

ANNUAL REPORT AND ACCOUNTS



for the year ended 31 December 2022

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Reference and administrative details

abrdr Financial Fairness Trust

abrdr Financial Fairness Trust (“the Trust”) is a registered Scottish charity (SC040877) and a registered Scottish company limited by guarantee (SC359717).

Board of Trustees

Trustee	Trustee Category	Committees
Kate Bell (appointed on 24 th August 2022)	Independent	Research and Grants (from 9 th November 2022)
Alistair Darling (Chair)	Independent	Finance, Investment and Risk Nomination, Governance and Remuneration Research and Grants
James Daunt	Independent	Finance, Investment and Risk (Chair)
Naomi Eisenstadt	Independent	Research and Grants Nomination, Governance and Remuneration
Professor David Hall	Independent	Research and Grants (Chair)
Lucy Heller (resigned on 8 th November 2022)	Independent	Nomination, Governance and Remuneration (Chair to 8 th November 2022)
Ella Hugh	abrdr plc	Nomination, Governance and Remuneration (from 9 th November 2022) Research and Grants (to 8 th November 2022)
Professor Wendy Loretto	Independent	Research and Grants Finance, Investment and Risk
Jenny Marra (appointed on 24 th August 2022)	Independent	Research and Grants (from 9 th November 2022)
Graeme McEwan (Vice-Chair)	Independent	Nomination, Governance and Remuneration (Chair from 9 th November 2022) Research and Grants
Keith Skeoch	Independent	Research and Grants (to 8 th November 2022)
Euan Stirling	Independent	Nomination, Governance and Remuneration (from 9 th November 2022) Finance, Investment and Risk
Matthew Upton (appointed on 24 th August 2022)	Independent	Research and Grants (from 9 th November 2022)

The Board of Trustees are also Directors for the purposes of Company Law. Further information on the Trust’s structure, governance and management can be found on page 25.

Company Secretary

Mubin Haq

Chief Executive Officer

This post does not carry a directorship of abrdn Financial Fairness Trust.

Mubin Haq

Registered office

1 George Street, Edinburgh, Scotland EH2 2LL

Website

www.financialfairness.org.uk

Professional Advisers

External Auditor

KPMG LLP
Saltire Court, 20 Castle Terrace
Edinburgh
EH1 2EG

Solicitors

Burness Paull LLP
50 Lothian Road
Edinburgh
EH3 9WJ

Bankers

HSBC Bank plc
31 Holborn, Holborn Circus
London
EC1N 2HR

Investment Managers

abrdn Capital
1 George Street
Edinburgh
EH2 2LL

Custodian

Platform Securities
25 Canada Square
London
E14 5LQ

Chair's statement



Alistair Darling,
Chair

Over the last year we awarded nearly £3 million in grants and commissioned work. This covered a number of issues within our funding priorities but also focussed on the growing cost of living crisis facing millions across the country.

Our own financial impact tracker, which measures financial well-being across the UK through a large-scale survey of 6,000 households, captured the significant up-tick in financial difficulties many found themselves in. During the pandemic the number with financial problems did not increase, highlighting the positive impact of government support packages. However, the cost of living crisis saw big rises in the proportion in serious financial difficulties jumping from 10% to 17% and the number struggling financially rose from 17% to 21%.

During 2022 we published a wide range of research which are outlined in the report. These highlighted a number of solutions to the big issues we face, including wages, the cost of living, taxation, wealth and pensions. The latter is an area we have made some significant investment in, including the development of the Living Pensions initiative, which is starting to bear fruit with the first employer accreditations. Stepping back from the individual grants we make, we realised that we needed to do even more in this area.

Twenty years ago the government, which I was then part of, set up the Pensions Commission. This laid out a range of important reforms including auto enrolment and a new state pension. But today much has changed and the landscape is very different. Too many are saving too little for retirement, with just one-in-five on a defined contribution scheme expected to have a decent standard of living in retirement and just one-in-twenty of those in low-paid work. Many of the self-employed and those in insecure work don't have a pension. Increasing numbers are living in the private rented sector, which will lead to higher housing costs in later life. Whilst today, many pensioners are doing well on average and pensioner poverty has been cut drastically, we need a major review to avoid a future where too many won't have enough to live on in their old age. This is why we have partnered with the IFS to undertake a major new Pensions Review, which we launched in April 2023.

