

# **THE TUDOR TRUST**

**Annual Report and Accounts  
2010/2011**

**Company number 5196041**

**Registered charity number 1105580**

## Contents

<b>Structure, governance and management</b>	<b>1</b>
Trustees	1
Decision making	2
Day-to-day operation of the Trust	3
<b>Trustees' report for the year ended 31 March 2011</b>	<b>4</b>
Introduction	4
Grant-making policy	5
Review of activities	6
Looking ahead	16
<b>Financial review</b>	<b>17</b>
<b>Financial statements</b>	<b>22</b>
<b>Independent auditor's report</b>	<b>41</b>
<b>Statutory information (continuation of Trustees' report)</b>	<b>42</b>

The Tudor Trust (Tudor) is an independent grant-making charitable trust which supports organisations working in any part of the UK. We support work which tries to meet the many different needs of people at the margins of society, and are interested in how organisations tackle these needs, and their root causes. We don't have specific funding programmes designed to advance a particular agenda as we think that the groups we support are better placed to identify problems and develop solutions. Instead we aim to support a wide range of people and organisations working to build stronger communities.

Tudor aims to be a helpful and flexible funder and we want to make grants in an imaginative, collaborative and straightforward way. We want to respond to organisations' real needs and priorities by offering advice and development support alongside our funding.

Tudor is characterised by the high level of involvement of its trustees. Grants Committees and the Trustee Committee meet every three weeks and trustees are also involved in the assessment of initial proposals and often visit organisations.

### **Structure, governance and management**

On 1 March 1955 Sir Godfrey Mitchell endowed a charitable trust with a gift of shares in the construction company George Wimpey, with the object that the trustees should be able to apply the funds to any charitable purpose. In 1979 this trust became known as the Tudor Trust. The Tudor Trust's governing document is its memorandum and articles. The Tudor Trust was incorporated as a company limited by guarantee on 1 April 2005, with all assets and liabilities of the previous Trust being transferred to the current legal entity on that date. The company is also a registered charity.

The Tudor Trust operates for the public benefit. Through our grant making we support work which addresses the multi-faceted needs of marginalised people and which builds stronger, more robust, communities. The trustees confirm that we have had regard to the Charity Commission's general guidance on public benefit when reviewing Tudor's aims and objectives and in planning future activities, setting grant-making policy and in making grants.

This year, The Family Centre Trust, of which The Tudor Trust is the sole member and of which Tudor's director and company secretary are trustees, has been included in the report for the first time.

### **Trustees**

The Trust's trustees are listed on page 42 of this report. The trustees are appointed by the Board of Trustees - the articles of association provide for a minimum of six, although there are currently fourteen trustees. In accordance with the articles, one-third of the trustees retired from office and offered themselves for reappointment at the annual general meeting of the company on 1 September 2010. Trustees over the age of 70 serve for a term of one year, retiring from office and offering themselves for reappointment at each annual general meeting.

The composition of the Board is kept under review and if a trustee retires, or additional trustees are required, steps are taken to recruit new members with relevant skills and experience, usually via a direct approach and informal interview. No new trustees were appointed during the year under review.

An induction programme and trustee handbook are provided for all new trustees and as part of their introduction and subsequent induction a new trustee meets the Chair, the Board, the Director and other key staff and attends a Grants Committee as an observer. Trustees also receive updates and informal training through a regular newsletter, briefing papers, meetings and discussions and attendance at workshops, seminars and conferences.

### **Decision-making**

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

### **Committees of the Board**

The **Trustee Committee** currently has seven members and reports directly to the Board. It meets every three weeks and reviews and develops grant-making policy, confirms grants and investigates and makes decisions on the more complex applications. The Trustee Committee also oversees the operation and activities of the Trust, whilst leaving the day-to-day decision-making to the management team.

The **Investment Committee** currently has seven members and reports directly to the Board. It meets quarterly, focusing on the development and implementation of Tudor's investment policy, asset allocation and the performance of investments.

### **Groups and sub-committees reporting to the Trustee Committee**

**Grants Committees** report to the Trustee Committee and consider the majority of grant applications put before trustees. Grants Committees meet every three weeks to make grants, in discussion with staff, with three or four trustees taking part in each committee by rotation.

The **Audit Group** has five members and reports to the Trustee Committee, as do four special interest groups - the **Africa Group**, **Almshouse Group**, **Debt Group** and the **Sustainability Group**.

## Day-to-day operation of the Trust

The trustees delegate the day-to-day activities and operation of the Trust to the Director and the Head of Resources, Grants Team Manager and Research and Information Manager. The management team implements policies and strategy on the trustees' behalf, giving direction and support to the staff. There are three staff teams: the Grants Team, the Information Team and the Resources Team.

- The **Grants Team** is responsible for the grant-making process through assessing new proposals, engaging with applicants, presenting applications to trustees and managing the grants portfolio.
- The **Information Team** is responsible for the effective management of Tudor's first-stage application process and for internal and external information, communication and research work.
- The **Resources Team** maximises the effective use of the Trust's resources by managing its overall finances, investments, human resources and the office environment.

## Trustees' report for the year ended 31 March 2011

### Introduction

2011 was Tudor's fifth year of making grants under guidelines established in 2006. While we were confident that the qualities of openness, flexibility and responsiveness which underpin our grant making still held true, five years in it felt right to take stock. This was not intended to be a wholesale review but rather an opportunity to reflect on and refresh our approach to grant making.

Trustees and staff worked together to identify the areas to concentrate on. Some of these were internal - for example how trustees' decision-making could best be supported by the staff team - and others external - such as an update of both our funding guidelines and our website.

A key change, implemented from 1 April 2011, was the introduction of a much reduced list of areas the Trust cannot fund. Previously Tudor's funding guidelines excluded applications from certain 'types' of organisation, including those working primarily with children under five or in the field of physical disability, but following in-depth discussion the trustees decided that the time was right to widen Tudor's scope even further. We want to be as open and inclusive as possible and are confident that the positive filters within our guidelines are robust enough to allow us to identify those groups which are in tune with our approach and ethos, whatever field they work in.

The business of the Trust carried on as usual while this reassessment of our work took place. The last few years have been extremely challenging for the voluntary and community sector. 2011 saw new levels of difficulty as the reality of central and local government funding cuts finally hit home. The Trust's own resources have suffered too. However in the year under review we met our commitment to give at levels consistent with previous years. Whilst recognising that we were working in a very testing funding environment we believe that our way of making grants is suited to the flexibility and support groups require when facing such difficulties.

Tudor's commitment to listening to the organisations we fund and trusting them to know what needs doing and how best to do it forms the cornerstone of our funding approach and of the reinvigorated guidelines which came into play on 1 April 2011. We move into 2012 confident that our open and flexible style of grant making provides real and useful support to organisations and complements other, more targeted approaches in helping maintain the strength and diversity of the voluntary and community sector during this particularly unstable and challenging period.

## Grant-making policy

When Sir Godfrey Mitchell endowed the charitable trust in 1955 his intention was that the trustees should be able to apply the funds to any charitable purpose. The broad objects and powers contained in the trust deed, and carried through to the memorandum and articles of the company limited by guarantee, allow us to review regularly how we can make best use of the Trust's funds to achieve our objects.

The funding guidelines in place throughout the year were introduced in April 2006 following a full review of our grant making which took place during 2005-2006. As already noted these funding guidelines and Tudor's grant-making approach and policy were re-examined during the year under review and the results were introduced through new guidelines on 1 April 2011.

The Trust's aims to the end of March 2011 were set out in the funding guidelines:

***Tudor aims to support work which addresses the social, emotional and financial needs of people at the margins of our society. We are interested in how organisations tackle these needs, and their root causes. We want to encourage growth, progression and development, not just keeping things as they are.***

***We are interested in encouraging people to use their own skills and abilities as a resource for change; to find new ways of tackling deep-rooted problems or to cope with and move on from difficult situations.***

***We do not focus our funding on specific themes or programmes. Instead we want to fund a wide range of people and organisations working to achieve lasting change in their communities. Our role is to support and enable their visions, trusting the groups we fund to do the work that is needed.***

Tudor works to meet its aims by making grants, and where appropriate providing other forms of support, to groups which demonstrate some of the key characteristics outlined in our guidelines and whose work resonates with our aims. As we can apply our funds to any charitable purpose Tudor has the freedom to make grants to any constituted group, as long as the grant is used for charitable purposes and offers sufficient public benefit. When we consider making a grant to a group which isn't a registered charity the trustees ensure that the issues of charitable purpose and public benefit have been addressed to their satisfaction.

