to net income/(expenditure) on disposal of the related investment.

Income from investments

Investment income consists of dividends, interest and rents receivable for the year. Dividends on equity securities are recognised on the ex-dividend date. Interest and rental income is recognised as it accrues. Dividends from overseas equities are grossed-up for the irrecoverable withholding tax suffered.

Unrealised gains and losses are calculated as the difference between carrying value and the original cost, and the movement during the year is recognised in the statement of financial activities. The value of realised gains and losses includes an adjustment for previously recognised unrealised gains or losses on investments disposed of in the accounting period.

The impact of discount rate changes on insurance contract liabilities is also included within net gains/(losses) on investments in order to match with the corresponding movements in assets backing the liabilities.

Offset of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Subordinated liabilities

Subordinated liabilities are recognised initially at fair value, being the issue proceeds net of premiums, discounts and transaction costs incurred. All borrowings are subsequently measured at amortised cost using the effective interest rate method. The amortisation is recognised as an interest expense using the effective interest rate method.

Deferred acquisition costs

General insurance business

For general insurance business, a proportion of commission and other acquisition costs relating to unearned premiums is carried forward as deferred acquisition costs or, with regard to reinsurance outwards, as deferred income. Deferred acquisition costs are amortised over the period in which the related revenues are earned. The reinsurers’ share of deferred acquisition costs is amortised in the same manner as the underlying asset.

Life insurance business

For life insurance contracts, acquisition costs comprise direct costs such as initial commission and the indirect costs of obtaining and processing new business. Acquisition costs which are incurred during a financial year are deferred and amortised over the period during which the costs are expected to be recoverable, if applicable. No acquisition costs have been deferred on the trading subsidiaries' existing life insurance business.

Taxation

Taxation comprises current and deferred tax. Tax is included in calculating the net income/(expenditure) for the period except to the extent it relates to items recognised in other gains/(losses), in which case it is recognised in other gains/(losses). Irrecoverable tax withheld from overseas dividend income is recognised when the dividend is received.

Current tax is the expected tax payable by the trading subsidiaries on their taxable results for the period, after any adjustment in respect of prior periods.

Deferred tax is recognised in respect of timing differences, being the difference between when gains and losses are included in tax assessments and when they are recognised in the financial statements. Deferred tax is measured using tax rates expected to apply when the related deferred tax asset is realised, or when the deferred tax liability is settled, based on tax rates and laws which have been enacted or substantively enacted at the year end date.

Deferred tax assets are recognised to the extent that it is more likely than not that future taxable profits will be available against which the future reversal of timing differences can be offset.

Investment property

Investment property comprises land and buildings which are held for long-term rental yields. It is carried at fair value with changes in fair value recognised in the statement of financial activities within net gains/(losses) on investments. Investment property is valued annually by external qualified surveyors.

Tangible assets

Owner-occupied properties are stated at fair value and movements are taken to the revaluation reserve, net of deferred tax. When such properties are sold, the accumulated revaluation surpluses are transferred from this reserve to non-charitable trading reserves. Where the fair value of an individual property is below original cost, any revaluation movement arising during the year is recognised within net gains/(losses) on investments in the statement of financial activities. Valuations are carried out at least every three years by external qualified surveyors.

All other items classified as tangible fixed assets are carried at historical cost less accumulated depreciation and impairment. Depreciation is calculated to write down the cost of the assets to their residual values over their estimated useful lives as follows:

Computer equipment	3 - 5 years straight line
Motor vehicles	4 years straight line or 27% reducing balance
Fixtures, fittings and office equipment	3 - 10 years, or length of lease, straight line

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Employee benefits

Pension obligations

The trading subsidiaries operate a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee-administered funds.

For defined benefit plans, the pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of financial activities so as to spread the regular cost over the service lives of employees. The pension obligation is measured as the present value of the estimated future cash outflows using a discount rate based on market yields for high-quality corporate bonds. The resulting pension plan surplus, where recoverable, or deficit appears as an asset or obligation in the balance sheet. Any asset resulting from this calculation is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future employer contributions to the plan. Independent actuarial valuations are carried out at the end of each reporting period.

Current and past service costs, gains and losses on curtailments and settlements and net interest expense or income (calculated by applying a discount rate to the net defined benefit liability or asset) are recognised through net income/(expenditure). Actuarial gains and losses are recognised in full in the period in which they occur in the statement of financial activities within other recognised gains/(losses).

Contributions in respect of defined contribution plans are recognised as expenditure in the statement of financial activities as incurred.

Other post-employment obligations

Some trading subsidiaries provide post-employment medical benefits to their retirees. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Interest expense (calculated by applying a discount rate to the net obligations) is recognised through net income/(expenditure). Actuarial gains and losses are recognised immediately in the statement of financial activities within other recognised gains/(losses). Independent qualified actuaries value these obligations annually.

Other benefits

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Leases

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made as lessees under operating leases are charged to net income/(expenditure) on a straight-line basis over the period of the lease. Rental income received as a lessor under operating leases is credited to net income/(expenditure) on a straight-line basis over the period of the lease. Benefits that the Benefact Trust group of companies receives as a lessee or provides as a lessor as an incentive to enter into an operating lease agreement are recognised on a straight-line basis over the period of the lease.

Leases, where a significant portion of the risks and rewards of ownership are transferred to the Benefact Trust group of companies, are classified as finance leases. Assets obtained under finance lease contracts are capitalised as tangible assets and are depreciated over the period of the lease. Obligations under such agreements are included within other creditors net of finance charges allocated to future periods. The interest element of the lease payments is charged to net income/(expenditure) over the period of the lease. Assets held under finance leases are not significant to these financial statements.

21 Critical accounting estimates and judgements in applying accounting policies

The trading subsidiaries make estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are regularly reviewed and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The trading subsidiaries' management have considered the current economic environment in their estimates and judgements.

The critical accounting estimates and judgements made by the trading subsidiaries relate to:

(a) The ultimate liability arising from claims made under general business insurance contracts

(b) Future benefit payments arising from life insurance contracts

(c) Pensions and other post-employment benefits

(d) Goodwill impairment and the carrying value of goodwill

(e) Unlisted equity securities

(f) Siginficant insurance risk

Full details of the critical accounting estimates and judgements that are made by the trading subsidiaries can be found in the notes to the financial statements of the annual report and accounts of Benefact Group plc, which are available from the registered office on page 134.

22 Trading activities

The income and expenditure arising from trading activities relates to the activities of the charity's trading subsidiaries.

A full list of the charity's trading subsidiaries is provided in note 46. The results of the trading subsidiaries are included in unrestricted funds in the consolidated statement of financial activities on page 76.

The income from trading activities includes net earned premiums and fee and commission income for insurance business; and fee and commission income for investment management and broking and advisory services, which includes prepaid funeral plan distribution and administration.

The expenditure from trading activities includes net incurred claims, fees, commissions and expenses for insurance business; and expenses for investment management and broking and advisory services, which includes prepaid funeral plan distribution and administration.

Gross written premiums are used as the measure for turnover of the general insurance and life insurance businesses. Fee and commission income earned in relation to services provided by the trading subsidiaries to third parties is the measure for turnover of investment management and broking and advisory activities, which includes prepaid funeral plan distribution and administration.

(a) An analysis of the trading subsidiaries' turnover by geographical location of office is set out below:

		Restated*
	2021	2020
	£000	£000
United Kingdom and Ireland	**354,763**	328,228
Australia	**93,365**	80,178
Canada	**91,610**	75,953
	539,738	484,359
Reconciliation of turnover to income from trading subsidiaries:		
		Restated*
Turnover	**539,738**	484,359
Outward reinsurance premium	**(198,601)**	(173,074)
Net change in provision for unearned premium	**(14,620)**	(16,562)
Other fee and commission income not included in turnover	**56,551**	49,868
Share of profit of associate	**2,274**	601
Income arising from trading activities	**385,342**	345,192

*The comparative figures have been restated as detailed in note 49.

(b) An analysis of the turnover from trading activities by class of business is set out below:

	2021 £000	Restated* 2020 £000
General insurance business	**486,220**	437,287
Life insurance business	**(2)**	16
Investment management	**14,878**	12,142
Broking and advisory	**38,642**	34,914
	539,738	484,359

*The comparative figures have been restated as detailed in note 49.

(c) An analysis of life insurance business gross written premiums is set out below:

	2021 £000	Restated* 2020 £000
Single premiums	**(8)**	8
Regular premiums	**6**	8
	(2)	16

*The comparative figures have been restated as detailed in note 49.

(d) Results of trading subsidiaries engaged in insurance business**

	2021				2020
	Ecclesiastical Insurance Office plc £000	Ansvar Insurance Limited £000	Ecclesiastical Life Limited £000	Total £000	Total £000
Profit and loss account					
Turnover	**405,886**	**93,365**	**(8)**	**499,243**	437,977
Dividend and interest income	**27,891**	**2,377**	**2,359**	**32,627**	30,768
Other income	**(111,218)**	**(58,477)**	**-**	**(169,695)**	(140,409)
Total income	**322,559**	**37,265**	**2,351**	**362,175**	328,336
Net incurred claims	**(125,485)**	**(17,984)**	**(2,342)**	**(145,811)**	(128,511)
Charitable donations	**(2,311)**	**(111)**	**-**	**(2,422)**	(2,641)
Other expenditure	**(174,121)**	**(30,294)**	**(550)**	**(204,965)**	(178,856)
Total expenditure	**(301,917)**	**(48,389)**	**(2,892)**	**(353,198)**	(310,008)
Net gains/(losses) on investments	**67,482**	**(295)**	**5,641**	**72,828**	(37,240)
Taxation	**(19,691)**	**4,013**	**1,635**	**(14,043)**	673
Gift aid paid to parent charity	**(21,000)**	**-**	**-**	**(21,000)**	-
Other comprehensive income/(expense) and changes in equity	**21,265**	**(1,806)**	**-**	**19,459**	(21,617)
Profit/(loss) retained and transferred to reserves	**68,698**	**(9,212)**	**6,735**	**66,221**	(39,856)
Balance sheet					
Total assets	**1,391,125**	**284,921**	**148,088**	**1,824,134**	1,615,778
Equity	**550,426**	**49,918**	**56,246**	**656,590**	585,758
Liabilities	**840,699**	**235,003**	**91,842**	**1,167,544**	1,030,020
Total liabilities	**1,391,125**	**284,921**	**148,088**	**1,824,134**	1,615,778

These results have been included in the consolidated statement of financial activities on page 76 after consolidation adjustments.

**These are the results of the trading subsidiaries under UKGAAP, the accounting basis used to prepare the consolidated financial statements of the Trust. The majority of the trading subsidiaries prepare their financial statements under IFRS.

(e) Results of trading subsidiaries engaged in investment management and broking and advisory services**

	2021					Restated* 2020
	Ecclesiastical Planning Services Limited	**EdenTree Investment Management Limited**	**SEIB Insurance Brokers Limited**	**Lycetts Holdings Limited**	**Total**	Total
	£000	**£000**	**£000**	**£000**	**£000**	£000
Profit and loss account						
Turnover	**5,140**	**17,211**	**12,373**	**23,487**	**58,211**	51,858
Dividend and interest income	**-**	**6**	**764**	**286**	**1,056**	839
Total income	**5,140**	**17,217**	**13,137**	**23,773**	**59,267**	52,697
Charitable donations	**-**	**(51)**	**(76)**	**-**	**(127)**	(107)
Other expenditure	**(6,069)**	**(19,692)**	**(10,289)**	**(21,053)**	**(57,103)**	(52,189)
Total expenditure	**(6,069)**	**(19,743)**	**(10,365)**	**(21,053)**	**(57,230)**	(52,296)
Taxation	**134**	**432**	**(596)**	**(479)**	**(509)**	(139)
Other comprehensive (expense)/income and changes in equity	**-**	**-**	**(2,500)**	**2,330**	**(170)**	(2,366)
(Loss)/profit retained and transferred to reserves	**(795)**	**(2,094)**	**(324)**	**4,571**	**1,358**	(2,104)
Balance sheet						
Total assets	**260,077**	**19,736**	**20,032**	**27,272**	**327,117**	304,113
Equity	**3,625**	**6,250**	**13,414**	**9,786**	**33,075**	28,916
Liabilities	**256,452**	**13,486**	**6,618**	**17,486**	**294,042**	275,197
Total liabilities	**260,077**	**19,736**	**20,032**	**27,272**	**327,117**	304,113

*The comparative figures have been restated as detailed in note 49.

These results have been included in the consolidated statement of financial activities on page 76 after consolidation adjustments.