The Review will look at a range of key issues relating to financial security, living standards and risks in old age, and the role of individuals, employers and government. I will be chairing the Review and my fellow steering group members are the former Work and Pensions Secretary, David Gauke; and Joanne Segars, former Chief Executive of the Pensions and Lifetime Savings Association.

There has been some good progress on a range of fronts which are highlighted in this report. They include wins relating to childcare, taxation and social security, which our work has contributed to.

During the year we also undertook a detailed review of our funding strategy, which highlighted a continuing need to keep on supporting many of the priorities we had set out in 2018. Whilst there is a need for short-term policy wins, there is also the need for long-term change. We have refreshed our strategy and set out some new key areas we wish to develop, for example in relation to climate change.

This is my final annual report as trustee and Chair of the Trust. Having joined the Board in 2016, the Trust has come a long way in its development. It is now an established funder of work on a range of issues, aiming to deliver improved living standards across the UK and the financial fairness so many need. Much has been achieved and I am glad to have contributed to the Trust's important work.

My thanks to all involved in the Trust's activities, particularly my fellow trustees and co-opted committee members, to abrdn plc for its continued support, to the organisations we are funding, and to the Trust's staff for their hard work and enthusiasm.



.....
Alistair Darling, Chair
abrdn Financial Fairness Trust

Trustees' report for the year ended 31 December 2022

The Board of Trustees, who are also the Directors for the purposes of company law, present the audited annual report and accounts of the abrdn Financial Fairness Trust ("the Trust") for the year ended 31 December 2022.

Reference and administrative details are provided on pages 3 and 4.

Objectives and activities

Our mission is to contribute towards improving financial well-being in the UK for those living on low-to-middle incomes. We want everyone to have a decent standard of living and feel in control of their finances.

Our key objectives are to:

- fund strategic work, including research, policy work and related campaigning activities, which has the potential to improve financial well-being at a national scale;
- develop partnerships, encouraging collaborative working and a more joined-up approach, convening where we can add value;
- share learning, knowledge and evidence widely.

More specifically, the work we support examines and promotes measures to:

- increase incomes for those on low-to-middle incomes;
- ensure people have an adequate safety net, building savings and assets;
- reduce the cost of living, making sure those on lower incomes are not paying more;
- address issues related to spending and borrowing, particularly where it becomes problematic;
- ensure we have fair taxation.

The Trust aims to improve the lives of those living on low-to-middle incomes in the UK, who are struggling to make ends meet, and who are moving in and out of hardship. Whilst it is vital to ensure that those facing financial hardship are supported, we also believe it is important to prevent people falling into financial difficulties. There is strong evidence on how people cycle in and out of poverty, and our work aims to address the dynamics of poverty.

Our work is UK wide, and whilst the majority of our funding is of benefit to all those living and working in the UK, some of our work has a particular focus on Scotland, including UK-wide work which has a Scottish dimension to it. We are also aware that there are specific issues relating to geography – some areas of the UK faring better than others as highlighted more recently by the government's focus on levelling up – which we aim to address through the work we fund.

Activities

Grant-making is the main means by which the Trust aims to contribute to the achievement of its aims and objectives. The grant-making activities carried out in the year are listed on pages 13 and 14.

Our funding activities are primarily delivered through our open grants programme, which covers three inter-related funding programmes that influence financial well-being: income, spending and assets.



In addition to our grant funding, the Trust also commissions specific activities that fit within our funding programmes.

The Trust funds a range of strategic work including research, policy work, campaigning, public attitudinal work, and activities improving practice and design. We are particularly interested in work that has the capacity to create a step change in policy, practice, public attitudes and/or behaviour. Full details of the Trust's funding programmes and priorities are outlined in our funding guidelines, which are available at www.financialfairness.org.uk and regularly updated.

We aim to be an engaged funder. This entails a more strategic approach, with a greater focus on learning and sharing knowledge, and more engagement with the organisations we support, as well as key stakeholders. A number of different approaches and activities are needed to achieve our mission and aims, and often support is needed over the long-term. The people who we are ultimately supporting are central to securing change, and it is vital they are engaged.