Although we make grants to organisations our ultimate beneficiaries are of course the thousands of individuals that these groups work with and support, rather than the groups themselves. Over the year Tudor funded work across the UK which addressed the Trust's overarching aim of tackling the social, emotional and financial needs of people on the margins of society in many different ways. Our full grants list for 2010-2011 - available on our website [www.tudortrust.org.uk](http://www.tudortrust.org.uk) or on request from the office - shows how we have tried to meet Tudor's aims and objectives, and make the best use of our resources, through our grant making.

## Review of activities

### Overview

*This is the first year that consolidated accounts have been presented, combining the accounts of The Tudor Trust and The Family Centre Trust. In 2010 Tudor made a grant of £1.35 million to The Family Centre Trust to finance the construction of a new family and visitors' centre at HMP Wormwood Scrubs. Further details are given in note 15 to the accounts.*

*Throughout the annual report, where comparisons are made with last year, the figures shown are for The Tudor Trust itself, rather than the consolidated figures.*

As in previous years the Board set a flexible budget at the beginning of the year and agreed that funds to resource this would be drawn from both income and capital. Having decided to maintain giving at similar levels to previous years the trustees' intention was to make around 300 grants within the range of £17 million to £19 million. In the event new commitments were at the upper end of this range: we made 338 grants (2010: 341) totalling £19 million (2010: £18 million), although when the relatively small staff grants and development grants are discounted the total number of grants made reduces to 306. The size of the average grant increased to £56,065 (2010: £52,722).

	2011	2010
Number of applications	2,712	2,519
Number of eligible applications	2,506	2,296
Applications presented to committee	349	361
Number of grants	338	341
Number of loans	1	0
Total amount committed in grants	£18,950,120	£17,978,219
Average grant	£56,065	£52,722

Surprisingly, given the economic downturn, from 2007 to 2010 we have seen a year-on-year decline in the number of applications we receive. However, in the year under review we saw an 8% increase in the number of applications received as applicants finally gained a clearer idea of their financial position as information on cuts to statutory funding became available. The proportion of 'eligible' applications continued to increase with only 8% of applications received being ineligible (2010: 9%). We would expect to see even fewer ineligible applications in future as recent changes to our funding guidelines broaden Tudor's scope still further.

The 338 grants, and one loan, we made over the year all addressed our ultimate aim of tackling the social, emotional and financial needs of people on the margins of society, but in many different ways. Tudor doesn't have specific funding priorities: our funding guidelines are broad because we want to support the work that groups really want to do by providing some of the resources they need to achieve their aims.

This means that the grants we made over the year supported a diverse assortment of organisations and work: from a group working on conflict resolution and gang involvement with young people in Bristol to a new time bank working across two villages in rural Northern Ireland; from a group supporting young men who self harm in Lancaster to an organisation working to pilot a service for carers from refugee and asylum seeker communities in Redbridge.

We continue to code our grants by subject area, despite the fact that we don't make grants against specific funding programmes, as this allows us to maintain an overview of the sort of work we are supporting and compare organisations and projects addressing similar issues or working with specific groups of people. The table below gives more detail on how our grants were allocated against key thematic areas in 2011.

### Grants by subject area: 2011

<u>Subject area</u>	<u>Number of grants</u>	<u>Percentage</u>	<u>Value of grants</u>	<u>Percentage</u>
Youth	51	15%	£3,041,640	16%
Older people	10	3%	£525,500	3%
Community	123	36%	£6,624,200	35%
Relationships	36	11%	£2,684,500	14%
Housing	28	8%	£1,123,800	6%
Mental health	22	7%	£1,315,980	7%
Substance misuse	7	2%	£418,000	2%
Learning	11	3%	£708,000	4%
Financial security	5	1%	£193,000	1%
Criminal justice	23	7%	£1,610,000	8%
Overseas	22	7%	£705,500	4%
<b>Total</b>	<b>338</b>	<b>100%</b>	<b>£18,950,120</b>	<b>100%</b>

As is usually the case, the largest proportion of our funding - 35% by value (2010: 36%) - supported work under the Community heading. This is because this category covers many of the local 'community anchors' which undertake practical, responsive work with great energy and enthusiasm and which play such a vital role in maintaining the stability and strength of local communities, as well as projects providing more targeted support - for example to refugees and asylum seekers, victims of sexual exploitation and gypsies and travellers.

2011 also saw a significant increase in the level of funding going to Youth projects - 16% by value compared to 11% in 2010 and a drop in the proportion of funding going to Criminal Justice - 8% in 2011 compared to 14% in 2010. As a responsive grant maker it is inevitable that we will see fluctuations in the proportion of our funding going to different areas, but in this latter case the reduction can be explained by the fact that the Tudor LankellyChase South West Partnership, which made grants to develop the capacity of voluntary sector groups in the criminal justice field in the South West, came to an end in March 2010.

The Community Land Trust Fund (CLT Fund), operated in partnership with the Esmée Fairbairn Foundation, Nationwide Foundation, Venturesome, CAF and an individual investor, continued its work throughout the year. The fund was set up with the aim of helping to establish new community land trusts which allow local people to acquire land with the intention of creating affordable housing which benefits the local area and its inhabitants in the long term. Tudor acts as the administrator for the feasibility and technical assistance components of the fund, and in 2011 eight grants from the joint fund were made to help CLTs develop an investment-ready business plan. These grants are coded under our Housing heading.

Tudor has always had a strong interest in supporting capital projects, believing that, in the right circumstances, owning a building can help ensure a more sustainable future for an organisation by increasing its stability and confidence. Trustees are keen to invest time and expertise, as well as funds, into a site or building purchase, new build or renovation. However, as we have noted in previous annual reports, we are not making as many straightforward capital grants as we have in the past. In 2001 15% of our grants by number went towards a capital project; ten years later, in 2011, this proportion has reduced to 8%.

However, our commitment to funding flexibly in response to need meant that over the year we made a number of grants towards core costs which included an element of capital funding. We also made some grants which were either connected to a future capital project or which had a strong property or housing focus - one grant, for example, went towards work to encourage the release of church-owned land for affordable housing. Taking these grants into account, around 14% of grants by number made over the year had some capital component.

In 2010 we saw a spike in the proportion of our grants by value going towards capital projects - this went up to 14%, an increase almost entirely due to a major grant of £1.35 million towards the construction of a new family and visitors' centre at HMP Wormwood Scrubs. This project builds on Tudor's historic interest in visitors' centres (we have funded the development of four others in the past) with the intention of creating an exemplar centre which will offer useful learning about how best to design and run visitors' centres. Work began on site in July 2010 and the new centre will initially be operated by pact (Prison Advice and Care Trust), who originally introduced the idea of creating an exemplar centre to the Trust. The centre was officially opened by the Minister for Prisons on 16 June 2011. In 2011 the proportion of grants by value going towards capital projects returned to previous levels at 5%.

This was the second year in which we separately identified grants with a national or multi-regional focus and this year a significant proportion of our funding - 16% by value - went towards this kind of work. Sometimes our national/multi-regional grants supported work with specific 'communities of interest' - for example prisoners' families, victims of forced marriage or women in secure hospitals. In other cases our grant was intended to help a national organisation to develop an interesting new project, support an organisation to expand into a new area, or to strengthen an umbrella body supporting local groups working on particular issues.

The following table shows the geographical spread of our grants in 2011:

**Geographical focus of grants: 2011**

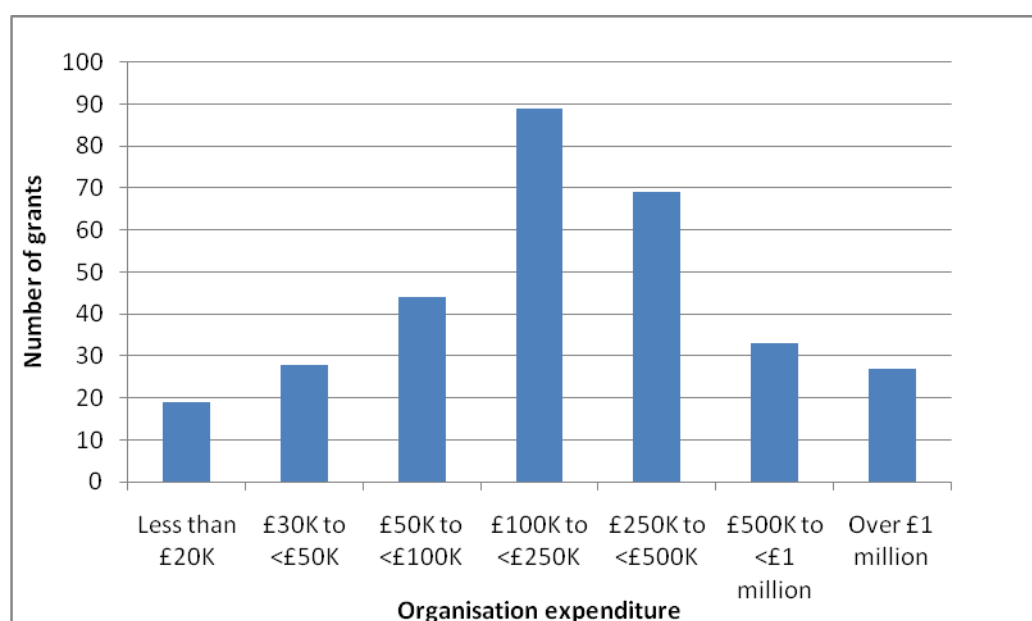
<u>Region</u>	<u>No of grants</u>	<u>Value of grants</u>	<u>% by value</u>	<u>% of UK population</u>	<u>Grant per head</u> (UK only)
East Midlands	12	£737,000	4%	7%	£0.18
Eastern	12	£730,000	4%	9%	£0.14
London	55	£2,754,100	14%	12%	£0.38
North East	14	£829,000	4%	4%	£0.33
North West	42	£2,411,800	13%	11%	£0.36
Northern Ireland	5	£323,000	2%	3%	£0.19
Scotland	20	£922,200	5%	9%	£0.18
South East	18	£939,000	5%	14%	£0.12
South West	36	£1,854,500	10%	8%	£0.38
Wales	17	£1,300,000	7%	5%	£0.45
West Midlands	10	£506,500	3%	9%	£0.10
Yorkshire & the Humber	28	£1,724,420	9%	9%	£0.35
National/multi-regional	45	£3,093,100	16%	NA	NA
Overseas	24	£825,500	4%	NA	NA
<b>Total</b>	<b>338</b>	<b>£18,950,120</b>	<b>100%</b>	NA	NA