**These are the results of the trading subsidiaries under UKGAAP, the accounting basis used to prepare the consolidated financial statements of the Trust. The majority of the trading subsidiaries prepare their financial statements under IFRS.

23 Dividend, interest and rental income

	2021 Unrestricted funds £000	2021 Endowment funds £000	2021 Total funds £000	2020 Unrestricted funds £000	2020 Endowment funds £000	2020 Total funds £000
Income from financial assets at fair value through profit or loss						
Equity securities						
- listed	6,012	3,292	9,304	6,256	2,569	8,825
- unlisted	2,003	-	2,003	-	-	-
Debt securities						
- government bonds	488	-	488	811	-	811
- listed	11,635	527	12,162	11,820	549	12,369
Income from financial assets at amortised cost						
a. cash at bank and in hand and cash deposits net of exchange gains and losses	576	(9)	567	739	(12)	727
b. other income received	3,273	-	3,273	2,427	-	2,427
Other income						
c. rental income	9,078	-	9,078	8,938	-	8,938
	33,065	3,810	36,875	30,991	3,106	34,097

24 Net gains/(losses) on investments

	2021 Unrestricted funds £000	2021 Endowment funds £000	2021 Total funds £000	Restated* 2020 Unrestricted funds £000	Restated* 2020 Endowment funds £000	Restated* 2020 Total funds £000
Net gains/(losses) on investments	37,216	12,332	49,548	(15,362)	(458)	(15,820)
Net gains/(losses) on investment property	20,235	-	20,235	(4,984)	-	(4,984)
Net gains on property, plant and equipment	-	-	-	10	-	10
Impact of discount rate change on insurance contract liabilities	11,864	-	11,864	(15,898)	-	(15,898)
	69,315	12,332	81,647	(36,234)	(458)	(36,692)

*The comparative figures have been restated as detailed in note 49.

25 Taxation

The charity is a UK registered charity and is therefore exempt from corporation tax under Chapter 3 of Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation for Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes.

Taxation arises from the activities of the charity's trading subsidiaries.

(a) Tax charged/(credited) to net income/(expenditure) for the year

	2021 £000	2020 £000
Current tax on net income/(expenditure) for the year		
UK corporation tax	8,468	2,261
Double tax relief	1,457	-
	9,925	2,261
Foreign tax	25	(946)
Adjustments in respect of prior years		
UK corporation tax	536	(370)
Foreign tax	930	-
	1,466	(370)
Total current tax	11,416	945
Deferred tax		
Origination and reversal of timing differences	(4,662)	(5,613)
Effect of change in tax rate on opening liability	9,203	4,319
Adjustment in respect of prior years	(887)	-
Total deferred tax	3,654	(1,294)
Total tax on net income/(expenditure) for the year	15,070	(349)

A change in the UK standard rate of corporation tax from 19% to 25% will become effective from 1 April 2023. Deferred tax has been provided at an average rate of 23.5% (2020: 18.8%).

Tax on the group's net income/(expenditure) before tax differs from the United Kingdom standard rate of corporation tax for the reasons set out in the following reconciliation:

	2021 £000	Restated* 2020 £000
Net income/(expenditure) before tax	80,198	(36,342)
Tax calculated at the UK standard rate of tax of 19% (2020: 19%)	15,238	(6,905)
Factors affecting charge/(credit) for the year:		
Expenses not deductible for tax purposes	(533)	644
Non-taxable income	(3,015)	(1,983)
Long-term insurance and other tax paid at non-UK rates	470	157
Tax paid at non-standard UK rates	(3,221)	4,048
Double tax relief	(1,457)	-
Impact of differential between current and deferred tax rate	822	-
Utilisation of tax losses for which no deferred tax asset has been recognised	(451)	(259)
Deferred tax asset for tax losses not previously recognised	(2,565)	-
Impact of reduction in deferred tax rate	9,203	4,319
Adjustments to tax charge/(credit) in respect of prior periods	579	(370)
Total tax expense/(credit)	15,070	(349)

*The comparative figures have been restated as detailed in note 49.

(b) Tax charged/(credited) to other recognised gains/(losses)

	2021 £000	2020 £000
Current tax charged/(credited) on:		
Fair value movements on hedge derivatives	**313**	(328)
Deferred tax charged/(credited) on:		
Fair value movements on owner-occupied property	**18**	(49)
Actuarial movements on retirement benefit plans	**8,350**	(3,874)
Fair value movements on hedge derivatives	**(130)**	63
Total tax charged/(credited) to other recognised gains/(losses)	**8,551**	(4,188)

26 Net income/(expenditure) in the year

	2021		Restated* 2020	
	Unrestricted funds	**Endowment funds**	Unrestricted funds	Endowment funds
Net income/(expenditure) for the year has been arrived at after (crediting)/charging	**£000**	**£000**	£000	£000
Net foreign exchange (gains)/losses	**(592)**	**19**	(529)	18
Depreciation of tangible fixed assets	**3,426**	-	2,613	-
Amortisation of goodwill	**1,676**	-	2,609	-
Impairment of goodwill	-	-	1,496	-
Amortisation of intangible assets	**2,107**	-	2,742	-
Operating lease rentals	**6,193**	-	4,759	-
Fair value (gains)/losses on investments designated at fair value through profit and loss	**(37,216)**	**(12,332)**	15,362	458
Fair value (gains)/losses on investment property	**(20,238)**	-	4,984	-

The amortisation and impairment of goodwill is included in 'expenditure arising from trading activities' in the consolidated statement of financial activities.

*The comparative figures have been restated as detailed in note 49.

27 Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the charity's auditor for the audit of the charity's annual accounts	**31**	45
Fees payable to the charity's auditor and its associates for other services:		
- The audit of the charity's subsidiaries	**1,187**	948
Total audit fees	**1,218**	993
- Audit-related assurance services	**291**	264
Total non-audit fees	**291**	264
Total auditor's remuneration	**1,509**	1,257

Amounts disclosed are net of services taxes, where applicable. Audit-related assurance services include Prudential Regulatory Authority (PRA) and other regulatory audit work of the charity's subsidiaries.

28 Employee information

The average monthly number of employees of the Benefact Trust group of companies, including Executive Directors of the trading subsidiaries, during the year by geographical location was:

	2021	2020
	No.	No.
United Kingdom and Ireland	1,358	1,265
Australia	110	102
Canada	78	81
	1,546	1,448

	2021	2020
	£000	£000
Wages and salaries	97,848	85,537
Social security costs	9,433	8,191
Pension costs - defined contribution plans	7,452	6,724
Pension costs - defined benefit plans	1,982	1,427
Other post-employment benefits	83	112
	116,798	101,991
Capitalised staff costs	(1,446)	(1,652)
	115,352	100,339

The above figures do not include termination benefits of £340,000 (2020: £506,000).

Due to the high number of qualified and skilled staff the Statement of Recommended Practice's requirement to disclose the number of employees who received emoluments over £60,000 is commercially sensitive to the trading activities of the Benefact Trust group of companies and, with the agreement of the charity's trustees, is not made here.

29 Key management remuneration

Two (2020: two) trustees received remuneration in their capacity as non-executive directors of subsidiary undertakings. Details of the emoluments received are as follows:

	2021 £000	2020 £000
Chris Moulder	75	75
Sir Stephen Lamport	59	43
Total emoluments paid to trustees in their capacity as non-executive directors of subsidiary undertakings	134	118

None of the trustees was a member of the trading subsidiaries' defined benefit pension schemes during the current or prior year.

The key management remuneration of the charity is disclosed in note 12. The key management remuneration of the trading subsidiaries can be found in note 38 of the Benefact Group plc annual report and accounts which are available from the registered office, as shown on page 134.

30 Investment in associate

On 2 March 2021, Benefact Group plc acquired a further 20% of the issued ordinary share capital of Lloyd & Whyte Group Limited, taking its total shareholding to 40%. Lloyd & Whyte is an unlisted company incorporated in the United Kingdom, and the holding company of a group whose primary activity is insurance brokerage services. It is accounted for using the equity method in these consolidated financial statements as set out in the Benefact Trust group of companies' accounting policies. A reconciliation of the movement in the investment in associate is as follows:

	Share of net assets £000	Goodwill £000	Total £000
At 1 January 2020	350	4,821	5,171
Share of net income/(expenditure) for the period	601	-	601
Dividends received	(76)	-	(76)
Other movements	(252)	252	-
At 31 December 2020 (restated*)	623	5,073	5,696
Acquired in the year	729	4,528	5,257
Share of net income/(expenditure) for the period	2,274	-	2,274
Dividends received	(1,079)	-	(1,079)
At 31 December 2021	2,547	9,601	12,148

*The prior year has been restated to reflect changes in net assets recognised directly in equity of the associate.

At the year end date the Benefact Trust group of companies' interest in Lloyd & Whyte Group Limited is as follows:

	2021 £000	2020 £000
Benefact Trust group of companies' 40% share of:		
Revenue	10,049	3,459
Assets	24,815	8,326
Liabilities	(22,268)	(7,703)
Share of net assets	2,547	623

31 Intangible assets

	Goodwill £000	Computer software £000	Other intangible assets £000	Total £000
Cost				
At 1 January 2021	**51,980**	**48,909**	**19,862**	**120,751**
Additions	-	3,942	-	3,942
Disposals	-	(6,641)	-	(6,641)
Exchange movements	-	(73)	(12)	(85)
At 31 December 2021	**51,980**	**46,137**	**19,850**	**117,967**
Accumulated amortisation				
At 1 January 2021	47,057	19,866	15,461	82,384
Provided in the year	1,676	630	1,477	3,783
Disposals	-	(1,876)	-	(1,876)
Exchange movements	-	53	(4)	49
At 31 December 2021	**48,733**	**18,673**	**16,934**	**84,340**
Net book value				
At 31 December 2020	4,923	29,043	4,401	38,367
At 31 December 2021	**3,247**	**27,464**	**2,916**	**33,627**

The intangible assets of the Benefact Trust group of companies relate to the trading subsidiaries. The parent charity has no intangible assets.

Goodwill arose on the acquisition of subsidiary undertakings and on the acquisition of business. £234,000 of the goodwill balance (2020: £1,225,000) relates to the acquisition of Lycetts Holdings Limited during 2011. £1,025,000 of the goodwill balance (2020: £1,464,000) relates to the acquisition of Lansdown Insurance Brokers Limited during 2014. £1,185,000 of the goodwill balance (2020: £1,337,000) relates to the acquisition of Robertson-McIsaac Limited in 2019.

Goodwill of £1,496,000 relating to the acquisition of assets of Funeral Planning Services Limited by Ecclesiastical Planning Services Limited during 2017 was fully impaired in the prior year.

Other intangible assets consist of acquired brand, customer and distribution relationships, which have an overall remaining useful life of 2 years on a weighted average basis.

£983,000 (2020: £1,982,000) of the other intangible assets balance in the current year relates to the acquisition of Lycetts Holdings Limited and has a remaining useful life of one year. £1,116,000 (2020: £1,339,000) of the other intangible assets balance in the current year relates to the acquisition of the assets of Funeral Planning Services Limited and has a remaining useful life of five years.

32 Tangible assets

	Land and buildings £000	Computer equipment £000	Motor vehicles £000	Office equipment £000	Total £000
Cost or valuation					
At 1 January 2021	2,940	12,623	1,986	16,311	33,860
Additions	-	1,261	482	2,550	4,293
Disposals	(500)	(3,880)	(743)	(2,087)	(7,210)
Transfers to investment property	(975)	-	-	-	(975)
Exchange movements	-	(16)	-	8	(8)
At 31 December 2021	1,465	9,988	1,725	16,782	29,960
Accumulated depreciation					
At 1 January 2021	-	9,801	956	7,640	18,397
Charge for the year	-	1,723	235	1,468	3,426
Disposals	-	(3,880)	(491)	(2,087)	(6,458)
Exchange movements	-	(13)	-	(5)	(18)
At 31 December 2021	-	7,631	700	7,016	15,347
Net book value					
At 31 December 2020	2,940	2,822	1,030	8,671	15,463
At 31 December 2021	1,465	2,357	1,025	9,766	14,613

The tangible assets of the Benefact Trust group of companies relate to the trading subsidiaries. The parent charity has no tangible assets.

All properties were last revalued at 31 December 2020. Valuations were carried out by Cluttons LLP, an independent professional firm of chartered surveyors, who have recent experience in the location and type of properties. Valuations were carried out in accordance with The RICS Global Valuation Standards dated 31 January 2020.

The value of land and buildings on a historical cost basis is £1,464,000 (2020: £3,098,000).

Included within net book value of motor vehicles is £987,000 (2020: £992,000) in respect of assets held under finance leases.