Measuring our success can be difficult. This is often the case for funders, who are one step removed from the delivery of the activities, and more so given the long-term strategic aims of the Trust. Many projects funded by the Trust do not come to fruition for some time after the funding is initially awarded. However, all projects report to us on a regular basis on their activities set against the outcomes which are outlined in their funding application. The impact of our funded work, as well as key research findings from the year, are set out below.

Achievements and performance

2022 saw a significant rise in inflation, fuelled by big jumps in energy prices, which were not matched by pay settlements. This severely squeezed living standards, leading to a cost-of-living crisis, unprecedented in recent times. The cost of energy and food in particular saw very large increases, hitting those on lower incomes hardest, as they spend more of a share of their incomes on these core items of expenditure. There was government support to help households, but this was much more limited than support during the pandemic.

There were a number of issues facing the UK during 2022: the pandemic; the Ukraine conflict; fears of recession; rapid changes in government, with three PMs in quick succession; labour shortages; and growing strike action, to name just a few of the major concerns. However, it was the cost-of-living crisis which dominated the year, affecting not just the poorest but millions more who were facing a severe financial squeeze.

Grant funding and commissioned charitable work

The Trust increased grant making in the year, awarding 19 grants in 2022 totalling £2.7m (2021: 25 grants during 2021 totalling £2.1m). Trustees pledged an additional £200k towards work which will be directly commissioned by the Trust. The new awards included: a new commission on the future of employment support; continuation of our partnership examining wealth in Britain, with the Resolution Foundation; the next phase of the development of the living pension's initiative with the Living Wage Foundation; piloting of a Decent Living Index to better measure inflation for those on lower incomes; and work to review the migration of claimants from legacy benefits onto Universal Credit.

We continue to work closely with organisations that we fund, providing support, insight and connections where possible. A number of the projects are supported by independent advisory groups and we are grateful for the engagement and expertise provided by a number of individuals and organisations.

We published a wide range of evidence from the work we funded, with some of the key findings highlighted on pages 15 and 16. In total, 31 research reports were produced during 2022, all of which are available on our website. These provide a valuable source of evidence, ideas, solutions and recommendations on a range of financial issues from social security, taxation, pensions, wages and wealth.

Research highlights include:

- A report from Child Poverty Action Group on emergency support and the need for greater intervention by government beyond the local welfare assistance programmes on offer.
- Our third audit of household wealth with the Resolution Foundation providing new analysis on wealth inequalities, with a focus on problem debt.
- Several reports on pensions, including with the University of Edinburgh, which highlighted the financial difficulties facing over 50s and this negatively impacting their retirement, as they draw on retirement savings early; Living pensions research highlighting that too many are not saving enough with four-in-five in defined contribution schemes not on track to have a decent standard of living; and our work with Nest Insights on employer attitudes to increasing pension contributions.
- Analysis with the IFS examining loopholes relating to inheritance tax and defined contribution pension schemes.
- A report with Onward highlighting problems with childcare, with many parents finding it too expensive, inflexible and complex. The report outlines a range of recommendations to improve provision.
- A further report with the University of Bristol examining gambling harms, which reviewed the efficacy of safer gambling messages.
- Research with the University of York examining the costs, benefits and risks of affordable home ownership models such as Help to Buy and shared ownership.
- A report on worker engagement within companies, with the High Pay Centre, examining employer, employee, investor and public attitudes.

Review of funding strategy

The Board held a trustee and staff away day to refresh its strategy in November. The day reviewed the Trust's work to date and areas it might consider developing. There was broad consensus on a number of issues relating to our approach and our funding programmes. Following detailed discussion, trustees agreed a number of areas to prioritise and progress. This included:

- Building on existing pensions work we have initiated, especially the Pensions Review with the IFS;
- Developing new work on net zero/climate change and mitigating the impact on lower income households;
- Enhancing our work on wealth, adding a public engagement dimension.

In addition, there were some areas of secondary importance we agreed to take forwards:

- Developing work on social tariffs and loyalty premiums;
- Scoping out work relating to long-term changes to the labour market;
- Specific work related to social security adequacy;
- Enhancing work across our portfolio relating to disability and ethnicity.