We made fewer grants in London in 2011, with 14% of our grants by value going towards work in the capital (2010: 27%; 21% when the exceptional grant towards the visitors' centre at HMP Wormwood Scrubs is discounted). It is good to note increased levels of funding going to the East Midlands and Eastern regions - each received 4% of our total grant commitment this year, compared to 2% in 2010. Traditionally we have received relatively few applications from these areas, so over the last couple of years we have worked to encourage applications by attending funding events and meeting with funding advisers in Gainsborough, Nottingham, Peterborough and Lincoln. This seems to have borne fruit with some good applications coming through in 2011.

Generally it is challenging for Tudor, as a national funder, to ensure that small local groups know about us and the sort of support we can offer. In the year under review we attended funding events or met with infrastructure bodies supporting the voluntary sector in Liverpool, Bury, Nottingham, Blackburn, Margate, Hastings and Peterborough. Meeting potential applicants and advisers face to face is a helpful way of raising awareness of Tudor as a grant maker, and also helps give us some of the ‘local intelligence’ it can be difficult for us to acquire as a national funder.

A key feature of Tudor’s grant making is our interest in supporting smaller organisations, working directly with people on the margins of society, which have grown out of the communities they serve and support. Often these groups are in the best position to identify and tackle the problems within their communities and to reach those most in need. As the following chart shows, in 2011 29% of our grants went to organisations with a turnover of less than £100,000.

### Grants by organisation size: 2011



We monitor the proportion of our grants going towards direct work with marginalised groups: in 2011 89% of our grants had this focus (2010: 89%). Given that we are interested in supporting work that addresses real community need we also monitor the proportion of our grants going towards targeted work with BME communities, or to BME-led groups. In 2011 13% of our grants by value went towards work with this specific BME focus (2010: 12%).

Although we say in our funding guidelines that we are more likely to fund organisations with an annual turnover of less than £1 million, we don’t completely exclude funding for larger organisations and in 2011 9% of our grants went to organisations with an expenditure of more than £1 million.

Grants to larger organisations tend to be made for strategic reasons: to help an organisation take the lead on developing new ideas which will be influential; to help an organisation 'make a case' for a new approach or sometimes even to contribute to Tudor's own learning. It remains unusual for us to make straightforward grants towards running costs to larger groups.

A number of special interest groups made up of trustees and staff continued to develop Tudor's funding response to, and thinking around, specific issues in 2011.

The **Africa Group** made 16 grants totalling £532,000 to organisations working to spread the practice of sustainable agriculture primarily in Kenya, Zimbabwe and Uganda. The group's current focus is on building a stronger sustainable agriculture network by resourcing centres of good practice and farmer-to-farmer learning through grants towards core running costs, capacity-building grants (including grants towards exchange visits within Africa) and capital grants. The group's Zimbabwe-based consultant also continued to provide support and mentoring to a number of groups in Zimbabwe, Kenya and Uganda.

In November 2010 the group held its third week-long conference on farmer-to-farmer learning, supported and hosted by Manor House in Kenya. Five members of the Africa Group travelled to Africa for the conference, which was attended by representatives of 27 organisations supported by Tudor. Group members visited a number of organisations in Kenya and Uganda before and during the conference, and individual meetings were arranged during the conference with those groups that hadn't been visited. Feedback on the conference was extremely positive, with groups valuing the opportunity to share with and learn from one another.

The **Almshouse Group** was established in 2004 with the aim of creating a '21<sup>st</sup> century almshouse' to provide lifetime care for older people. After extensive research the group decided to focus on co-housing, where groups of like-minded people get together to create their own housing development, with communal spaces very much part of the package.

Good progress was made over the year towards the idea of creating a building in partnership with the Older Women's CoHousing Group and their housing association partners. A site was secured in Barnet and work is now underway developing plans for a low-density complex of flats, a proportion of which will be for affordable rent or shared ownership. In order to progress the scheme, the Almshouse Group recommended that Tudor make an in-principle grant of up to £1 million towards the development of the project, targeted at the affordable housing for rent and a proportion of the communal areas. This was agreed by the Board in March 2011.

The **Debt Group** focused this year on identifying the elements of financial inclusion work of most interest to Tudor. Since 2003 the group's grants, totalling £2.1 million, have in the main supported two main 'types' of organisation: those undertaking practical, community-based work aimed at reducing over-indebtedness and those focusing on increasing financial literacy and capability.

The group has learned a great deal over the years, and this learning has fed into Tudor's wider grant making as a deeper understanding of issues around debt and financial inclusion has spread around the Trust. Just after the year end, in April 2011, the group decided to disband, feeling that there was no longer a need for a dedicated group to look at issues around debt. The group made just one grant, totalling £73,000, over the year.

The **Sustainability Group** was established in 2009 and leads on developing Tudor's thinking on issues around sustainability and resilience, ensuring that this feeds into our wider grant making. For example, group members contribute to the assessment of initial proposals with a strong sustainability focus, giving other staff and trustees ideas about what to look for when assessing these types of application. The group's primary focus over the year was on local food projects. The group made one grant of £50,000 over the year, towards a programme providing loans and start-up funding so that groups could set up their own community-led vegetable box schemes.

Using money granted by Tudor, **The Family Centre Trust** undertook the construction of a family and visitors' centre at HMP Wormwood Scrubs in the year under review. Practical completion was achieved on 18 May 2011.

### **Building relationships**

As a grant maker Tudor doesn't work directly with people on the margins of society: we achieve our aims by providing financial support to a wide range of organisations which support and empower disadvantaged people and communities. Identifying and funding good, effective organisations is clearly then a key aspect of our work.

But we also think that *how* we fund is vitally important. We want to make it as easy and straightforward as possible for applicants to apply to us for funding and to make grants which provide useful support over a helpful period of time, in response to the real and pressing needs of applicant organisations. We are also keen to ensure that the way we make and manage our grants provides support beyond purely financial help. Perhaps most importantly we seek to engage closely with the groups we support and to build open and responsive relationships based on mutual trust and understanding.

### **Pre-application**

The seeds of a relationship are sown even before an organisation submits its application. Straightforward and timely communication is fundamental to building strong relationships, so during 2011 we worked on making both our funding guidelines and website clearer and more approachable, making it easier for potential applicants to find the information they need and to understand Tudor's approach to grant making. The updated and refreshed guidelines and website were launched at the beginning of this year, both stressing the continuing availability of Tudor's Information Team to provide advice over the phone to anyone needing advice on eligibility or guidance on putting their application together.

It is important that we remain accessible to new organisations and don't just support groups we already know - new potential applicants need to know that they might be funded. In 2011 31% of the groups we supported had not had a grant from us before (2010: 36%).

At the application stage we also think quick decision making is important: in 2011 it took an average of 18 days for us to assess a first-stage proposal and tell the applicant whether or not their application would progress to the next stage, well within the month we specify within our funding guidelines.

### **At the second stage**

Engagement intensifies once an application reaches the second stage. Developing a second-stage application usually involves a telephone assessment or a visit: in 2011 24% of second-stage applicants were visited (2010: 20%). The applicant and grants manager then work together to develop a proposal which focuses on the real needs of the organisation. Sometimes this means that the final request - and what Tudor ends up funding - can be very different to the original first-stage proposal: in 2011 grants managers reported that 17% of applications changed significantly at the second stage.