33 Investment property

	2021	2020
	£000	£000
Fair value at 1 January	**142,142**	148,146
Transfers from tangible assets	**975**	-
Disposals	-	(1,020)
Fair value gains/(losses)	**20,238**	(4,984)
Fair value at 31 December	**163,355**	142,142

The investment property of the Benefact Trust group of companies relates to the trading subsidiaries. The parent charity has no investment property.

The trading subsidiaries' investment properties were last revalued at 31 December 2021 by Cluttons LLP, an independent professional firm of chartered surveyors who have recent experience in the location and type of properties. Valuations were carried out in accordance with The RICS Global Valuation Standards dated 31 January 2020. There has been no change in valuation technique during the year.

The value of the investment property on a historical cost basis is £139,919,000 (2020: £139,339,000).

Included within investment property are long leasehold properties with a net book value of £20,751,000 (2020: £19,661,000).

There are no restrictions on the realisability of investment property, nor on the remittance of income and proceeds of disposal. At the year end, there were no significant contractual obligations relating to investment properties.

Investment property transactions are shown as operating activities in the consolidated statement of cash flows.

34 Investments

	2021 £000	Restated* 2020 £000
Financial assets at fair value through profit or loss		
Equity securities		
- listed	**382,408**	355,632
- unlisted	**80,144**	69,285
Debt securities		
- government bonds	**204,072**	160,380
- listed	**322,470**	344,811
- unlisted	**34**	552
Structured notes	**14,649**	-
Investment contract assets	**199,181**	191,011
Derivative financial instruments:		
- forwards	**2**	672
- options	**334**	1,407
	1,203,294	1,123,750
Financial assets at fair value through other recognised gains/(losses)		
Derivative financial instruments:		
- forwards	**414**	401
	414	401
Financial assets at amortised cost		
Other loans	**25,321**	15,728
	25,321	15,728
Total non-current investments	**1,229,029**	1,139,879
Current asset investments at amortised cost		
Cash held on deposit	-	2,000
Total investments	**1,229,029**	1,141,879

*The comparative figures have been restated as detailed in note 49.

Reconciliation of the movement in financial assets:

	Unrestricted funds			Endowment funds	Total funds
	At fair value through profit or loss	At fair value through other recognised gains/(losses)	At amortised cost	At fair value through profit or loss	
	£000	£000	£000	£000	£000
2021					
Fair value at 1 January	**1,020,637**	**401**	**17,728**	**103,113**	**1,141,879**
Additions at cost	**206,337**	-	**11,700**	**12,159**	**230,196**
Disposal proceeds	**(156,047)**	**(655)**	**(3,016)**	**(17,702)**	**(177,420)**
Fair value gains	**44,827**	**668**	-	**12,332**	**57,827**
Redemption and repayments	**(17,350)**	-	**(1,090)**	-	**(18,440)**
Exchange losses	**(5,013)**	-	-	-	**(5,013)**
Fair value at 31 December	**1,093,391**	**414**	**25,322**	**109,902**	**1,229,029**
2020 (restated*)					
Fair value at 1 January	1,034,474	509	11,540	97,725	1,144,248
Additions at cost	151,152	-	14,128	20,630	185,910
Disposal proceeds	(148,212)	986	(7,055)	(14,784)	(169,065)
Fair value losses	(7,037)	(1,094)	-	(458)	(8,589)
Redemptions and repayments	(16,072)	-	(885)	-	(16,957)
Exchange gains	6,332	-	-	-	6,332
Fair value at 31 December	1,020,637	401	17,728	103,113	1,141,879

*The comparative figures have been restated as detailed in note 49.

Fair value gains/(losses) through profit or loss in the unrestricted fund exclude £331,000 fair value gains (2020: £1,244,000 fair value losses) on derivatives classified as financial liabilities.

35 Derivative financial instruments

The trading subsidiaries utilise derivatives to mitigate equity price risk arising from investments held at fair value, foreign exchange risk arising from investments denominated in foreign currencies, and foreign exchange risk arising from investments denominated in sterling that contain underlying foreign currency exposure. These 'non-hedge' derivatives either do not qualify for hedge accounting or the option to hedge account has not been taken.

A trading subsidiary has also formally designated certain derivatives as a hedge of its net investments in Australia and Canada. A gain of £1,912,000 (2020: loss of £2,339,000) in respect of these 'hedge' derivatives has been recognised in the hedging reserve within unrestricted funds, as disclosed in note 43. The trading subsidiary has formally assessed and documented the effectiveness of derivatives that qualify for hedge accounting in accordance with FRS 102.

	2021			2020		
	Contract/ notional amount £000	**Fair value asset £000**	**Fair value liability £000**	Contract/ notional amount* £000	Fair value asset £000	Fair value liability £000
Non-hedge derivatives						
Equity/Index contracts						
Options	**34,695**	**334**	**296**	40,597	1,407	-
Foreign exchange contracts						
Forwards (Euro)	**99,369**	**2**	**35**	86,980	672	-
Hedge derivatives						
Foreign exchange contracts						
Forwards (Australian dollar)	**40,512**	**145**	**-**	41,231	-	1,244
Forwards (Canadian dollar)	**37,609**	**269**	**-**	30,269	401	-
	212,185	**750**	**331**	199,077	2,480	1,244

*The contract/notional amount in the prior year has been restated to reflect sterling values.

All derivatives in the current and prior period expire within one year. All contracts designated as hedging instruments were fully effective in the current and prior year.

The notional amounts above reflect the aggregate of individual derivative positions on a gross basis and so give an indication of the overall scale of the derivative transactions. They do not reflect current market values of the open positions.

Derivative fair value assets are recognised within investments (note 34) and derivative fair value liabilities are recognised within creditors (note 38).

36 Debtors

	2021 £000	Restated* 2020 £000
(a) Amounts falling due within one year		
Trade debtors	**141,327**	125,229
Other debtors	**20,382**	28,577
Amounts due from related parties	-	21
Reinsurers' share of technical provisions	**168,411**	142,466
Accrued rent and interest	**4,164**	4,611
Deferred acquisition costs	**46,027**	41,989
Current tax recoverable	**525**	8,843
Other prepayments and accrued income	**8,550**	6,603
	389,386	358,339
(b) Amounts falling due after one year		
Trade debtors	**2,140**	2,000
Other debtors	**68**	1,516
Reinsurers' share of technical provisions	**86,038**	66,211
Deferred tax assets	**9,607**	2,502
Other prepayments and accrued income	**2,079**	93
	99,932	72,322
Total debtors	**489,318**	430,661

*The comparative figures have been restated as detailed in note 49.

Trade debtors are the debtors arising from the direct insurance, insurance broking and reinsurance operations of trading subsidiaries. Where there are legal rights of set off, reinsurance debtors and creditors within the same party have been netted off to show the net debtor or creditor that will actually be settled.

The reinsurers' share of technical provisions include balances due from insurance and reinsurance companies for ceded insurance liabilities arising from the insurance business of the trading subsidiaries. Further information is provided in note 48 VII.

A reconciliation of the movement in deferred acquisition costs is presented in note 48 VI.

(c) Overdue and impaired trade debtors

There has been no significant change in the recoverability of the trading subsidiaries' trade debtors, for which no collateral is held. The trustees consider that the amounts are recoverable at their carrying values, which are stated net of an allowance for doubtful debts for those debtors that are individually determined to be impaired.

The trading subsidiaries' allowance for doubtful debts includes a provision of £985,000 (2020: £723,000) in respect of debtors that are individually determined to be impaired.

Included within trade debtors is £17,736,000 (2020: £16,772,000) overdue but not impaired. Of this balance, £14,808,000 (2020: £14,165,000) is not more than three months overdue at the reporting date.

37 Cash at bank and in hand

	2021			2020		
	Unrestricted funds £000	Endowment funds £000	Total £000	Unrestricted funds £000	Endowment funds £000	Total £000
Short term deposits	58,712	5,690	64,402	39,718	678	40,396
Cash at bank and in hand	110,377	-	110,377	104,279	-	104,279
	169,089	5,690	174,779	143,997	678	144,675

Included within short term deposits of the trading subsidiary are cash deposits of £2,830,000 (2020: £1,960,000) pledged as collateral by way of cash margins on open derivative contracts and cash to cover derivative liabilities.

Included within cash at bank and in hand are trading subsidiary cash deposits of £23,072,000 (2020: £4,131,000) pledged as collateral by way of cash calls from reinsurers, and £17,794,000 (2020: £14,919,000) of restricted cash held on an agency basis.

38 Creditors

	2021 £000	2020 £000
(a) Amounts falling due within one year		
Trade creditors	38,103	42,245
Other creditors	39,673	39,306
Derivative liabilities	331	1,244
Amounts due to related parties	24	-
Corporation tax	1,236	1,329
Accruals and deferred income	67,100	56,329
	146,467	140,453
(b) Amounts falling due after one year		
Other creditors	1,212	950
Accruals and deferred income	1,265	1,294
	2,477	2,244

Trade creditors are the creditors arising from the direct insurance and reinsurance operations of trading subsidiaries. Where there are legal rights of set off, reinsurance debtors and creditors within the same party have been netted off to show the net debtor or creditor that will actually be settled.

Deferred income arises from the operations of the trading subsidiaries.

39 Provisions for liabilities

	2021 £000	Restated* 2020 £000
Provisions for liabilities	**5,678**	5,348
Deferred tax liabilities	**49,748**	30,615
Technical provisions	**869,383**	791,792
Life business technical provisions	**19,434**	19,434
Investment contract liabilities	**256,706**	234,840
	1,200,949	1,082,029

*The comparative figures have been restated as detailed in note 49.

All provisions relate to the trading subsidiaries.

Technical provisions and life business technical provisions arise on the general insurance and life insurance business of the trading subsidiaries. Further details of these provisions are provided in note 48 parts VII to IX.

(a) Provisions for liabilities

	Regulatory and legal provisions £000	Contingent consideration £000	Other provisions £000	Total £000
At 1 January 2021	2,329	419	2,600	5,348
Additional provisions	2,142	22	523	2,687
Used during year	(1,789)	(441)	(60)	(2,290)
Not utilised	(63)	-	-	(63)
Exchange differences	-	-	(4)	(4)
At 31 December 2021	2,619	-	3,059	5,678
Current	2,619	-	1,633	4,252
Non-current	-	-	1,426	1,426

Regulatory provisions

The trading subsidiaries operate in the financial services industry and are subject to regulatory requirements in the normal course of business, including contributing towards any levies raised on UK general and long-term business. The provisions reflect an assessment by the trading subsidiaries of their share of the total potential levies.

In addition, from time to time the trading subsidiaries receive complaints from customers and, while the majority relate to cases where there has been no customer detriment, the trustees recognise that the trading subsidiaries have provided, and continue to provide, advice and services across a wide spectrum of regulated activities. The trustees therefore consider it prudent to hold a provision for the estimated costs of customer complaints relating to services provided. The group continues to reassess the ultimate level of complaints expected and the appropriateness of the provision, which reflects the expected redress and associated administration costs that would be payable in relation to any complaints that may be upheld.

Contingent consideration

The provision for contingent consideration relates to the acquisition of WRS Insurance Brokers Limited that completed in 2020.

Other provisions

The provision for other costs relates to costs in respect of dilapidations and the amount needed to cover the future costs to administer the claims on the pre-paid funeral plans were the trading subsidiaries to cease to write new funeral plan business.

(b) Deferred tax

	2021 £000	2020 £000
At 1 January	**28,113**	33,348
Credited to net income/(expenditure)	**(5,549)**	(5,613)
Charged to net income/(expenditure) - resulting from reduction in tax rate	**9,203**	4,319
Charged/(credited) to other recognised gains/(losses)	**10,137**	(3,627)
Credited to other recognised gains/(losses) - resulting from reduction in tax rate	**(1,899)**	(233)
Exchange differences	**136**	(81)
At 31 December	**40,141**	28,113

	2021 £000	2020 £000
Deferred tax assets included in debtors	**9,607**	2,502
Deferred tax liabilities included in provisions for liabilities	**(49,748)**	(30,615)
Net provision for deferred tax	**(40,141)**	(28,113)
Deferred tax is provided as follows:		
Unrealised investment gains	**(45,571)**	(32,335)
Claims equalisation provision	**-**	(789)
Retirement benefit obligations	**(4,386)**	4,308
Depreciation in excess of capital allowances	**715**	(241)
Other timing differences	**9,101**	944
Net provision for deferred tax	**(40,141)**	(28,113)

The Benefact Trust group of companies expects a net deferred tax liability of £4.7m (2020: £2.6m, net deferred tax liability) to reverse within 12 months of the year end date. The reversal is expected to arise from the sale of investments, claiming of capital allowances, settlement of overseas claims costs, and other temporary timing differences.