We will be working on these various elements during 2023 and 2024.

Pensions Review

During 2022 we agreed funding for our most significant initiative to date, which we formally launched in April 2023 - a new Pensions Review with the IFS. This review will focus on the challenges ahead for future generations of pensioners and propose concrete policy recommendations to improve living standards and financial security in retirement.

Throughout the project, a key cross-cutting theme will be the risks facing savers and pensioners regarding their standard of living in retirement. With the demise of private sector defined benefit arrangements, of state earnings-related pensions and of annuities, individuals are increasingly bearing all the risks associated with accumulating saving for retirement, and with decumulating their pension pots through retirement, in a way which was not true in the past.

Preliminary findings will be published throughout the following two years, with the first main report in Autumn 2023. We will publish our key findings and recommendations for reform in early Summer 2024, with follow-up reports charting progress in 2025 and 2026. More detail on the Review is provided on page 17.

Impact

Our funded work contributed to a number of changes during the year. One area our work is likely to have enabled was significant government investment into childcare. In December our report with the centre-right think tank Onward highlighted that expensive childcare was hampering the economy, with more than six in ten out of work parents citing it as the reason they were not working. The research also noted that parents in the UK spent three times more of their income on childcare than the OECD average; and that a quarter of childcare providers had closed since 2015 and the number of childminders had halved over the last decade. The report called for a simplification of provision, for government support to be extended to one-year olds and greater support for families on lower incomes.

In the 2023 March budget, the Chancellor announced that children aged nine months to three years would be offered 30 hours a week of free childcare in term time, as long as both parents were working at least 16 hours a week. The change will be phased in gradually, by September 2025. Universal Credit claimants will

be able to receive childcare funding upfront, instead of in arrears, and the amount available will increase. Whilst a number of issues have been raised in relation to the new provision including in relation to quality and delivery, this is a positive step in the right direction.

2022 saw a setback to a policy proposal we had contributed to, which was the government's introduction of a new Health and Social Care Levy in April 2022. This was the major recommendation of our report with the Resolution Foundation on how the government might rebuild its finances post-pandemic, which we published in late 2020. The new tax did not follow the same design principles we had laid out, in particular that it should have been levied on all income sources. However, it was a positive step providing much needed funds for public services. However, the Levy was short-lived and scrapped in late 2022 following a turbulent time for the government, impacting confidence in it and public finances.

However, our work on wealth taxation with the Resolution Foundation did have some influence on the Dividend Allowance and Capital Gains Tax annual exempt amounts. The government will reduce the Dividend Allowance from £2,000 to £1,000 from April 2023, and to £500 from April 2024, and reduce the Capital Gains Tax annual exempt amount from £12,300 to £6,000 from April 2023 and to £3,000 from April 2024. These measures will raise over £1.2 billion a year from April 2025.

Our work with IPPR Scotland on the development of a Minimum Income Guarantee (MIG) continued to move forwards though progress was limited. The MIG concept is that there should be a set income below which people should not fall. This would be guaranteed through either wages, tax allowances, social security and the provision of universal basic services to help reduce costs. In most cases people would need a combination of these to reach a living income. IPPR Scotland advocated the idea and this gained traction across the political spectrum. The Scottish government established a cross-party steering group to take the MIG forward. The Trust joined the expert group which started to meet in autumn 2021 and has met a number of times. The latter produced an interim report in March 2023 outlining the broad framework for a MIG and early steps to implement delivery, which we hope will be taken up in the near future.

One development this work contributed to was the raising of the Scottish Child Payment to £25 a week per child, rising from £20. It was also extended from those aged under six to those aged under 16. The Scottish government estimates that in the financial year 2022-23, 41% of children under six are eligible for the payment and 48% of children over six. That equates to just over 400,000 children. There were a wide coalition of charities and other stakeholders working on this issue, many of whom contributed more to this achievement. However, our work on financial security provided a strong underpinning for further action by the government especially if it is to meet its child poverty targets.