Our engagement at the second stage is certainly valuable to us, but as part of the wider reassessment of our grant making undertaken during 2011 we decided to ask applicants whether it was of value to them. In October 2010 we commissioned an independent researcher to talk to 30 randomly selected applicants who had reached the second stage of our process, seeking their anonymous views on issues such as the quality of communication with Tudor and the value of engagement at the second stage. Responses were generally extremely positive:

- 96% of applicants interviewed felt confident that their grants manager had a good understanding of what they were trying to achieve
- 86% of applicants felt that the interaction with the grants manager had added to their application
- 100% of applicants thought that the application process was good or excellent, including those whose application had been unsuccessful

Key themes to emerge in wider discussion were that applicants felt visits were particularly important, that they appreciated Tudor's flexible approach (half of all respondents referred to this in their responses) and that they valued a more 'grown up' and honest relationship with a funder than they had perhaps been used to, with a number of applicants suggesting that it felt like a 'partnership'.

The survey also highlighted a number of areas where we could do better. Around a third of applicants said that they had experienced delays during the application process, with half saying the problem was at Tudor's end rather than theirs. While applicants understood that things can take longer than expected it was clear that they would appreciate being kept up to date on progress and would like a firmer idea of when their application is likely to go to committee for a decision.

We perhaps needed to be reminded about how organisations can feel when funders ‘go quiet’ on them: lack of communication can be a cause of great anxiety and stress when an organisation is on tenterhooks about future funding. Clearer and more consistent communication during the second stage is something we will be focusing on during 2012.

However, despite the fact that some groups clearly experienced delays, on average over the year it took three months (from the point of going to second stage) for applicants to receive a final decision.

While working on a second-stage application the grants manager focuses on gaining a good understanding of the organisation and its concerns and priorities, so that any grant we finally make provides useful and appropriate support. Our interest in getting to know the ‘whole’ organisation is reflected in our emphasis on core funding: in the period under review the bulk of our revenue funding - 84% by value (2010: 84%) - went towards core organisational costs such as key salaries and general running costs, rather than towards specific project work.

We also understand that tackling deep-rooted problems takes time, so sometimes we can commit funding over a sustained period of time. This may be by making a single grant over a reasonable period - in 2011 40% of our grants were made over three years (2010: 38%) - or via continuation funding. In 2011 36% of grants made took forward an existing funding relationship (2010: 30%). Reinforcing this, 53% of the two-year grants made over the year followed straight on from an earlier grant, usually itself made over two or three years. So in many cases what appears to be a short-term grant may actually be a building block in a longer-term (often five-year) relationship.

### **Engagement once a grant has been made**

Tudor’s grants managers aim to build a relationship with every group in their portfolio, working to develop their knowledge of each organisation and the challenges it faces. This deeper understanding has encouraged us to be more flexible in our grants management - we can look at options such as revising payment schedules or changing the use of a grant where this will be helpful. Ultimately we aim to provide support beyond the purely financial, with Tudor’s staff and trustees working to add value to our grant by providing help and advice where they can. While this may involve offering an outside perspective on difficult issues, acting as a sounding board or making useful introductions, grants managers can also provide more focused support around issues such as recruitment, governance, funding and organisational development.

Grants managers have a number of tools at their disposal when it becomes clear that a grant holder (or occasionally an applicant) need more specialist or intensive support than we can offer directly. We can provide support by making a development grant - a small grant intended to help a group strengthen and develop a particular aspect of their organisation. These grants are made in response to a need identified by a grants manager in discussion with an organisation, and are an important support tool for Tudor.

Twelve development grants were made during 2011, helping organisations purchase specialist consultancy to address governance, strategic planning or financial issues, carry out a contained piece of research or develop their thinking around evaluation. One grant provided funding to allow an established self-help group to host visits from fledgling groups and to produce information for them so that they could avoid re-inventing the wheel. In 2012 we hope to use development grants to facilitate more exchange visits: we are convinced of the value of groups sharing experiences and learning from each other and would like to help more do this face to face.

We also continued to work with the Institute of Voluntary Action Research (IVAR) in 2011, funding them to provide bespoke developmental support, with a focus on strategy, governance and sustainability, to the trustees and staff of organisations facing a range of challenging issues.

Reading, responding to and learning from the reports we receive from groups is the final key element of our engagement once a grant has been made. Over the year we received 593 reports from grant holders. As well as using these to assess progress on individual grants we also used summaries of these reports to pull together our learning and gain a better understanding of what works - and sometimes more usefully what doesn't. The knowledge gained from the reports we receive, and our assessment of the effectiveness of the support we have provided, inform our discussion with applicants, contribute to our decision-making on continuation funding and create the context for wider funding discussions across the Trust.

In 2011 we introduced a new way of assessing end of grant reports. We now give grant holders more guidance on what we would like to be covered in the report, asking more overarching questions about their experience over the life of the grant as a whole and how they are positioned for the future. Our assessment then focuses on what has changed for the organisation over the life of our grant, whether it is in a stronger or weaker position, the difference it has made for the people it works with and what we have learned from the grant.

As a generalist grant maker, Tudor supports a diverse range of organisations working across many different issues in the field of social welfare. Given our wide-ranging approach we recognise that we can't evaluate the overall impact of our grant making in terms of the 'difference' that our grants make to society as whole. But we do have a commitment to learning from our grant making - and to supporting our grant holders to develop their own tailored approaches to monitoring and evaluation.

## Looking ahead

2011 was a year of continuing economic and social volatility and it is clear that this instability will continue into 2012 and beyond. Voluntary and community organisations are entering uncharted waters and charitable funders will continue to have an important, if necessarily limited, role to play in supporting the sector as it navigates new territory. Tudor's trustees have therefore decided to maintain our grant making at current levels over this financial year, subject of course to close and regular review by the Board.

Over the year under review we maintained our focus on making timely grants and providing additional support to organisations, whilst also reviewing our grant-making ethos, the way in which we work with and support applicants and grant holders and our funding guidelines. In April 2011 we introduced updated funding guidelines. Though we will be making small changes to our approach and processes throughout the year the overall tenor of our grant-making - generalist, responsive, enabling and flexible - will remain unchanged.

The trustees continue to be inspired by the energy, resolve and enthusiasm the groups we support display, even in the most difficult of circumstances. We look forward to working with many more excellent organisations in 2012.

## Financial review

*As noted on page 6, where comparisons are made with last year, the figures shown are for The Tudor Trust itself, rather than the consolidated figures.*

### Charitable expenditure

This year Tudor made grant commitments of £19.0 million against £18.0 million in 2010, across 338 grants (2010: 341). Trustees agree a budget range for grants at the beginning of each financial year and the level of grants made this year falls within that range.

When setting the budget range for the year the trustees bear in mind both current and future beneficiaries of the Trust. Reflecting a policy adopted some years ago - a policy which is continually reviewed - Tudor's expenditure continues to exceed its income. Net charitable expenditure for the year was £13.7 million (2010: £9.0 million). Capital withdrawals are made from the expendable General Fund to bridge this shortfall. The trustees monitor the long-term real return of the portfolio but recognise that, in some years, this will result in the underlying value of the fund diminishing. This year the effect of expenditure exceeding income has been partly offset by the unrealised investment gains following a recovery in the investment markets.

Income earned on Tudor's investment portfolio this year (net of investment management fees) was 38% lower than in 2010. Low interest rates continue to affect return on investment. The transfer of the larger part of the equity portfolio to a global mandate which focuses primarily on capital growth was also a contributory factor.

Overall charitable expenditure has increased during the year from £18.6 million to £19.6 million. This is largely due to an increase in new grant commitments during the year in response to the difficult circumstances currently facing many charities. As a result of enhanced monitoring, the level of grants withdrawn is also at its lowest since 2001.

The trustees set a budget for support and administrative costs at the start of each financial year. Actual expenditure against budget is monitored on a monthly basis during the year and reported to the Trustee Committee and the Board at regular intervals.

The total cost of supporting Tudor's grant-making activities for the year was £1,000,000 (2010: £966,000). Professional support costs representing fees paid to external consultants and professional advisers in support of new grant applications and ongoing grant work decreased to £84,000 this year from £175,000 in 2010. This is due to the professional costs incurred in the previous year developing the family and visitors' centre at HMP Wormwood Scrubs. The Family Centre Trust received a grant of £1.35 million from Tudor to develop this centre, of which £1.05 million was drawn down in the year under review.

## Investments

Tudor has adopted an investment policy for its expendable endowment which seeks to optimise performance through a diversified asset portfolio applying a medium risk strategy. This is reflected in its asset allocation as shown in note 6 on page 33. The performance of the portfolio is monitored monthly and reviewed on a quarterly basis by the Investment Committee. At these meetings trustees discuss investment strategy and asset allocation with an independent adviser. Investment performance and market trends are discussed with the Trust's investment managers at regular meetings.