(c) Investment contract liabilities

	2021 £000	Restated* 2020 £000
Investment contract liabilities	**256,706**	234,840
	256,706	234,840

*The comparative figures have been restated as detailed in note 49.

Investment contract liabilities represents amounts due to policyholders and, if applicable, the cost of the minimum repayment guarantee. Investment contract liabilities are repayable on demand or at short notice and therefore classified as current. These liabilities are matched with highly liquid investments.

40 Subordinated liabilities

	2021 £000	2020 £000
6.3144% EUR 30m subordinated debt	**24,433**	-
	24,433	-

Subordinated debt consists of a privately-placed issue of 20-year subordinated bonds by a trading subsidiary, maturing in February 2041 and callable after February 2031. Subordinated debt is stated at amortised cost.

41 Retirement benefit obligations

(a) Defined contribution pension plans

The trading subsidiaries operate a number of defined contribution pension plans, for which contributions are disclosed in note 28.

(b) Defined benefit pension plans

The trading subsidiaries' main defined benefit plan is operated by Ecclesiastical Insurance Office plc (EIO plc) for UK employees. The plan closed to new entrants on 5 April 2006. The terms of the plan for future service changed in August 2011 from a non-contributory final salary scheme to a contributory scheme in which benefits are based on career average revalued earnings. The scheme closed to future accrual on 30 June 2019. Active members in employment at this date retained certain enhanced benefits after the plan closed to future accrual, including benefits in relation to death in service and ill health retirement. They also retain the link to final salary whilst they remain employed by EIO plc. From 1 July 2019, active members in employment joined one of the trading subsidiaries' defined contribution plans. The scheme previously had two discrete sections: the EIO Section and the Ansvar Section. With effect from 1 January 2021, the two discrete sections of the scheme have been combined.

The assets of the main defined benefit plan are held separately from those of the trading subsidiary by the Trustee of the Ecclesiastical Insurance Office plc Staff Retirement Benefit Fund (the 'Fund'). The Fund is subject to the Statutory Funding Objective under the Pensions Act 2004. An independent qualified actuary appointed by the Trustee is responsible for undertaking triennial valuations to determine whether the Statutory Funding Objective is met. Pension costs for the plan are determined by the Trustee, having considered the advice of the actuary and having consulted with the employer. The most recent triennial valuation was at 31 December 2019. No contribution is expected to be paid by EIO plc in 2022.

Actuarial valuations were reviewed and updated by an actuary at 31 December 2021 for FRS 102 purposes. The surplus in the scheme attributable to the former EIO Section has been assessed against the economic benefit available as a reduction in future contributions in accordance with IFRIC 14. This has resulted in the recognisable surplus being restricted by £17.5m. EIO plc has an unconditional right to a refund of the surplus attributable to the former Ansvar Section of the Fund, which has been recognised in full in accordance with FRS 102.

In addition to the trading subsidiaries' main defined benefit plan, Lycett, Browne-Swinburne & Douglass Limited (LBSD), also operates a defined benefit plan. The plan was closed to new members subsequent to the 1 January 2011 renewal, and was closed to future accrual on 30 September 2021. From 1 October 2021, active members in employment joined one of the trading subsidiaries' defined contribution plans. The most recent triennial valuation was at 1 January 2021. The contribution expected to be paid by the trading subsidiary into the plan during the next financial year is £0.1m (2020: £0.3m).

In the current year, actuarial gains arising from changes in financial assumptions of £21.3m (2020: actuarial losses of £56.2m) have been recognised in the statement of financial activities. These gains resulted from a 0.6% increase in the discount rate assumption partially offset by inflation-linked pension increases. In the prior year, actuarial losses were recognised as a result of a 0.6% decrease in the discount rate combined with inflationary increases arising from a reduction in the gap between RPI and CPI assumptions following the conclusion of the government's consultation on the future measure of RPI.

Actuarial gains of £3.9m have been recognised in the current year (2020: £5.9m) as a result of changes in demographic assumptions. This is mainly due to reviewing and updating certain mortality assumptions for the trading subsidiaries' main defined benefit plan. In the prior year, updating for actual member experience since the previous triennial valuation of the trading subsidiaries' main plan and other financial assumption experience resulted in a gain of £15.0m.

A past service cost of £32,000 was recognised in the prior year following the High Court ruling relating to Guaranteed Minimum Pensions (GMP) equalisation for historic transfers values.

The Trustees of the trading subsidiaries' main defined benefit plan set the investment objectives and strategy for the Fund based on independent advice and in consultation with the employer. Key factors addressed in setting strategy include the Fund's liability profile, funding level and strength of employer covenant. Their key objectives are to ensure the Fund can meet members' guaranteed benefits as they fall due, reduce the risk of assets failing to meet its liabilities over the long term and manage the volatility of returns and overall funding level.

A blend of diversified growth assets (equities and property) and protection assets (bonds, gilts and cash) are deployed to balance the level of risk to that required to provide, with confidence, a sufficient return and liquidity to continue to meet members' obligations as they fall due. The Trustees have identified the key risks faced by the Fund in meeting this objective to be equity price risk, falls in bond yields and rising inflation.

Assets include an LDI portfolio, structured to increase in value with decreases in interest rates and grow in line with inflation expectations. This is estimated currently to hedge 65% of the interest rate and 75% of the inflation rate risk of the guaranteed benefits of the Fund. Exposure of the Fund's assets to interest rates and inflation counter-balances exposure of the Fund's liabilities to these factors and has reduced, but not eliminated, volatility in the funding position.

The Trustees of the trading subsidiaries' main defined benefit plan monitor investment performance and strategy over time to ensure the structure adopted continues to meet their objectives and to highlight opportunities to reduce investment risk and volatility where practical and affordable, including the use of an equity protection strategy to reduce the impact of a material fall in equity markets. Their aim is to establish a Long Term Funding Target in line with guidance from the Pensions Regulator. The Trustees intend that this long term target will be reached through investment performance only and without requiring further contributions from the employer.

The Trustees of the trading subsidiaries' main defined benefit plan have recently adopted a Responsible and Sustainable Investment Policy with regards to the Fund's equities. This includes an 'absence of harm' exclusion policy, as well as an aspiration to reduce the portfolio's carbon intensity over time.

	2021	2020
	£000	£000
The amounts recognised in the balance sheet are determined as follows:		
Present value of funded obligations	**(393,689)**	(422,778)
Fair value of plan assets	**435,736**	406,605
	42,047	(16,173)
Restrictions on asset recognised	**(17,468)**	-
Net asset/(deficit) in the balance sheet	**24,579**	(16,173)
The following is the analysis of the net pension asset/(deficit) for financial reporting purposes:		
Net pension asset	**28,304**	1,053
Net pension liability	**(3,725)**	(17,226)
	24,579	(16,173)

	2021 £000	2020 £000
The amounts recognised in the consolidated statement of financial activities are as follows:		
Current service cost	**853**	841
Administration cost	**918**	620
Interest income on plan assets	**(5,202)**	(7,351)
Interest expense on scheme liabilities	**5,413**	7,285
Past service cost	**-**	32
Total, included in expenditure arising from trading activities	**1,982**	1,427
The amounts recognised in actuarial gains/(losses) on retirement benefits are as follows:		
Return on plan assets, excluding interest income	**35,136**	16,618
Experience (losses)/gains on liabilities	**(1,021)**	15,033
Gains from changes in demographic assumptions	**3,913**	5,948
Gains/(losses) from changes in financial assumptions	**21,343**	(56,172)
Change in asset restriction	**(17,468)**	-
	41,903	(18,573)

The movements in the fair value of plan assets and the present value of the defined benefit obligations over the year are as follows:

	2021 £000	2020 £000
Plan assets		
At 1 January	**406,605**	391,642
Interest income	**5,202**	7,351
Return on plan assets, excluding interest income	**35,136**	16,618
Pension benefits paid and payable	**(11,977)**	(9,299)
Contributions paid	**831**	300
Employee contributions	**29**	56
Administrative expenses	**(90)**	(63)
At 31 December	**435,736**	406,605
Defined benefit obligation		
At 1 January	**422,778**	388,115
Current service cost	**853**	841
Administration cost	**828**	557
Past service cost	**-**	32
Interest cost	**5,413**	7,285
Pension benefits paid and payable	**(11,977)**	(9,299)
Employee contributions	**29**	56
Experience losses/(gains) on liabilities	**1,021**	(15,033)
Gains from changes in demographic assumptions	**(3,913)**	(5,948)
(Gains)/losses from changes in financial assumptions	**(21,343)**	56,172
At 31 December	**393,689**	422,778
Asset ceiling		
At 1 January	**-**	-
Change in asset ceiling	**17,468**	-
At 31 December	**17,468**	-

The principal actuarial assumptions (expressed as weighted averages) were as follows:

	2021	2020
	%	%
Discount rate	**1.90**	1.30
Inflation (RPI)	**3.40**	2.90
Inflation (CPI)	**2.98**	2.50
Future salary increases	**4.42**	4.41
Future increase in pensions in deferment	**3.55**	3.38
Future average pension increases (RPI)	**3.19**	2.80
Future average pension increases (CPI)	**2.20**	1.70

Mortality rate	2021	2020
The average life expectancy in years of a pensioner retiring at age 65, at the balance sheet date, is as follows:		
Male	**22.7**	22.8
Female	**24.0**	24.1
The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date, is as follows:		
Male	**23.5**	23.9
Female	**25.2**	25.6

Plan assets are as follows:	2021	2020
	£000	£000
Cash and other*	**41,185**	39,462
Equity instruments		
UK quoted	**84,626**	86,031
UK unquoted	**34**	552
Overseas quoted	**95,361**	84,571
	180,021	171,154
Liability driven investments - unquoted	**60,482**	57,519
Debt instruments		
UK public sector quoted - fixed interest	**227**	243
UK non-public sector quoted - fixed interest	**78,780**	69,356
UK quoted - index-linked	**24,806**	24,383
	103,813	93,982
Derivative financial instruments - unquoted	**851**	885
Property	**47,665**	41,873
Other	**1,719**	1,730
	435,736	406,605

*Includes accrued income, prepayments and other debtors and creditors.

The actual return on pension plan assets was a gain of £40,338,000 (2020: gain of £23,969,000).

The underlying assets of the liability driven investments are primarily UK government bonds and interest rate repurchase agreements at various rates and terms.

The fair value of unquoted securities is measured using inputs for the asset that are not based on observable market data. The fair value is estimated and approved by the Trustee based on the advice of investment managers. Property is valued annually by independent qualified surveyors using standard industry methodology to determine a fair market value. All other investments either have a quoted price in active markets or are valued based on observable market data.

(c) Post-employment medical benefits

EIO plc operates a post-employment medical benefit plan, for which it chooses to self-insure. The method of accounting, assumptions and the frequency of valuation are similar to those used for the defined benefit pension plans.

The amounts recognised in the balance sheet are determined as follows:

	2021	2020
	£000	£000
Present value of unfunded obligations and net obligations in the balance sheet	**7,058**	6,530
Movements in the net obligations recognised in the balance sheet are as follows:		
At 1 January	**6,530**	5,998
Total expense charged to net income/(expenditure)	**83**	112
Net actuarial losses, recognised in actuarial gains/(losses) on retirement benefits	**643**	463
Benefits paid	**(198)**	(43)
At 31 December	**7,058**	6,530
The amounts recognised through net (expenditure)/income are as follows:		
Interest cost	**83**	112
Total, included in employee benefits expense	**83**	112

The weighted average duration of the net obligations at the end of the reporting period is 12.8 years (2020: 13.1 years).

An actuarial loss from experience of £814,000 has been recognised in the current year following a review of the medical cost scale. This has been partially offset by an actuarial gain of £130,000 arising from changes in financial assumptions. A small actuarial gain has been recognised due to changes in mortality assumptions.

The principal actuarial assumptions were as follows:	**2021**	2020
	%	%
Discount rate	**1.9**	1.3
Medical cost inflation	**7.4**	6.9

42 Summary of reserve movements

	Unrestricted funds General fund £000	Designated fund £000	Endowment fund £000	Revaluation reserve £000	Non-charitable trading reserve £000	Translation and hedging reserve £000	Total £000
Fund balance at 1 January 2021 (restated)*	5,585	6,946	104,089	624	434,226	18,169	569,639
Income	343	3,504	3,810	-	418,060	-	425,717
Gift aid paid to charity parent	21,000	-	-	-	(21,000)	-	-
Expenditure	(18,136)	(2,236)	(370)	-	(406,424)	-	(427,166)
Fair value gains on investments	-	-	12,332	-	69,315	-	81,647
Taxation	-	-	(82)	-	(14,988)	-	(15,070)
Net reserve transfers	5,820	(1,868)	(3,952)	(338)	338	-	-
Currency translation differences	-	-	-	-	-	(2,357)	(2,357)
Gains on net investment hedges	-	-	-	-	-	1,912	1,912
Actuarial gains on retirement benefit obligations	-	-	-	-	41,260	-	41,260
Tax attributable to other recognised gains/(losses)	-	-	-	(18)	(8,349)	(184)	(8,551)
Minority interests	-	-	-	-	(8,782)	-	(8,782)
Fund balance at 31 December 2021	14,612	6,346	115,827	268	503,656	17,540	658,249

* The comparative figures have been restated as detailed in note 49.

	Unrestricted funds General fund £000	Designated fund £000	Endowment fund £000	Revaluation reserve £000	Non-charitable trading reserve £000	Translation and hedging reserve £000	Total £000
Fund balance at 1 January 2020 (restated)*	16,635	9,379	109,422	640	475,591	18,261	629,928
Income	299	3,000	3,106	-	375,884	-	382,289
Expenditure	(21,806)	(2,499)	(375)	-	(357,259)	-	(381,939)
Fair value losses on investments	-	-	(458)	-	(36,234)	-	(36,692)
Taxation	-	-	(83)	-	432	-	349
Net reserve transfers	10,457	(2,934)	(7,523)	-	-	-	-
Losses on revaluation of fixed assets	-	-	-	(65)	-	-	(65)
Currency translation differences	-	-	-	-	-	1,982	1,982
Losses on net investment hedges	-	-	-	-	-	(2,339)	(2,339)
Actuarial losses on retirement benefit obligations	-	-	-	-	(19,036)	-	(19,036)
Tax attributable to other recognised (losses)/gains	-	-	-	49	3,874	265	4,188
Minority interests	-	-	-	-	(8,782)	-	(8,782)
Acquisition of minority interests	-	-	-	-	(244)	-	(244)
Fund balance at 31 December 2020	5,585	6,946	104,089	624	434,226	18,169	569,639

* The comparative figures have been restated as detailed in note 49.

The general unrestricted fund consists of funds available to the trustees to apply for the general purposes of the charity, in addition to each of the priorities it has adopted as set out in the Strategic Report.

The designated fund has been designated by the trustees for the furtherance of purposes or projects of or relating to the Methodist Church. The source of these funds is the donations that the charity receives from Methodist Insurance PLC (see note 3). During the current year, the trustees designated £3,636,000 (2020: £3,066,000) and transferred £2,000,000 (2020: £1,000,000) into the expendable endowment fund. In the prior year, £2,000,000 designated funds were returned to the general fund.

The endowment fund is a restricted capital fund of expendable endowment that is retained to strengthen the charity's reserves and provide diversification of its assets. £5,000,000 (2020: £10,000,000) was transferred into the general unrestricted fund in the first quarter of the year in order to maintain liquidity. £4,000,000 excess reserves were subsequently transferred from unrestricted funds into the expendable endowment fund.

The revaluation reserve represents the cumulative net fair value gains on the trading subsidiaries' freehold property.

43 Translation and hedging reserve

	Translation reserve £000	Hedging reserve £000	Total £000
At 1 January 2021	**15,491**	**2,678**	**18,169**
Losses on currency translation differences	**(2,357)**	**-**	**(2,357)**
Gains on net investment hedges	**-**	**1,912**	**1,912**
Attributable tax	**-**	**(184)**	**(184)**
At 31 December 2021	**13,134**	**4,406**	**17,540**
At 1 January 2020	13,509	4,752	18,261
Gains on currency translation differences	1,982	-	1,982
Losses on net investment hedges	-	(2,339)	(2,339)
Attributable tax	-	265	265
At 31 December 2020	15,491	2,678	18,169

The translation reserve arises on consolidation of the Benefact Trust group of companies' foreign operations. The hedging reserve represents the cumulative amount of gains and losses on hedging instruments in respect of the trading subsidiaries' net investments in foreign operations.

44 Minority interests

Minority interests comprise 95.6% (2020: 95.6%) of the 106,450,000 (2020: 106,450,000) 8.625% Non-cumulative Irredeemable Preference shares (NcIPs) in Ecclesiastical Insurance Office plc.

During the prior year, the charity's direct subsidiary, Benefact Group plc, acquired NcIPs with a nominal value of £1,275,000.

45 Financial commitments

Capital commitments

At the year end, the Benefact Trust group of companies had no capital commitments relating to computer software (2020: £nil) and no capital commitments relating to office equipment (2020: £2,506,000) . The charity had no capital commitments in the current and prior year.

Operating lease commitments

Amounts receivable

The trading subsidiaries lease premises under non-cancellable operating lease agreements. The future aggregate minimum lease rentals receivable under non-cancellable operating leases are as follows:

	2021	2020
	£000	£000
Within 1 year	**7,879**	8,162
Between 1 & 5 years	**25,718**	25,894
After 5 years	**20,217**	22,163
	53,814	56,219

Amounts payable

The trading subsidiaries lease premises and equipment under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£000	£000
Within 1 year	**6,156**	5,197
Between 1 & 5 years	**14,755**	15,410
After 5 years	**19,118**	20,141
	40,029	40,748
Operating lease rentals charged to net income/expenditure in the period	**6,193**	4,759
Total future minimum sublease payments expected to be received under non-cancellable subleases	**244**	243

46 Related undertakings

The charity's interest in related undertakings at 31 December 2021 is as follows:

Company	Company Registration Number	Share Capital	Holding of shares by Charity	Holding of shares by Subsidiary	Activity
Subsidiary undertakings					
Incorporated in the United Kingdom					
Benefact Group plc *	1718196	Ordinary	100%	-	Investment holding company
Benefact Management Services Limited * ^	1811698	Ordinary	-	100%	Dormant company
Ecclesiastical Insurance Office plc *	24869	Ordinary	-	100%	Insurance
		Preference	-	3.2%	
Ecclesiastical Life Limited *	0243111	Ordinary	-	100%	Life insurance
Ecclesiastical Financial Advisory Services Limited *	2046087	Ordinary	-	100%	Independent financial advisory
Ecclesiastical Group Healthcare Trustees Limited *	10988127	Ordinary	-	100%	Trustee company
Ecclesiastical Planning Services Limited *	02644860	Ordinary	-	100%	Funeral plan administration
Ecclesiastical Underwriting Management Limited *	02368571	Ordinary	-	100%	Insurance management services
EdenTree Asset Management Limited *	11923964	Ordinary	-	100%	Investment management
EdenTree Investment Management Limited *	2519319	Ordinary	-	100%	Investment management
E.I.O. Trustees Limited * ^	0941199	Ordinary	-	100%	Trustee company
Farmers & Mercantile Insurance Brokers Limited **	03142714	Ordinary	-	100%	Insurance agents and brokers
G.D. Anderson & Co Limited** (acquired 14 April 2022)	00776446	Ordinary	-	100%	Insurance agents and brokers
Lycett, Browne-Swinburne & Douglass Limited **	00706042	Ordinary	-	100%	Insurance agents and brokers
Lycetts Financial Services Limited **	02057974	Ordinary	-	100%	Insurance agents and brokers
Lycetts Holdings Limited **	05866203	Ordinary	-	100%	Investment holding company
Lycetts Risk Management Services Limited ** ^^	10906990	Ordinary	-	100%	Risk management services
Robertson-McIsaac Limited** ^^	03544899	Ordinary	-	100%	Insurance agents and brokers
SEIB Insurance Brokers Limited *	06317314	Ordinary	-	100%	Insurance agents and brokers
South Essex Insurance Holdings Limited *	06317313	Ordinary	-	100%	Investment holding company
Incorporated in Australia					
Ansvar Insurance Limited ***	007216506	Ordinary	-	100%	Insurance
Ansvar Risk Management Services Pty Limited ***	623695054	Ordinary	-	100%	Risk management services
Ansvar Insurance Services Pty Limited *** †	162612286	Ordinary	-	100%	Dormant company
Associated undertakings					
Incorporated in the United Kingdom					
Lloyd & Whyte Group Limited****	01143899	Ordinary	-	40%	Insurance agents and brokers

* *Registered office: Benefact House, 2000, Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom*

** *Registered office: Milburn House, Dean Street, Newcastle upton Tyne, NE1 1PP, United Kingdom*

*** *Registered office: Level 5, 1 Southbank Boulevard, Melbourne, VIC 3006, Australia*

**** *Registered office: Affinity House, Bindon Road, Taunton, Somerset, TA2 6AA*

^ *Exempt from audit under s480 of the Companies Act 2006*

^^ *Exempt from audit under s479 of the Companies Act 2006*

† *Exempt from audit*

The holding in Lloyd & White Group Limited is included within financial investments.

The financial statements of Ecclesiastical Insurance Office plc and Benefact Group plc (formerly Ecclesiastical Insurance Group plc), the parent companies of the main trading groups, are publicly available, therefore a detailed analysis of their results is not presented here. Copies of the financial statements are available from the registered office as shown on page 134.

47 Related party transactions

Other related parties of the Benefact Trust group of companies include associated undertakings and the trading subsidiaries' pension schemes.

	2021	2020
	£000	£000
Income from transactions with other related parties	4,738	2,623
Expenditure arising from transactions with other related parties	10,500	11,879
Amounts owed by other related parties	-	21
Amounts due to other related parties	24	-

Transactions with other related parties in the current year consists of investment management fee income, interest income and loans to related parties.

48 Financial risk and insurance disclosures in respect of trading subsidiaries

I. Fair value hierarchy

The fair value measurement basis used to value those financial assets and financial liabilities held at fair value is categorised into a fair value hierarchy as follows:

Level 1: fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. This category includes listed equities in active markets, listed debt securities in active markets and exchange-traded derivatives.

Level 2: fair value measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes listed debt or equity securities in a market that is not active and derivatives that are not exchange-traded.

Level 3: fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes unlisted debt and equities, including investments in venture capital, and suspended securities. Where a look-through valuation approach is applied, underlying net asset values are sourced from the investee, translated into the Benefact Trust group of companies' functional currency and adjusted to reflect illiquidity where appropriate, with the fair values disclosed being directly sensitive to this input.

There have been no transfers between investment categories in the current year.

Analysis of fair value measurement bases	**Fair value measurement at the end of the reporting period based on**			
	Level 1	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
At 31 December 2021				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	281,169	186	80,471	361,826
Debt securities	515,955	1,412	33	517,400
Structured notes	-	14,649	-	14,649
Funeral plan investments	-	199,181	-	199,181
Derivatives	-	336	-	336
	797,124	215,764	80,504	1,093,392
Financial assets at fair value through other recognised gains/(losses)				
Derivatives	-	414	-	414
	-	414	-	414
Total financial assets at fair value	797,124	216,178	80,504	1,093,806

Analysis of fair value measurement bases	Fair value measurement at the end of the reporting period based on			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
At 31 December 2020 (restated*)				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	262,013	185	69,685	331,883
Debt securities	493,601	1,512	551	495,664
Funeral plan investments	-	191,011	-	191,011
Derivatives	-	2,079	-	2,079
	755,614	194,787	70,236	1,020,637
Financial assets at fair value through other recognised gains/(losses)				
Derivatives	-	401	-	401
	-	401	-	401
Total financial assets at fair value through profit or loss	755,614	195,188	70,236	1,021,038

* The comparative figures have been restated as detailed in note 49.

In the current year the derivative liabilities of the trading subsidiaries were measured at fair value through profit or loss in the statement of financial activities. In the prior year the derivative liabilities of the trading subsidiaries were measured at fair value through other recognised gains/(losses) in the statement of financial activities. Derivative liabilities are categorised as level 2 (see note 35).

The valuation techniques used for instruments categorised in levels 2 and 3 are described below.

Listed debt and equity securities not in active market (level 2)

These financial assets are valued using third-party pricing information that is regularly reviewed and internally calibrated based on management's knowledge of the markets.

Non-exchange-traded derivative contracts (level 2)

The trading subsidiaries' derivative contracts are not traded in active markets. Foreign currency forward contracts are valued using observable forward exchange rates corresponding to the maturity of the contract and the contract forward rate. Over-the-counter equity or index options and futures are valued by reference to observable index prices.

Structured notes (level 2)

These financial assets are valued using observable net asset data, adjusted for unobservable inputs including comparable price-to-book ratios based on similar listed companies, and management's consideration of constituents as to what exit price might be obtainable.