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

In 2008 the Board adopted new investment principles. These aim to promote the mission of the Trust (supporting the social, economic and financial needs of people on the margins of society) rather than frustrate it. Over time, Tudor aims to invest all its assets in a way which is in line with the Trust's philanthropic principles and resonates with our grant-making strategy. In setting such a policy the trustees recognise the need to balance risk within the portfolio. Tudor considers itself to be a long-term social investor in ameliorating society's ills and so its financial investment should look for long-term performance rather than short-term gain. The trustees believe that taking a responsible, long-term approach to investment will ultimately improve returns.

Having completed their review of the portfolio last year the trustees then appointed Aviva to manage the Trust's SRI fixed income portfolio. In June 2010, following the appointment of Bank of New York Mellon as transition managers, the greater part of the equity portfolio was transferred to Sarasin & Partners LLP which is working to an SRI Global Mandate in accordance with Tudor's investment principles. Henderson Global Investors Ltd continues to manage a UK equity SRI portfolio.

The market value of Tudor's investments at 31 March 2011 was £257 million (2010: £259 million). The portfolio at this date comprised 56% equities (35% Overseas, 21% UK) 39% fixed interest holdings, 3% in cash and 2% as social investments (in 2010: 47%, 47%, 4% and 2% respectively). Tudor intends to hold the minimum level of cash possible for cash flow purposes, drawing on sales of gilts to meet cash flow requirements.

The fixed interest portfolio was made up of £100.6 million held in corporate bonds, gilts and floating rate notes with the balance of £14.6 million in a high income generating unit trust.

During the year Tudor's investments benefited from the relative stability in the financial markets resulting in unrealised investment gains for the year of £6.6 million. The Investment Committee continues to monitor this and how Tudor's ongoing annual net expenditure will be financed.

Prior to transition the performance of each portfolio against a range of indicators was deemed to be satisfactory by the trustees. New investment arrangements have now been in place for a relatively short period. Given that Tudor is a long-term investor the trustees consider that measuring performance against short-term benchmarks is not appropriate at this point. A more meaningful view of investment performance should be possible in next year's financial review.

### **Social investments**

In the course of the year further adjustments have been made to the Venturesome patient capital loan. The loan is now included in the accounts at £192,176 written down from an original £400,000 investment. Venturesome's aim is to make creative loans to organisations where it is acknowledged there may be a higher risk of default. The attrition rate of the fund is still lower than originally expected, proving the success of the model.

Tudor has held an investment in the Ethical Property Company since 2007. In 2010 the company revalued its shares at 80p per share resulting in a fall in the valuation of the shares held to £200,000. No further provision has been made in 2011.

Following the decision to close the fund, the value of the Triodos Opportunities Fund was received in full with a small surplus of £1,000 over book cost.

The Community Land Trust Fund held by Venturesome has approved two new loans during the year, one of which has already been drawn down. Alongside the Esmeé Fairbairn Foundation, Tudor has provided an underwriting facility for the Fund which enhanced its capacity to £815,000 at the year end. Provisions and write downs have been made against both Venturesome and the Community Land Trust Fund representing fees charged and net provisions against loans (£32,000).

During the year Tudor increased its social investment in Gloucestershire Gateway Trust (GGT) by £140,000. GGT and its commercial partner Westmorland intend to build a motorway service area which will provide training and employment opportunities for local people who are disadvantaged in the job market. In due course GGT should receive income to support local voluntary and community groups.

Tudor has also become a key investor in a social impact partnership targeted at reducing recidivism rates of men completing short sentences at HMP Peterborough. £750,000 has been allocated for this pilot project of which £117,000 has been invested during the year.

The value of social investments is £3.3 million (2010: £3.6 million), representing 2% of the endowment. There were no other changes in the value of Tudor's social investments throughout the year. We are committed to retaining these holdings to allow the organisations to demonstrate the social and financial value of the investment.

During the year the trustees continued to review the way social investment might enhance Tudor's work. We will continue to look for good examples of social investment and will seek ways of demonstrating the value of blended return. We are mindful of the time and resources well judged social investment absorbs and the need to balance this with Tudor's core work as a grant maker operating in a difficult funding environment.

### **Auditor**

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

### **Reserves**

Under the terms of the Trust Deed, the General Fund is expendable at the trustees' discretion. All unexpended funds are therefore held in the General Fund. It is the trustees' intention to continue monitoring the value of the General Fund in real terms to ensure that they can maintain the existing level of charitable giving for the foreseeable future. At the year end the value of reserves held was £238 million: £240 million on a consolidated basis.

A reserves policy for The Family Centre Trust will be established once the family and visitors' centre at HMP Wormwood Scrubs has been completed and is fully operational.

### **Risk management**

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

The trustees consider the principal risk to the Trust is that of not fulfilling its core purpose: good grant making. Failure to maximise the opportunities afforded an independently-endowed grant maker would be damaging to the Trust's potential beneficiaries. In order to mitigate this we regularly review our grant-making practices and monitor and evaluate grants made.

Tudor's resources are also subject to the unpredictability of the financial markets. To mitigate this risk the trustees review the asset allocation and fund performance on a regular basis. Lack of resources would affect our ability to make available as much funding support as we might like and deliver the objectives set out in our funding guidelines.

## Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and 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 Charities Statement of Recommended Practice;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Audit information

In so far as the trustees are aware:

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

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

*Approved by the trustees of Tudor Trust on 29 June 2011 and signed on their behalf by:*

**Ben Dunwell**  
Chair

**Monica Barlow**  
Vice Chair

**Consolidated Statement of Financial Activities**  
 (incorporating an income and expenditure account)  
 Year ended 31 March 2011

	Notes	Unrestricted 2011 £000	Restricted 2011 £000	Total 2011 £000	Total 2010 £000
<b>Incoming resources</b>					
Incoming resources from generated funds					
Investment income	2	7,588	-	7,588	10,209
CLT Fund grant	16	-	-	-	81
<b>Total incoming resources</b>		<b>7,588</b>	<b>-</b>	<b>7,588</b>	<b>10,290</b>
<b>Charitable activities</b>					
Grants approved		18,938	12	18,950	16,628
Management of grants		968	32	1,000	966
Professional support costs		84	-	84	175
Grants withdrawn		(423)	-	(423)	(471)
<b>Total charitable expenditure</b>	<b>4</b>	<b>19,567</b>	<b>44</b>	<b>19,611</b>	<b>17,298</b>
Governance costs	4	45	-	45	18
<b>Cost of generating funds</b>					
Investment management fees		1,614	-	1,614	652
<b>Total resources expended</b>		<b>21,226</b>	<b>44</b>	<b>21,270</b>	<b>17,968</b>
Net expenditure for the year		(13,638)	(44)	(13,682)	(7,678)
Unrealised investment gains	6	6,562	-	6,562	49,952
Provisions against social investments	7	(31)	-	(31)	(148)
Net movement in funds		(7,107)	(44)	(7,151)	42,126
Funds balance at beginning of year		246,796	151	246,947	204,821
<b>Funds balance at the end of the year</b>	<b>12&amp;15</b>	<b>239,689</b>	<b>107</b>	<b>239,796</b>	<b>246,947</b>

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

All incoming resources and resources expended derive from continuing activities.

The notes on pages 27 to 40 form part of these financial statements.

## Consolidated Balance Sheet

### As at 31 March 2011

	Notes	2011 £000	2010 £000
<b>Fixed Assets</b>			
Investments	6	253,853	255,622
Social investments	7	3,309	3,621
Tangible assets	8	1,361	1,408
Asset in the course of construction	15	1,221	14
		<b>259,744</b>	<b>260,665</b>
<b>Current Assets</b>			
Debtors	9	991	2,339
Cash at bank and in hand		511	5,295
		<b>1,502</b>	<b>7,634</b>
<b>Current liabilities</b>			
Creditors: amounts due within one year	10	(15,581)	(16,596)
<b>Net current liabilities</b>		<b>(14,079)</b>	<b>(8,962)</b>
<b>Total assets less current liabilities</b>		<b>245,665</b>	<b>251,703</b>
Creditors: amounts due after more than one year	11	(5,869)	(4,756)
<b>Net assets</b>		<b>239,796</b>	<b>246,947</b>
<b>Funds</b>			
Unrestricted funds			
General fund (expendable endowment)	12	239,727	250,142
Revaluation reserve (expendable endowment)	12	(1,544)	(4,756)
Designated funds	12	162	61
The Family Centre Trust	15	1,344	1,349
Restricted funds	12	107	151
		<b>239,796</b>	<b>246,947</b>

The financial statements were approved by the trustees of the Tudor Trust on 29 June 2011 and signed on their behalf by:

**Ben Dunwell**  
Chair

**Monica Barlow**  
Vice Chair

The notes on pages 27 to 40 form part of these financial statements.