Funeral plan investments (level 2)

The trading subsidiaries' holds investments in respect of funeral plan policies which are predominantly invested in individual whole-of-life insurance policies. These are valued using valuations provided by the insurance policy provider.

Unlisted equity securities (level 3)

These financial assets are valued using observable net asset data, adjusted for unobservable inputs including comparable price-to-book ratios based on similar listed companies, and management's consideration of constituents as to what exit price might be obtainable.

The valuation is sensitive to the level of underlying net assets, the Euro exchange rate, the price-to-book ratio chosen, an illiquidity discount and a credit rating discount applied to the valuation to account for the risks associated with holding the asset. If the illiquidity discount and credit rating discount applied changes by +/-10%, the value of unlisted equity securities could move by +/-£8m (2020: +/-£7m).

Unlisted debt (level 3)

Unlisted debt is valued using an adjusted net asset method whereby management uses a look-through approach to the underlying assets supporting the loan, discounted using observable market interest rates of similar loans with similar risk, and allowing for unobservable future transaction costs.

The valuation is most sensitive to the level of underlying net assets, but it is also sensitive to the interest rate used for discounting and the projected date of disposal of the asset, with the exit costs sensitive to an expected return on capital of any purchaser and estimated transaction costs. Reasonably likely changes in unobservable inputs used in the valuation would not have a significant impact on total funds or on net income/(expenditure).

II. Financial risk and capital management

The principal financial risks to which the Benefact Trust group of companies is exposed arise from the financial assets, financial liabilities, reinsurance assets and insurance liabilities of the trading subsidiaries. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of financial risk are interest rate risk, credit risk, currency risk and equity price risk.

There has been no change from the prior period in the nature of the financial risks to which the trading subsidiaries are exposed. Despite the rollout of the Covid-19 vaccine programmes in 2021, the subsequent conflict in Ukraine and recent international economic sanctions means there is continued uncertainty in relation to the economic risks to which the trading subsidiaries are exposed. This includes equity price volatility, movements in exchange rates and long-term UK growth prospects. The management and measurement of financial risks is informed by either stochastic modelling or stress testing techniques.

(a) Credit risk

Credit risk is the risk of non-payment of obligations by counterparties and financial markets borrowers. Areas where the trading subsidiaries are exposed to credit risk are:

- counterparty default on loans and debt securities;
- deposits held with banks;
- reinsurers' share of general insurance technical provisions (excluding provision for unearned premiums) and amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance intermediaries and policyholders; and
- the carrying value of whole-of-life assurance policies, purchased by the trading subsidiaries from independent, third party, life insurance companies, to meet the trading subsidiaries' obligations in respect of funeral plans sold.

The trading subsidiaries are exposed to minimal credit risk in relation to all other financial assets.

The carrying amount of financial and reinsurance assets represents the trading subsidiaries' maximum exposure to credit risk. The trading subsidiaries structure the levels of credit risk they accept by placing limits on their exposure to a single counterparty. Limits on the level of credit risk are regularly reviewed. The trading subsidiaries also manage their exposure to credit risk in relation to credit risk ratings. Investment grade financial assets are classified within the range of AAA to BBB ratings, where AAA is the highest possible rating. Financial assets which fall outside this range are classified as sub-investment grade. 'Not rated' assets capture assets not rated by external agencies.

The trading subsidiaries' cash balances are regularly reviewed to identify the quality of the counterparty bank and to monitor and limit concentrations of risk.

The debt securities portfolio consists of a range of mainly fixed interest instruments including government securities, local authority issues, corporate loans and bonds, overseas bonds, preference shares and other interest-bearing securities. Limits are imposed on the credit ratings of the corporate bond portfolio and exposures regularly monitored. Trading subsidiaries' investments in unlisted securities represent less than 1% of this category in the current and prior year.

Reinsurance is used to manage insurance risk. This does not, however, discharge the trading subsidiaries' liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the trading subsidiaries remain liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on a regular basis through the year by reviewing their financial strength.

A detailed breakdown of the trading subsidiaries' current debt securities, reinsurance debtors and cash credit exposure based on Standard & Poor's or equivalent rating from a similar agency is presented below.

	At 31 December 2021			At 31 December 2020		
	Debt securities	Reinsurance debtors	Cash*	Debt securities	Reinsurance debtors	Cash*
	£000	£000	£000	£000	£000	£000
AAA	171,503	-	-	128,037	-	-
AA	122,895	2,651	42,719	130,285	1,986	36,319
A	129,795	9,424	21,351	125,745	8,564	18,358
BBB	72,653	3	79,934	94,100	3	74,844
Below BBB	7,895	-	-	8,997	-	-
Not rated	12,659	505	8	8,500	452	75
	517,400	12,583	144,012	495,664	11,005	129,596

*Cash includes amounts held on deposit classified within financial investments and disclosed in note 34. Cash balances which are not rated include cash amounts in hand.

The trading subsidiaries' credit risk policies detail prescriptive methods for the collection of premiums and control of intermediary and policyholder debtor balances. The level and age of debtor balances are regularly assessed via monthly credit management reports. These reports are scrutinised to assess exposure by geographical region and counterparty of aged or outstanding balances. Any such balances are likely to be major international brokers that are in turn monitored via credit reference agencies and considered to pose minimal risk of default. The trading subsidiaries have no material concentration of credit risk in respect of amounts due from insurance intermediaries and policyholders.

Purchase of a whole-of-life assurance policy does not discharge the trading subsidiaries' liability to provide a funeral. If a third party life insurance company fails to pay a claim on notification of death of the insured life, for any reason, the trading subsidiaries remain liable for the funeral fee payable to the funeral director. The trading subsidiaries purchase life assurance policies from reputable, authorised life insurance companies, which are regulated by the PRA and FCA, and considers the risk of non-payment to be remote.

(b) Liquidity risk

Liquidity risk is the risk that funds may not be available to pay obligations when due. The trading subsidiaries are exposed to daily calls on their available cash resources mainly from claims arising from insurance contracts. The trading subsidiaries have robust processes in place to manage liquidity risk and have available cash balances, other readily marketable assets and access to funding in case of exceptional need. This is not considered to be a significant risk to the Benefact Trust group of companies.

A maturity analysis for the non-derivative net financial liabilities of the trading subsidiaries' life business liabilities is as follows:

	Maturing:			
	Within 1 year	Between 1 & 5 years	After 5 years	Total
	£000	£000	£000	£000
At 31 December 2021				
Life business provision	1,259	4,387	13,788	19,434
At 31 December 2020 (restated*)				
Life business provision	1,290	4,563	13,581	19,434

*The comparative figures have been restated as detailed in note 49.

(c) Market risk

The trading subsidiaries are exposed to market risk (comprising interest rate, currency and equity price risk). The sensitivity of net income/(expenditure) and reserves to movements in market risk variables, each considered in isolation and before the mitigating effect of derivatives, is shown in the table below. This table does not include the impact of variables on retirement benefit schemes.

		Potential (decrease)/ increase in net income/(expenditure)		Potential changes in funds	
			Restated*		
Variable	**Change in variable**	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Interest rate risk	-100 basis points	**(6,797)**	(11,896)	**54**	(70)
	+100 basis points	**5,088**	6,153	**(48)**	44
Currency risk	-10%	**5,192**	(1,389)	**10,845**	9,715
	+10%	**(4,248)**	1,137	**(8,873)**	(7,948)
Equity price risk	+/- 10%	**29,308**	26,883	-	-

*The interest rate risk sensitivities have been restated to better reflect the expected profit impact.

The following assumptions have been made in preparing the above sensitivity analysis:

- the value of fixed income investments will vary inversely with changes in interest rates, and all territories experience the same interest rate movement;
- currency gains and losses will arise from a change in the value of sterling against all other currencies moving in parallel;
- equity prices will move by the same percentage across all territories; and
- change in net income/(expenditure) is stated net of tax at the standard rate applicable in each of the territories in which the trading subsidiaries operate.

(i) Interest rate risk

The trading subsidiaries' exposure to interest rate risk arises primarily from movements on financial investments that are measured at fair value and have fixed interest rates, which represent a significant proportion of the Benefact Trust group of companies' assets, subordinated debt which has a fixed interest until 2030, and from those insurance liabilities for which discounting is applied at a market interest rate. Investment strategy is set in order to control the impact of interest rate risk on anticipated trading subsidiary cash flows and asset and liability values. The fair value of the trading subsidiaries' investment portfolio of fixed income securities reduces as market interest rates rise as does the present value of discounted insurance liabilities, and vice versa.

Interest rate risk concentration is reduced by adopting asset-liability duration matching principles where appropriate.

For the trading subsidiaries' life insurance business, consisting of policies to support funeral planning products, benefits payable to policyholders are independent of the returns generated by interest-bearing assets held by the trading subsidiaries. Therefore, the interest rate risk on the invested assets supporting these liabilities is borne by the trading subsidiaries. This risk is mitigated by purchasing fixed interest investments with durations that match the profile of the liabilities. For funeral plan policies, benefits are linked to the Retail Price Index (RPI). Assets backing these liabilities are also linked to the RPI, and include index-linked gilts and corporate bonds. For practical purposes it is not possible to exactly match the durations due to the uncertain profile of liabilities (e.g. mortality risk) and the availability of suitable assets, therefore some interest rate risk will persist. The trading subsidiaries monitor their exposure by comparing projected cash flows for these assets and liabilities and making appropriate adjustments to their investment portfolio.

Where the trading subsidiaries invest funeral plan funds in a policy with an independent, third party, life insurance company, the trading subsidiaries have no net exposure to interest rate risk.

(ii) Currency risk

The trading subsidiaries operate internationally and their main exposure to foreign exchange risk is noted below. The foreign operations generally invest in assets and purchase reinsurance denominated in the same currencies as their insurance liabilities, which mitigates the foreign currency exchange rate risk for these operations. As a result, foreign exchange risk arises from recognised assets and liabilities denominated in other currencies and net investments in foreign operations. The trading subsidiaries mitigate this risk through the use of derivatives when considered necessary.

The trading subsidiaries' exposure to foreign currency risk within the investment portfolios arises from purchased investments that are denominated in currencies other than sterling.

The foreign operations of the trading subsidiaries create two sources of foreign currency risk:

- the operating results of the foreign branches and subsidiaries are translated at the average exchange rates prevailing during the period; and

- the equity investment in foreign branches and subsidiaries is translated into sterling using the exchange rate at the year-end date.

The forward foreign currency risk arising on translation of these foreign operations is hedged by the derivatives which are detailed in note 35. The trading subsidiaries have designated certain derivatives as a hedge of their net investments in Canada and Australia, which have Canadian and Australian dollars respectively as their functional currency.

The largest currency exposures, before the mitigating effect of derivatives, with reference to net assets/liabilities are shown below, representing effective diversification of resources:

	2021		2020
	£000		£000
Aus $	**64,071**	Aus $	57,351
Euro	**47,003**	Euro	33,873
Can $	**46,087**	Can $	17,561
USD $	**2,001**	USD $	1,774
HKD $	**172**	HKD $	171

The figures in the table above, for the current and prior years, do not include currency risk that the trading subsidiaries are exposed to on a 'look through' basis in respect of collective investment schemes denominated in sterling. The trading subsidiaries enter into derivatives to hedge currency exposure, including exposures on a 'look through' basis. The open derivatives held by the trading subsidiaries at the year end to hedge currency exposures are detailed in note 35.

(iii) Equity price risk

Equity price risk exists because of financial investments held by the trading subsidiaries which are stated at fair value through profit and loss. The trading subsidiaries mitigate this risk by holding a diversified portfolio across geographical regions and market sectors, and through the use of derivative contracts from time to time which would limit losses in the event of a fall in equity markets.

The concentration of equity price risk by geographical listing, before the mitigating effect of derivatives, to which the trading subsidiaries are exposed is as follows:

	2021		2020
	£000		£000
UK	281,792	UK	262,710
Europe	79,848	Europe	68,988
Hong Kong	186	Hong Kong	185
Total	361,826	Total	331,883

(d) Capital management

The Benefact Trust group of companies' primary objectives when managing capital are to:

- comply with the regulators' capital requirements of the markets in which the trading subsidiaries operate; and
- safeguard the Benefact Trust group of companies' ability to continue to meet stakeholders' expectations in accordance with the charity's objectives.

The trading subsidiaries are subject to insurance solvency regulations in all the territories in which they issue insurance and investment contracts, and capital is managed and evaluated on the basis of both regulatory and economic capital.

The UK regulated subsidiaries are required to comply with rules issued by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). The PRA expects a firm, at all times, to hold Solvency II Own Funds in excess of its calculated Solvency Capital Requirement (SCR). Quantitative returns are submitted to the PRA, in addition to an annual narrative report, the Solvency and Financial Condition Report (SFCR) which is published on the Benefact Group's website. A further report, the Regular Supervisory Report (RSR) is periodically submitted to the PRA.

Benefact Group's Solvency II Own Funds met the PRA's deadline for submission of 20 May 2022. The Solvency II Own Funds position was subject to a separate independent audit, as part of the process for Solvency II reporting to the PRA. Benefact Group has made the SFCR available on its website.

	2021	2020
	£000	£000
Solvency II Own Funds	603,714	479,474

III. Insurance risk

Through the general insurance and life insurance operations of the trading subsidiaries, the Benefact Trust group of companies is exposed to a number of insurance risks. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim. Factors such as the business and product mix, the external environment including market competition and reinsurance capacity all may vary from year to year, along with the actual frequency, severity and ultimate cost of claims and benefits. This subjects the trading subsidiaries to underwriting and pricing risk (the risk of failing to ensure disciplined risk selection and obtain the appropriate premium), claims reserving risk (the risk of actual claims payments exceeding the amount being held in technical provisions) and reinsurance risk (the risk of failing to access and manage reinsurance capacity at a reasonable price).

More detailed information relating to the insurance risk arising from the trading subsidiaries can be found in note 3 of the EIO plc annual report and accounts, which is available from the registered office on page 134.

(i) Risk mitigation

Statistics demonstrate that the larger and more diversified the portfolio of insurance contracts, the smaller the relative variability in the expected outcome will be. The trading subsidiaries' underwriting strategy is designed to ensure that the underwritten risks are well diversified in terms of type and amount of risk and geographical spread. In all operations pricing controls are in place, underpinned by sound statistical analysis, market expertise and appropriate external consultant advice. Gross and net underwriting exposure is protected through the use of a comprehensive programme of reinsurance using both proportional and non-proportional reinsurance, supported by proactive claims handling. The overall reinsurance structure is regularly reviewed and modelled to ensure that it remains optimum to the trading subsidiaries' needs. The optimum reinsurance structure provides the trading subsidiaries with sustainable, long-term capacity to support its specialist business strategy, with effective balance sheet and profit and loss protection at a reasonable cost.

Catastrophe protection is purchased following an extensive annual modelling exercise of gross and net (of proportional reinsurance) exposures. In conjunction with reinsurance brokers the trading subsidiaries utilise the full range of proprietary catastrophe models and continue to develop bespoke modelling options that better reflect the specialist nature of the portfolio. Reinsurance is purchased in line with the trading subsidiaries' risk appetite.

(ii) Concentrations of risk

The core business of the trading subsidiaries is general insurance, with the principal classes of business written being property and liability. The miscellaneous financial loss class of business covers personal accident, fidelity guarantee and loss of money, income and licence. The other class of business includes cover of legal expenses and also a small portfolio of motor policies, but this has been in run-off in the United Kingdom since November 2012. The whole-of-life insurance policies support funeral planning products.

Below is a table summarising written premiums for the financial year, before and after reinsurance, by territory and by class of business:

		General insurance				Life insurance	
Territory		Property £000	Liability £000	Miscellaneous financial loss £000	Other £000	Whole-of-life £000	Total £000
2021							
United Kingdom and Ireland	Gross	**217,961**	**62,949**	**16,941**	**3,394**	**(2)**	**301,243**
	Net	**109,242**	**60,060**	**8,883**	**376**	**(2)**	**178,559**
Australia	Gross	**54,229**	**37,106**	**1,290**	**740**	**-**	**93,365**
	Net	**5,891**	**31,733**	**1,238**	**140**	**-**	**39,002**
Canada	Gross	**64,086**	**27,524**	**-**	**-**	**-**	**91,610**
	Net	**44,750**	**25,306**	**-**	**-**	**-**	**70,056**
Total	Gross	**336,276**	**127,579**	**18,231**	**4,134**	**(2)**	**486,218**
	Net	**159,883**	**117,099**	**10,121**	**516**	**(2)**	**287,617**
2020 (restated*)							
United Kingdom and Ireland	Gross	203,921	57,634	16,273	3,328	16	281,172
	Net	107,458	55,095	9,080	716	16	172,365
Australia	Gross	48,665	29,279	1,332	902	-	80,178
	Net	7,299	24,840	1,283	171	-	33,593
Canada	Gross	51,920	24,033	-	-	-	75,953
	Net	35,846	22,425	-	-	-	58,271
Total	Gross	304,506	110,946	17,605	4,230	16	437,303
	Net	150,603	102,360	10,363	887	16	264,229

*The comparative figures have been restated as detailed in note 49.

IV. Net insurance premium income

	General insurance £000	Life insurance £000	Total £000
For the year ended 31 December 2021			
Gross written premiums	**486,220**	**(2)**	**486,218**
Outward reinsurance premiums	**(198,601)**	-	**(198,601)**
Net written premiums	**287,619**	**(2)**	**287,617**
Change in the gross provision for unearned premiums	**(24,504)**	-	**(24,504)**
Change in the provision for unearned premiums, reinsurers' share	**9,884**	-	**9,884**
Change in the net provision for unearned premiums	**(14,620)**	-	**(14,620)**
Earned premiums, net of reinsurance	**272,999**	**(2)**	**272,997**
For the year ended 31 December 2020 (restated*)			
Gross written premiums	437,287	16	437,303
Outward reinsurance premiums	(173,074)	-	(173,074)
Net written premiums	264,213	16	264,229
Change in the gross provision for unearned premiums	(24,984)	-	(24,984)
Change in the provision for unearned premiums, reinsurers' share	8,422	-	8,422
Change in the net provision for unearned premiums	(16,562)	-	(16,562)
Earned premiums, net of reinsurance	247,651	16	247,667

*The comparative figures have been restated as detailed in note 49.

Earned premiums net of reinsurance are included in the income arising from trading activities in the statement of financial activities.

V. Fees, commissions and other acquisition costs arising from insurance business

	2021 £000	2020 £000
Fees paid	**2,361**	2,144
Commission paid	**72,149**	67,387
Change in deferred acquisition costs	**(4,376)**	(3,352)
Other acquisition costs	**26,805**	20,066
Fees, commissions and other acquisition costs	**96,939**	86,245

Fees, commissions and other acquisition costs are included in expenditure arising from trading activities in the statement of financial activities.

VI. Deferred acquisition costs

	2021	2020
	£000	£000
At 1 January	**41,989**	38,199
Increase in the period	**46,122**	41,582
Release in the period	**(41,746)**	(38,230)
Exchange differences	**(338)**	438
At 31 December	**46,027**	41,989

All balances are current.

Deferred acquisition costs are included in debtors in the balance sheet (note 36).

VII. General insurance liabilities and reinsurance assets

		Restated*
	2021	2020
	£000	£000
Gross		
Claims outstanding	**616,225**	560,992
Unearned premiums	**253,158**	230,800
Total gross insurance liabilities	**869,383**	791,792
Recoverable from reinsurers		
Claims outstanding	**166,360**	129,284
Unearned premiums	**88,089**	79,393
Total reinsurers' share of insurance liabilities	**254,449**	208,677
Net		
Claims outstanding	**449,865**	431,708
Unearned premiums	**165,069**	151,407
Total net insurance liabilities	**614,934**	583,115
Gross insurance liabilities		
Current	**444,596**	407,097
Non-current	**424,787**	384,695
Reinsurance assets		
Current	**172,844**	142,466
Non-current	**81,605**	66,211

*The comparative figures have been restated as detailed in note 49.

Gross insurance liabilities, also referred to as technical provisions, are included in provisions for liabilities (note 39). Reinsurers' share of insurance liabilities is included in debtors (note 36).

(i) Reserving methodology

Reserving for general business insurance claims is a complex process and the trading subsidiaries adopt recognised actuarial methods and, where appropriate, other calculations and statistical analysis. Actuarial methods used include the chain ladder, Bornhuetter-Ferguson and average cost methods.

Chain ladder methods extrapolate paid amounts, incurred amounts (paid claims plus case estimates) and the number of claims or average cost of claims, to ultimate claims based on the development of previous years. This method assumes that previous patterns are a reasonable guide to future developments. Where this assumption is felt to be unreasonable, adjustments are made or other methods such as Bornhuetter-Ferguson or average cost are used. The Bornhuetter-Ferguson method places more credibility on expected loss ratios for the most recent loss years. For smaller portfolios the materiality of the business and data available may also shape the methods used in reviewing reserve adequacy.

The selection of results for each accident year and for each portfolio depends on an assessment of the most appropriate method. Sometimes a combination of techniques is used. The average weighted term to payment is calculated separately by class of business and is based on historical settlement patterns.

(ii) Uncertainty margin

To reflect the uncertain nature of the outcome of the ultimate settlement cost of claims, an uncertainty margin is added to the best estimate. The addition for uncertainty is assessed using actuarial methods including the Mack method and Bootstrapping techniques, based on at least the 75th percentile confidence level for each portfolio. For smaller portfolios, where these methods cannot be applied, provisions are calculated at a level intended to provide an equivalent probability of sufficiency. Where the standard methods cannot allow for changing circumstances, additional uncertainty margins are added and are typically expressed as a percentage of outstanding claims. From time to time, management may elect to select an additional margin to reflect short-term uncertainty driven by specific events that are not in data. This approach generally results in a favourable release of provisions in the current financial year, arising from the settlement of claims relating to previous financial years.

(iii) Calculation of provisions for latent claims

The trading subsidiaries adopt commonly used industry methods including those based on claims frequency and severity and benchmarking.

(iv) Discounting

General insurance outstanding claims provisions are undiscounted, except for designated long-tail classes of business for which discounted provisions are held in the following territories:

	Discount rate		Mean term of discounted liabilities (years)	
Geographical territory	**2021**	2020	**2021**	2020
UK and Ireland	**1.3% to 2.1%**	0.5% to 1.5%	**17**	17
Canada	**1.2% to 2.1%**	0.4% to 1.7%	**12**	12
Australia	**1.5%**	0.7%	**5**	4

The above rates of interest are based on government bond yields of the relevant currency and term at the reporting date. Adjustments are made, where appropriate, to reflect portfolio assets held and to allow for future investment expenses. At the year end the undiscounted gross outstanding claims liability was £652,666,000 for the Group (2020: £585,635,000).

The impact of discount rate changes on the outstanding claims provision is presented within net gains/(losses) on investments (note 24).

(v) Assumptions

The trading subsidiaries follow a process of reviewing their reserves for outstanding claims on a regular basis. This involves an appraisal of each portfolio with respect to ultimate claims liability for the recent exposure period as well as for earlier periods, together with a review of the factors that have the most significant impact on the assumptions used to determine the reserving methodology. The work conducted on each portfolio is subject to an internal peer review and management sign-off process.

The most significant assumptions in determining the undiscounted general insurance outstanding claims provision are the anticipated number and ultimate settlement cost of claims, and the extent to which reinsurers will share in the cost. Factors which influence decisions on assumptions include legal and judicial changes, significant weather events, other catastrophes, subsidence events, exceptional claims or substantial changes in claims experience and developments in older or latent claims. Significant factors influencing assumptions about reinsurance are the terms of the reinsurance treaties, the anticipated time taken to settle a claim and the incidence of large individual and aggregated claims.

There are no significant changes in approach but the trading subsidiaries continue to evolve estimates in light of underlying experience.

(vi) Claims development tables

The nature of liability classes of business is that claims may take a number of years to settle and before the final liability is known. The tables below show the development of the undiscounted estimate of ultimate gross and net claims cost for these classes across all territories.