**Statement of Financial Activities (Company)**  
 (incorporating an income and expenditure account)  
 Year ended 31 March 2011

	Notes	Unrestricted 2011 £000	Restricted 2011 £000	Total 2011 £000	Total 2010 £000
<b>Incoming resources</b>					
Incoming resources from generated funds					
Investment income	2	7,588	-	7,588	10,209
CLT Fund grant	16	-	-	-	81
<b>Total incoming resources</b>		<b>7,588</b>	<b>-</b>	<b>7,588</b>	<b>10,290</b>
<b>Charitable activities</b>					
Grants approved		18,938	12	18,950	17,978
Management of grants		968	32	1,000	966
Professional support costs		84	-	84	175
Grants withdrawn		(423)	-	(423)	(471)
<b>Total charitable expenditure</b>	<b>4</b>	<b>19,567</b>	<b>44</b>	<b>19,611</b>	<b>18,648</b>
Governance costs	4	40	-	40	17
<b>Cost of generating funds</b>					
Investment management fees		1,614	-	1,614	652
<b>Total resources expended</b>		<b>21,221</b>	<b>44</b>	<b>21,265</b>	<b>19,317</b>
Net expenditure for the year		(13,633)	(44)	(13,677)	(9,027)
Unrealised investment gains	6	6,562	-	6,562	49,952
Provisions against social investments	7	(31)	-	(31)	(148)
Net movement in funds		(7,102)	(44)	(7,146)	40,777
Funds balance at beginning of year		245,447	151	245,598	204,821
<b>Funds balance at the end of the year</b>	<b>12</b>	<b>238,345</b>	<b>107</b>	<b>238,452</b>	<b>245,598</b>

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

All incoming resources and resources expended derive from continuing activities.

The notes on pages 27 to 40 form part of these financial statements.

**Balance Sheet (Company)**

As at 31 March 2011

	Notes	2011 £000	2010 £000
<b>Fixed Assets</b>			
Investments	6	253,853	255,622
Social investments	7	3,309	3,621
Tangible assets	8	1,361	1,408
		<u>258,523</u>	<u>260,651</u>
<b>Current Assets</b>			
Debtors	9	991	2,339
Cash at bank and in hand		494	5,279
		<u>1,485</u>	<u>7,618</u>
<b>Current liabilities</b>			
Creditors: amounts due within one year	10	(15,687)	(17,645)
<b>Net current liabilities</b>		<u>(14,202)</u>	<u>(10,027)</u>
<b>Total assets less current liabilities</b>		<b>244,321</b>	<b>250,624</b>
Creditors: amounts due after more than one year	11	(5,869)	(5,026)
<b>Net assets</b>		<u>238,452</u>	<u>245,598</u>
<b>Funds</b>			
Unrestricted funds			
General fund (expendable endowment)	12	239,727	250,142
Revaluation reserve (expendable endowment)	12	(1,544)	(4,756)
Designated funds	12	162	61
Restricted funds			
	12	107	151
		<u>238,452</u>	<u>245,598</u>

The financial statements were approved by the trustees of the Tudor Trust on 29 June 2011 and signed on their behalf by:

**Ben Dunwell**  
Chair

**Monica Barlow**  
Vice Chair

The notes on pages 27 to 40 form part of these financial statements.

## Consolidated Cash Flow Statement

Year ended 31 March 2011

	2011 £000	2011 £000	2010 £000
<b>Cash outflow from operating activities (Note 13)</b>		(21,087)	(19,556)
<b>Returns on investment and servicing of finance</b>			
Dividends received	3,532		5,018
Interest received	5,431		5,616
		8,963	10,634
<b>Capital expenditure and financial investment</b>			
Purchase of investments	(325,734)		(98,704)
Purchase of social investments	(257)		(185)
Proceeds from sale of investments	320,424		124,453
Proceeds from sale of social investments	486		-
Purchase of fixed assets	(14)		(18)
Asset in the course of construction	(1,207)		(14)
		(6,302)	25,532
<b>Net (decrease)/increase in cash</b>		(18,426)	16,610
<b>Analysis of changes in net funds</b>			
<b>Cash at bank and in hand</b>			
At 1 April 2010		5,295	2,896
At 31 March 2011		511	5,295
(Decrease)/increase in the year		(4,784)	2,399
<b>Investment cash</b>			
At 1 April 2010		22,409	8,198
At 31 March 2011		8,767	22,409
(Decrease)/increase in the year		(13,642)	14,211
<b>Total (decrease)/increase during the year</b>		(18,426)	16,610

The notes on pages 27 to 40 form part of these financial statements.

## Notes to the annual accounts 2010/11

### 1. Accounting policies

#### a) Basis of accounts preparation

The financial statements have been prepared under the historical cost convention adapted for investments which are stated at market value and in accordance with the Companies Act 2006, applicable UK Accounting Standards and the Statement of Recommended Practice - Accounting and Reporting by Charities issued in March 2005. The Trust has availed itself of relevant provisions of the Large and Medium companies and groups (accounts and reports) regulations 2008 and adapted the Companies Act formats to reflect the special nature of the charitable company's activities. In view of the level of investments held at the balance sheet date the trustees are of the opinion that the Trust is a going concern. The trustees consider this at each board meeting and are of the view that the Tudor Trust will remain able to meet its commitments as they arise for a period of at least 12 months from the date of this report.

The financial statements consolidate on a line-by-line basis the results and the assets and liabilities of The Tudor Trust and its subsidiary The Family Centre Trust, for which The Tudor Trust has the power to appoint The Family Centre Trust's trustees.

#### b) Investments

All investments are stated at market value. It is the Trust's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result the Statement of Financial Activities (SOFA) only includes those unrealised losses or gains arising from the investment portfolio throughout the year. Disclosure is made in the investment note of the difference between the historic cost and the sale proceeds of the investments sold during the year.

Social investments are carried at cost less any provision for diminution in value. Such investments are subject to regular review, and any diminution is charged to the SOFA.

#### c) Investment income

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

d) Tangible fixed assets

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

Freehold land is not depreciated. Depreciation is calculated to write-off the cost less residual value of tangible assets on a straight-line basis over their estimated useful economic lives as follows:

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

Asset in the course of construction

The charity has contracted with Osborne Homes for the construction of the Family and Visitors' Centre at HMP Wormwood Scrubs. The asset in the course of construction represents payments according to the payment schedules for the construction of the centre. Once the centre is completed these amounts will be capitalised and the centre will be treated as a fixed asset.

e) Resources expended

i. **Cost of generating funds**

The fees due in respect of investment managers' services are charged against income as the cost of generating funds.

ii. **Charitable donations**

Grants awarded are charged in full against income when a grant has been approved by the Trustee Committee, irrespective of the time period it may cover. Grants awarded but unpaid at the balance sheet date are recognised as grant commitments under creditors. Grants withdrawn or cancelled in the year are credited against new grant commitments made in the same year.

iii. **Support costs**

Expenditure incurred in the course of grant making is shown as support costs. Resources utilised for this purpose are defined as staff time, office expenses, accommodation and IT costs.

iv. **Governance costs**

Governance costs relate to direct expenditure incurred in compliance with the constitutional and statutory requirements of the Trust.

f) Exchange gains and losses

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

g) Leased assets

The cost of operating leases is charged to the income and expenditure account as incurred.

h) Pension schemes

Contributions paid to the Trust's defined contribution pension schemes are recognised in the year in which they are payable.

i) Funds

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

Restricted funds may only be used for specific purposes in accordance with the donor's wishes.

Designated funds are committed at the discretion of the trustees. Once the reason for designation has passed funds are transferred back to General Funds.

j) Company status

The charity is a company limited by guarantee. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

## Notes to the Accounts

### 2. Investment income

	2011 Total £000	2010 Total £000
<b>Dividends and Interest</b>		
Equity investments	3,226	5,068
Fixed interest	4,112	4,887
Unit Trust	33	33
Social investments	146	146
Bank interest	71	75
	<b>7,588</b>	<b>10,209</b>

### 3. Analysis of grants approved by classification

	%	Number	2011 Total £000	2010 Total £000
<b>Grants by classification (Company)</b>				
Youth	15	51	3,042	1,949
Older People	3	10	526	384
Community	36	123	6,624	6,407
Relationships	11	36	2,684	2,386
Housing	8	28	1,124	1,090
Mental Health	7	22	1,316	1,982
Substance Misuse	2	7	418	563
Learning	3	11	708	218
Financial Security	1	5	193	96
Criminal Justice	7	23	1,610	2,597
Overseas	7	22	705	306
	<b>100</b>	<b>338</b>	<b>18,950</b>	<b>17,978</b>

A full list of grants is available from the Trust's website [www.tudortrust.org.uk](http://www.tudortrust.org.uk) or by application for a printed copy.

## 4. Resources expended

### a) Charitable donations

	Number 2011	2011 £000	Number 2010	2010 £000
Company:				
Grants approved during the year	338	18,950	341	17,978
Grants withdrawn or cancelled during the year	(16)	(423)	(22)	(471)
	<u>322</u>	<u>18,527</u>	<u>319</u>	<u>17,507</u>
Consolidated:				
Grants approved during the year	338	18,950	340	16,628
Grants withdrawn or cancelled during the year	(16)	(423)	(22)	(471)
	<u>322</u>	<u>18,527</u>	<u>318</u>	<u>16,157</u>

### b) Resources expended

	2011 Total £000	2010 Total £000
Management of grants		
Staff costs	691	672
Office expenses	119	110
Depreciation	61	56
Accommodation costs	39	37
IT costs	38	41
Trustee remuneration	43	41
Trustees' expenses	9	9
	<u>1,000</u>	<u>966</u>

Professional support costs 84 175

Professional support costs represent amounts paid to external consultants and professional advisers in support of new grant applications and on-going grant work with beneficiaries where a higher level of engagement or expertise is required than can be supported by staff at the Trust.

#### Governance costs

Legal & professional fees	25	5
Auditor's remuneration - Tudor Trust	<u>15</u>	<u>12</u>
	40	17
For The Family Centre Trust:		
Auditor's remuneration	5	-
Independent examination	-	1
	<u>45</u>	<u>18</u>

The trustees are reimbursed for out-of-pocket travel and subsistence expenses. The number of trustees who received reimbursement was 7 (2010: 8).

#### 4. Resources expended (continued)

There is provision in the memorandum of association that no more than half of the trustee board can be offered reasonable remuneration. Members of the Trustee Committee are working over 50 days a year for the Trust. In order to sustain this the Board agreed to remunerate two trustees from 1 April 2006.

	2011 Total £000	2010 Total £000
James Long	20	20
Monica Barlow	19	18

These costs are included in the employment costs note.

None of the other trustees received remuneration.

#### c) Net incoming resources for the year:

	2011 Total £000	2010 Total £000
--	-----------------------	-----------------------

This is stated after charging:

Operating leases - plant and machinery	14	14
Auditor's remuneration - Tudor Trust	15	12
For The Family Centre Trust:		
Auditor's remuneration	5	-
Independent examination	-	1
Depreciation	61	58

#### 5. Employment costs

	2011 £000	2010 £000
Wages and salaries	556	563
Social Security costs	60	59
Pension costs	63	61
	679	683

The average full-time equivalent number of employees during the year was 14 (2010: 14).

One member of staff received remuneration of between £70,001 and £80,000 (2010: one member of staff between £60,001 and £70,000). Pension contributions of £7,898 (2010: £7,596) were made by the Trust on behalf of this employee.

## 6. Investments (Group and Company)

	2011 £000	2010 £000
Market value of investments at 1 April	255,622	217,208
Purchases made during the year	325,734	98,704
Sales proceeds on disposal	(320,424)	(124,453)
(Decrease)/increase in investment cash held	(13,641)	14,211
Investment gains for the year	6,562	49,952
<b>Market value of investments at 31 March</b>	<b>253,853</b>	<b>255,622</b>
Cost at 31 March	255,397	260,378
Accumulated unrealised (losses) based on historic cost	(1,544)	(4,756)

Accumulated unrealised (losses) are based on historic cost

### Analysis of market value

	2011 £000	2010 £000
UK equity investments	54,653	139,232
UK fixed interest investments	100,570	73,978
Overseas equity investments	89,263	-
Overseas fixed interest investments	-	19,403
Cash on deposit awaiting investment held in the UK	8,767	22,409
Unlisted UK fixed interest investments	600	600
	<b>253,853</b>	<b>255,622</b>

## 7. Social investments (Group and Company)

	2011 £000	2010 £000
CAF Bank Limited	1,500	1,500
Charity Bank Limited	500	500
Venturesome	192	181
Ethical Property Company	200	200
Triodos Social Enterprise Fund	-	485
Community Land Trust Fund	475	570
Gloucestershire Gateway Trust	250	110
SellAVenture	75	75
Social Impact Partnership	117	-
	<b>3,309</b>	<b>3,621</b>

**7. Social investments (Group and Company) (continued)**

	2011 £000	2010 £000
Value of investments at 1 April	3,621	3,617
Additions during the year	257	185
Sales proceeds on disposal	(486)	-
Net expenditure including management fees	(51)	(33)
Provisions net of profit on disposal	(32)	(148)
<b>Value of investments at 31 March</b>	<b>3,309</b>	<b>3,621</b>

The investment of £1.5 million in CAF Bank Limited is held as 9.15% redeemable preference fully paid shares of £1 each.

The investment in Charity Bank Limited comprises £500,000 non-cumulative preference fully paid shares of £1 each.

Venturesome is part of Charities Aid Foundation. It offers charities an alternative source of financing to grant donations and bank loans. Over the period of the investment the structure of the funds has changed and as funds are repaid they will be used in Venturesome's innovation and development funds. The total value provided for is now £208,000 against an original investment of £400,000.

The Trust owns 250,000 ordinary shares in the Ethical Property Company. There is a provision of £100,000 against an original investment of £300,000.

The investment in the Triodos Social Enterprise Fund was realised for £486,000 following the decision to close the fund, giving a small surplus of £1,000.

The Trust has invested £656,000 in the Community Land Trust investment fund held by Venturesome (see note 16). Movements on the fund represent interest receivable, management charges and provisions.

During the year Tudor increased its social investment in Gloucestershire Gateway Trust (GGT) by £140,000. GGT and its commercial partner Westmorland intend to build a motorway service area which will provide training and employment opportunities for local people who are disadvantaged in the job market. In due course GGT should receive income to support local voluntary and community groups.

SellAVenture is a limited liability partnership which is providing a website platform for organisations with charitable objectives looking to resource their work through crowd-funding. Tudor holds a 17.4% interest in the partnership.

The Social Impact Partnership is being managed by Social Finance. It is targeted at reducing recidivism rates of men completing short sentences at HMP Peterborough. There is a total commitment of £750,000 of which £117,000 has been drawn down to date.

The value of the social investments at the end of year is shown at cost less amounts either provided for or written off. In the opinion of the trustees this would not be materially different to fair value.

**8. Tangible fixed assets (Group and Company)**

	Freehold land & building £000	Furniture, fittings & equipment £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 April 2010	2,145	108	122	2,375
Additions in the year	-	14	-	14
<b>At 31 March 2011</b>	<b>2,145</b>	<b>122</b>	<b>122</b>	<b>2,389</b>
<b>Depreciation</b>				
At 1 April 2010	785	81	101	967
Charge for the year	43	10	8	61
<b>At 31 March 2011</b>	<b>828</b>	<b>91</b>	<b>109</b>	<b>1,028</b>
<b>Net book value at 31 March 2011</b>	<b>1,317</b>	<b>31</b>	<b>13</b>	<b>1,361</b>
<b>Net book value at 31 March 2010</b>	<b>1,360</b>	<b>27</b>	<b>21</b>	<b>1,408</b>

**9. Debtors (Group and Company)**

	2011 £000	2010 £000
<b>Amounts falling due within one year</b>		
Accrued investment income	735	2,110
Loans	225	200
Other debtors and prepayments	31	29
	<b>991</b>	<b>2,339</b>

An unsecured interest-free loan of £200,000 to Comrie Development Trust relates to the development of Cultybraggan Army Base (see note 17).

The trustees have agreed an interest-free loan of £25,000 to St Jude Family Projects & Training Centre in Uganda to support the completion of enhanced accommodation, teaching and meeting rooms.