Estimate of gross ultimate claims

	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	Total £000
At end of year	100,612	81,725	61,901	46,464	51,738	50,736	48,759	47,945	50,134	60,267	
One year later	88,046	80,027	50,571	43,582	46,073	46,885	40,461	42,467	42,044		
Two years later	78,196	69,860	48,327	40,337	41,041	41,883	34,680	39,859			
Three years later	72,516	66,192	45,495	33,804	38,468	38,648	33,362				
Four years later	67,980	60,174	37,064	29,436	37,044	40,177					
Five years later	62,712	56,912	34,606	28,211	34,649						
Six years later	61,213	54,901	34,962	31,738							
Seven years later	60,560	55,516	36,195								
Eight years later	62,025	55,252									
Nine years later	61,615										
Current estimate of ultimate claims	61,615	55,252	36,195	31,738	34,649	40,177	33,362	39,859	42,044	60,267	435,158
Cumulative payments to date	(54,400)	(47,153)	(28,117)	(21,087)	(21,853)	(17,642)	(12,013)	(8,852)	(5,571)	(1,471)	(218,159)
Outstanding liability	7,215	8,099	8,078	10,651	12,796	22,535	21,349	31,007	36,473	58,796	216,999
Effect of discounting											(10,619)
Present value											206,380
Discounted liability in respect of earlier years											162,780
Total discounted gross liability (for liability classes) included in provisions in the balance sheet											369,160

Estimate of net ultimate claims

	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	Total £000
At end of year	88,247	76,729	59,633	42,739	47,402	45,920	44,053	44,230	45,459	47,289	
One year later	79,272	66,475	47,690	40,397	41,631	41,706	37,456	39,842	37,509		
Two years later	73,735	60,075	47,428	37,740	37,740	37,797	32,867	37,243			
Three years later	69,837	55,710	41,494	32,297	36,337	34,818	31,647				
Four years later	65,872	51,482	35,164	28,506	35,217	36,431					
Five years later	60,800	49,196	33,233	27,418	32,993						
Six years later	59,338	47,518	33,309	30,544							
Seven years later	59,061	47,443	34,245								
Eight years later	60,056	47,338									
Nine years later	59,783										
Current estimate of ultimate claims	59,783	47,338	34,245	30,544	32,993	36,431	31,647	37,243	37,509	47,289	395,022
Cumulative payments to date	(53,066)	(39,851)	(26,771)	(20,558)	(21,651)	(17,570)	(12,011)	(8,838)	(5,484)	(1,463)	(207,263)
Outstanding liability	6,717	7,487	7,474	9,986	11,342	18,861	19,636	28,405	32,025	45,826	187,759
Effect of discounting											(10,619)
Present value											177,140
Discounted liability in respect of earlier years											146,274
Total discounted net liability (for liability classes) included in provisions in the balance sheet											323,414

VIII. Life business provision

	2021 £000	Restated* 2020 £000
Gross life business provision	**19,434**	19,434
Ceded life business provision	-	-
Net life business provision	**19,434**	19,434
Gross life business provision		
Current	**430**	431
Non-current	**19,004**	19,003

*The comparative figures have been restated as detailed in note 49.

(i) Assumptions

The most significant assumptions in determining life reserves are as follows:

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. Where prudent, an allowance is made for future mortality improvements based on trends identified in population data. For both 2021 and 2020 the base tables used were ELF16F and ELT16M with a 1% improvement applied each year.

Investment returns

Projected investment returns for index-linked business are based on actual yields for each asset class less an allowance for credit risk, where appropriate. The risk adjusted yields after allowance for investment expenses for the current valuation are as follows:

	2021 £000	2020 £000
UK and overseas government bonds: non-linked	-	0.28%
UK and overseas government bonds: index-linked	**-2.71%**	-2.72%
Corporate debt instruments: index-linked	**-2.28%**	-2.23%

The investment return assumption is determined by calculating an overall yield on all cash flows projected to occur from the portfolio of financial assets which are assumed to back the relevant class of liabilities. For index-linked assets, the real yield is shown gross of tax.

Funeral plans renewal expense level and inflation

Numbers of policies in force and both projected and actual expenses have been considered when setting the base renewal expense level. The unit renewal expense assumption for this business is £2.60 per annum (2020: £2.50 per annum). Additionally, now the in-force policy volumes are expected to fall, much of the expenses of the life insurance business have been reserved for in a separate exercise. A reserve for these expenses is held at £5.7 million (2020: £5.8 million).

Expense inflation is set with reference to the index-linked UK government bond rates of return, and published figures for earnings inflation, and is assumed to be 4.96% per annum (2020: 4.07%).

Tax

It has been assumed that current tax legislation and rates applicable at 1 January 2022 will continue to apply. All in-force business is classed as protection business and is expected to be taxed on a profits basis.

(ii) Changes in assumptions

Projected investment returns have been revised in line with the changes in the actual yields of the underlying assets. As a result, liabilities have increased by £5.0 million (2020: £5.0 million increase).

The assumed future expenses of running the business have been revised based on expenses that are expected to be incurred by the long-term insurance business. The effect on insurance liabilities of the changes to renewal expense assumptions (described above) was a £2.0 million increase (2020: £0.7 million increase).

There has been a small change in the mortality assumptions that has reduced liabilities by £0.1m (2020: no material change).

(iii) Sensitivity analysis

The sensitivity of net income/(expenditure) before tax to changes in the key assumptions used to calculate the long-term insurance liabilities is shown in the following table. No account has been taken of any correlation between the assumptions.

Variable	Change in variable	Potential increase/ (decrease) in net income/ (expenditure) 2021 £000	2020 £000
Deterioration in annuitant mortality	+10%	**1,300**	1,300
Improvement in annuitant mortality	-10%	**(1,500)**	(1,600)
Increase in fixed interest/cash yields	+1% pa	**-**	200
Decrease in fixed interest/cash yields	-1% pa	**(400)**	(700)
Worsening of base renewal expense level	+10%	**(200)**	(200)
Improvement in base renewal expense level	-10%	**200**	300
Increase in expense inflation	+1% pa	**(600)**	(600)
Decrease in expense inflation	-1% pa	**500**	500

IX. Movements in insurance liabilities and reinsurance assets

	Group £000	Reinsurance £000	Net £000
Claims outstanding			
At 1 January 2021	**560,992**	**(129,284)**	**431,708**
Cash (paid)/received for claims settled in the year	**(191,685)**	**83,235**	**(108,450)**
Change in liabilities/reinsurance assets	**254,256**	**(122,799)**	**131,457**
Exchange differences	**(7,338)**	**2,488**	**(4,850)**
At 31 December 2021	**616,225**	**(166,360)**	**449,865**
Provision for unearned premiums			
At 1 January 2021	**230,800**	**(79,393)**	**151,407**
Increase in the period	**253,759**	**(88,464)**	**165,295**
Release in the period	**(229,255)**	**78,580**	**(150,675)**
Exchange differences	**(2,146)**	**1,188**	**(958)**
At 31 December 2021	**253,158**	**(88,089)**	**165,069**
Life business provision			
At 1 January 2021	**19,434**	-	**19,434**
Effect of claims during the year	**(264)**	-	**(264)**
Changes in assumptions	**118**	-	**118**
Change in discount rate	**147**	-	**147**
Other movements	**(1)**	-	**(1)**
At 31 December 2021	**19,434**	-	**19,434**

	Group £000	Reinsurance £000	Net £000
Claims outstanding			
At 1 January 2020	481,669	(89,982)	391,687
Cash (paid)/received for claims settled in the year	(164,510)	59,024	(105,486)
Change in liabilities/reinsurance assets	235,937	(95,479)	140,458
Exchange differences	7,896	(2,847)	5,049
At 31 December 2020	560,992	(129,284)	431,708
Provision for unearned premiums			
At 1 January 2020	203,096	(69,574)	133,522
Increase in the period	228,361	(78,170)	150,191
Release in the period	(203,377)	69,748	(133,629)
Exchange differences	2,720	(1,397)	1,323
At 31 December 2020	230,800	(79,393)	151,407
Life business provision (restated)*			
At 1 January 2020	20,213	-	20,213
Effect of claims during the year	(4,358)	-	(4,358)
Changes in assumptions	(846)	-	(846)
Changes in methodology	(556)	-	(556)
Change in discount rate	4,986	-	4,986
Other movements	(5)	-	(5)
At 31 December 2020	19,434	-	19,434

*The comparative figures have been restated as detailed in note 49.

49 Prior year restatement

During the year the Benefact Trust group of companies reassessed the level of insurance risk transferred to Ecclesiastical Planning Services Limited (EPSL) from policyholders, a trading subsidiary, on its funeral plan book of business, and concluded that there is no significant insurance risk on these contracts. As a result, the Benefact Trust group of companies ceased to recognise these contracts as insurance contracts under FRS 103, *Insurance Contracts* , and has reclassified and measured the balances in line with IAS 39, *Financial Instruments: Recognition and Measurement* .

Certain assets classified as financial investments and measured at fair value by EPSL relate to contracts with Ecclesiastical Life Limited (ELL), another company within the Benefact Trust group of companies. ELL continues to clasify and measure the liability arising on these contracts under FRS 103 due to the significance of the insurance risk transferred within the terms of the contract. These balances are eliminated on consolidation.

Under FRS 102, a retrospective restatement of the prior period results is required. The effects of the restatement are detailed in this note, and included throughout the financial statement comparatives, where appropriate. As a result of the restatement, as at 1 January 2020 the Benefact Trust group of companies recognised an increase in non-charitable trading reserves of £11,139,000.

2020	As reported Unrestricted funds £000	Restatement £000	As restated Unrestricted funds £000	As reported Endowment funds £000	As restated Total funds £000
Income from:					
Donations	3,000	-	3,000	-	3,000
Other trading activities					
Income arising from trading activities	345,188	4	345,192	-	345,192
Investments					
Dividend, interest and rental income	30,991	-	30,991	3,106	34,097
Total income	379,179	4	379,183	3,106	382,289
Expenditure on:					
Raising funds	-	-	-	(375)	(375)
Charitable activities					
Grants	(23,311)	-	(23,311)	-	(23,311)
Other expenditure on charitable activities	(755)	-	(755)	-	(755)
Other					
Charitable donations paid by trading subsidiaries	(2,748)	-	(2,748)	-	(2,748)
Expenditure arising from trading activities	(357,796)	3,046	(354,750)	-	(354,750)
Total expenditure	(384,610)	3,046	(381,564)	(375)	(381,939)
Net losses on investments	(35,639)	(595)	(36,234)	(458)	(36,692)
Taxation	432	-	432	(83)	349
	(40,638)	2,455	(38,183)	2,190	(35,993)
Net (expenditure)/income in the year					
a. arising from the charity	(21,006)	-	(21,006)	2,190	(18,816)
b. arising from trading activities	(19,632)	2,455	(17,177)	-	(17,177)
	(40,638)	2,455	(38,183)	2,190	(35,993)

	As reported Total funds 2020 £000	Restatement Total funds £000	As restated Total funds 2020 £000
Fixed assets			
Intangible assets	38,367	-	38,367
Tangible assets	15,463	-	15,463
Investment property	142,142	-	142,142
Investments	948,868	191,011	1,139,879
Investment in associate	5,696	-	5,696
Total fixed assets	1,150,536	191,011	1,341,547
Current assets			
Debtors	637,231	(206,570)	430,661
Investments	2,000	-	2,000
Cash at bank and in hand	144,675	-	144,675
Total current assets	783,906	(206,570)	577,336
Liabilities			
Creditors: amounts falling due within one year	(140,453)	-	(140,453)
Net current assets	643,453	(206,570)	436,883
Total assets less current liabilities	1,793,989	(15,559)	1,778,430
Creditors: amounts falling due after one year	(2,244)	-	(2,244)
Provisions for liabilities	(1,111,182)	29,153	(1,082,029)
Net assets excluding retirement benefit obligations	680,563	13,594	694,157
Net pension deficit	(16,173)	-	(16,173)
Other retirement benefit obligations	(6,530)	-	(6,530)
Total net assets including retirement benefit obligations	657,860	13,594	671,454
The funds of the charity:			
Unrestricted funds			
General funds	5,585	-	5,585
Designated funds	6,946	-	6,946
Revaluation reserve	624	-	624
Non-charitable trading reserves	420,632	13,594	434,226
Translation and hedging reserve	18,169	-	18,169
	451,956	13,594	465,550
Restricted funds			
Endowment funds	104,089	-	104,089
Total funds (excluding minority interests)	556,045	13,594	569,639
Minority interests	101,815	-	101,815
Total funds	657,860	13,594	671,454

Reference and administrative details

Board of trustees	Timothy Carroll, BA, MBA, FCII Chairman Michael Arlington, BSc (Hon), FRAgS Caroline Banszky, BA, FCA Revd Paul Davis, BA The Very Revd Jane Hedges, BA Stephen C. Hudson BA (Hons), FCA Sir Stephen Lamport, GCVO DL The Venerable Karen Lund, BA (Hons) Sir Laurie Magnus, Bt Chris Moulder, MA, FCA David Smart, MA
Company Secretary	Mrs Rachael J. Hall FCIS
Registered and Head Office	Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester GL3 4AW
Company Registration Number	1043742
Charity Registration Number	263960
Auditor	Pricewaterhouse Coopers LLP, 2 Glass Wharf, Bristol, Avon, BS2 0FR
Bankers	National Westminster Bank plc, 21 Eastgate Street, Gloucester GL1 1NH
Solicitors	Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3LH
Investment Managers	EdenTree Investment Management Limited, 24 Monument Street, London EC3R 8AJ Rathbones Investment Management Limited, 8 Finsbury Circus, London EC2M 7AZ