**10. Creditors: amounts falling due within one year**

	2011 £000	2010 £000
Company:		
Grant commitments	15,322	17,288
Accruals	330	282
Funds held on behalf of third parties	35	-
Investment in SellAVenture	-	75
	<hr/> 15,687	<hr/> 17,645
Consolidated:		
Grant commitments	15,052	16,238
Accruals	494	283
Funds held on behalf of third parties	35	-
Investment in SellAVenture	-	75
	<hr/> 15,581	<hr/> 16,596

**11. Creditors: amounts falling due after more than one year**

	2011 £000	2010 £000
Company:		
Grant commitments	5,869	5,026
	<hr/> 5,869	<hr/> 4,756
Consolidated		
Grant commitments	5,869	4,756
	<hr/> 5,869	<hr/> 4,756

## 12. Movement in funds note (Company)

	Funds balance at start of year	Income	Expenditure	Transfer of funds	Net investment gains	Funds balance at end of year
	£000	£000	£000	£000	£000	£000
<b>Unrestricted fund</b>						
General fund	250,142	7,588	(21,203)	(119)	3,319	239,727
Revaluation reserve	(4,756)	-	-	-	3,212	(1,544)
Designated fund - CLT Fund	61	-	(18)	-	-	43
Designated fund - Underwriting	-	-	-	119	-	119
	<b>245,447</b>	<b>7,588</b>	<b>(21,221)</b>	<b>-</b>	<b>6,531</b>	<b>238,345</b>
<b>Restricted fund</b>						
Community Land Trust Fund	151	-	(44)	-	-	107
	<b>151</b>	<b>-</b>	<b>(44)</b>	<b>-</b>	<b>-</b>	<b>107</b>
	<b>245,598</b>	<b>7,588</b>	<b>(21,265)</b>	<b>-</b>	<b>6,531</b>	<b>238,452</b>

Represented by:	Fixed assets £000	Net current liabilities £000	Creditors >1 year £000	Net assets £000
General fund	258,523	(14,471)	(5,869)	238,183
Designated fund	-	162	-	162
Restricted fund	-	107	-	107
	<b>258,523</b>	<b>(14,202)</b>	<b>(5,869)</b>	<b>238,452</b>

### General fund

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

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

## 12. Movement in funds note (continued)

### Designated fund

#### *Community Land Trust Fund*

In the 2009 year the trustees agreed to set aside £94,000 towards the Feasibility and Technical Assistance funds held as part of the Community Land Trust Fund (see note 16). The fund balance has reduced as a result of activities during the year.

#### *Community Land Trust Development Fund underwriting facility*

The trustees agreed to offer an underwriting facility of £118,750 for the Community Land Trust Development Fund. This is to enable further commitments to be made prior to the return or recycling of other funds.

### Restricted fund

#### *Community Land Trust Fund*

In the 2009 year the Esmée Fairbairn Foundation contributed £125,000 towards the costs of operating the Feasibility and Technical Assistance funds held as part of the Community Land Trust Fund and managed by Tudor. Additional contributions of £81,250 were received during the 2010 year from CAF, Nationwide and an individual investor.

## 13. Reconciliation of net outgoing resources to operating activities

	2011 £000	2010 £000
Net outgoing resources for the year	(13,682)	(7,678)
Depreciation	61	58
Investment income	(7,588)	(10,209)
Other movements on Social investments	51	34
Loan to Comrie Development Trust	-	151
Loan to St Jude Family Projects & Training Centre	(25)	-
Movement in working capital:		
(increase) in debtors	(2)	(2)
increase in creditors	171	164
(decrease) in grant commitments	(73)	(2,074)
<b>Cash outflow from operating activities</b>	<b>(21,087)</b>	<b>(19,556)</b>

## 14. Operating lease commitments

The trust has the following annual un-cancellable operating lease commitments for office equipment:

	2011 £000	2010 £000
<b>Expiring within one to two years</b>	<b>14</b>	<b>14</b>

## 15. Related organisation

In 2009 the Board agreed to finance the construction of a new family visitors' centre at HMP Wormwood Scrubs through a new charitable company, The Family Centre Trust, which has entered the building contract. This is FCT's first project. Tudor's director Christopher Graves and the company secretary Fiona Young are two of the three directors of this company. During the 2010 year Tudor committed a grant of £1.35m to FCT for the costs of developing the family and visitors' centre. Practical completion was achieved on 18 May 2011.

The Tudor Trust is the sole member of The Family Centre Trust. All trustees are appointed by the Tudor Trust and in considering all future appointments at least three trustees must be individuals who are neither directors of the Tudor Trust or employed by the Tudor Trust.

	2011 £000	2010 £000
The grant from Tudor Trust has been paid as follows:		
Received by The Family Centre Trust in the year	1,050	30
Granted but not received at the year end	<u>270</u>	<u>1,320</u>
	<u>1,320</u>	<u>1,350</u>

The consolidated balance sheet includes the entries for The Family Centre Trust:

Asset in the course of construction	1,221	14
Cash at bank and in hand	17	16
Creditors: amounts due within one year	(164)	(1)
Debtors - as above	<u>270</u>	<u>1,320</u>
	<u>1,344</u>	<u>1,349</u>

Auditor's remuneration and independent examination costs are disclosed in note 4.

## 16. Community Land Trust Fund

In the 2009 year Esmée Fairbairn Foundation and the Tudor Trust agreed to set up the Community Land Trust Fund. The fund supports both the early stage development of organisations developing affordable housing and community resources through the co-operative ownership of land by the local community, and the construction of houses.

The Fund has been split into three to reflect the different stages involved in establishing and developing a Community Land Trust. These three funds are a Feasibility Fund, a Technical Assistance Fund and an Investment Fund. Tudor is holding and managing the Feasibility Fund and Technical Assistance Fund and in 2009 received £125,000 from Esmée Fairbairn Foundation as a contribution to the Fund. Tudor has designated £94,000 towards this fund. In 2010 Tudor received further contributions towards the Feasibility and Technical Assistance Funds totalling £81,250 from CAF, Nationwide and an individual investor. There were no further contributions towards the Feasibility and Technical Assistance Funds in the current year.

Venturesome is managing the Investment Fund and in the 2009 year Tudor contributed £656,000 towards the fund.

## 17. Post balance sheet events

### The Family Centre Trust

Work on building a new Family and Visitors' Centre for HMP Wormwood Scrubs has continued throughout the year. The design, building and equipping costs are being funded through a grant from Tudor Trust to The Family Centre Trust. Practical completion was achieved on 18 May 2011 with an estimated final cost of £1.4m (Note 15).

### Comrie Development Trust

On 20 May 2010 the trustees agreed to convert £100,000 of the outstanding loan into a grant which would be matched by local fundraising by Comrie Development Trust. The trustees also agreed to convert the remaining £100,000 of the outstanding loan to equity or quasi-equity in future projects. On 19 May 2011 the trustees agreed to extend the period of the interest-free loan to 31 March 2012 to give additional time for these arrangements to be put in place (Note 9). On 19 May 2011 the trustees also agreed an additional loan of £40,000, to be interest-free to 31 March 2012.

### Co-Housing Project in Barnet

On 16 March 2011 the Board of Trustees made an in principle grant of up to £1 million towards the cost of building the rental units in a Co-Housing project in Barnet being developed by a partnership between Older Women's CoHousing Group (OWCH), Housing for Woman and Hanover Housing Association. This commitment is subject to a number of conditions being met. These are currently under discussion. It is possible that the scheme will commence in 2012.

### Investment in Ecology Building Society

On 17 March 2011 the trustees agreed to invest £500,000 in variable rate subordinated notes in Ecology Building Society subject to agreeing final terms and conditions. These were approved on 7 April 2011 and purchase of the notes is due to be completed during 2011.

## 18. Capital Commitments

The value of capital commitments is £nil (2010: £14,750)

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TUDOR TRUST**

We have audited the group and parent charity financial statements of The Tudor Trust ("the financial statements") for the year ended 31 March 2011 on pages 22 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' responsibilities set out on page 21, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

### **Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

SUDHIR SINGH (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

1<sup>st</sup> Floor

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Watford

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## Statutory information (continuation of Trustees' report)

### The Tudor Trust

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Registered Charity Number 1105580

### Principal and registered office

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### Trustees of the Tudor Trust

Mary Graves

Helen Dunwell

Desmond Graves #

Penelope Buckler \*

Christopher Graves \* #

Catherine Antcliff

Louise Collins

Elizabeth Crawshaw

Matt Dunwell \* #

James Long (Vice Chair until 31 March 2011) \* #

Ben Dunwell (Chair from 1 April 2010) \*

Francis Runacres

Monica Barlow (Vice Chair from 1 April 2011) \*#

Vanessa James #

*Mary Graves, Helen Dunwell, Desmond Graves, Monica Barlow, Elizabeth Crawshaw and Ben Dunwell retired from office and were reappointed on 1 September 2010.*

*\* signifies membership of the Trustee Committee*

*# signifies membership of the Investment Committee*

### Staff of the Tudor Trust

Laura Bowman

Anna Cooper

Liam Clipsham

Ruth Crawley

Joanna de Havilland

Jascha Elliott

Eryl Foulkes

Christopher Graves \* #

Anne Lane

Nicky Lappin

Meena Mistry

Catriona Slorach

Hannah Torkington

Greg Winfield

Eman Yosry

Fiona Young \* #

Grants Manager

Information Team Co-ordinator

Information Assistant

Resources Team Co-ordinator

Grants Manager

Grants Team Co-ordinator

Grants Manager

Director

Grants Team Manager

Research and Information Manager

Finance Officer

Grants Manager

Grants Manager (from 16 May 2011)

Information Assistant

Resources Officer

Head of Resources (on maternity leave from 21 March 2011)

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