To a much lesser extent our work with partners such as the Fabians, York University's Changing Realities initiative, the Resolution Foundation and our financial impact tracker also contributed in a minor way to significant changes in social security. For example, benefits being uprated with inflation, a 10.1% increase worth £11 billion; and targeted payments to help with the cost of living, which were a significant help for many families, though falling short of the support needed.

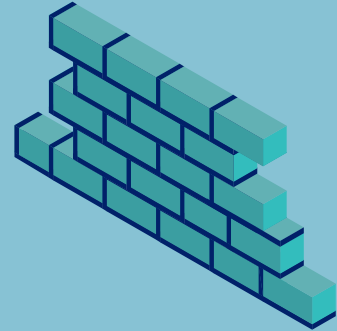
Charitable activities in 2022



£2.7million
awarded in grants

& £200k
in commissioned
charitable work

21
projects funded



Largest
Grant
£720,000

Average grant **£140,764**

Smallest
Grant
£11,790

Funding programme



Income
5 grants



Spending
8 grants



Assets
4 grants



Cross Cutting
4 grants

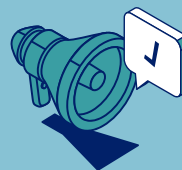
Activity



Research
9 grants



Policy
9 grants



Campaigning
3 grants

The grants have been allocated to the main funding programme they are addressing, or the main activity. However a number of projects cross-cut funding programmes, or utilise a range of methods, often combining research as well as policy work.

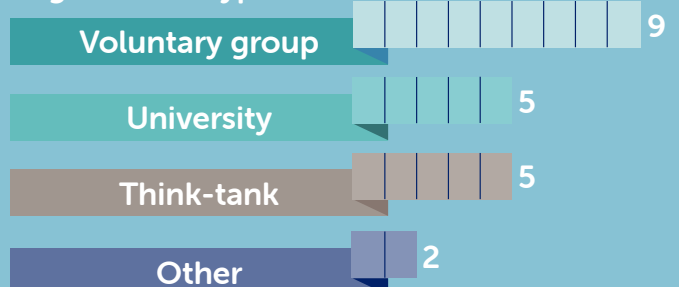
Grant length

Grants



Organisation type

Grants



Grant funding awarded and commissioned charitable work in 2022

Organisation	Award	Duration	Project overview
Centre for Justice Innovation	£157,620	30 months	To examine and identify solutions for the distress and hardship caused by court fines and fees imposed on people on low incomes
Child Poverty Action Group	£98,800	18 months	To identify the difficulties faced by claimants migrated onto Universal Credit from legacy benefits and advocate for mitigations
Citizens UK (Living Wage Foundation)	£257,000	3 years	To scale up the number of employers offering a Living Pension, building the case for employers to contribute above auto-enrolment rates
E3G	£198,000	2 years	Towards campaigns and research to mitigate the cost-of-living crisis through warmer, energy efficient homes
Glasgow Caledonian University	£60,590	1 year	Towards developing a 'Lessons in Tackling Poverty Locally' online directory of valuable practice
Institute for Employment Studies	£188,000	30 months	Towards an independent commission on the future of employment support
Institute for Fiscal Studies	£720,000	5 years	Towards a comprehensive review of living standards and financial security in retirement and reforms to improve the outlook of pension savings
Loughborough University	£37,600	6 months	To develop a Decent Living Index which better reflects inflation changes for those on modest to low incomes
Maternity Action	£70,000	18 months	To widen eligibility for and increase the rates of maternity, paternity and parental pay and maternity benefits
Onward	£17,000	3 months	To explore the drivers of rising childcare costs for families and develop popular and practical solutions
Quaker Social Action	£150,000	3 years	To reduce funeral poverty by improving access to public health funerals and promoting moves towards funeral industry regulation
Resolution Foundation	£334,000	4 years	To continue the strategic partnership building evidence on the level and inequality of household wealth in Britain with the aim of improving policy making

Organisation	Award	Duration	Project overview
Scottish Women's Budget Group	£11,790	4 months	Towards Scottish policy recommendations to support women on low incomes cope with the cost-of-living crisis
Surviving Economic Abuse	£84,300	2 years	To accelerate change in financial services so victim-survivors of economic abuse receive consistently good responses and outcomes as customers
Transform Justice	£85,200	2 years	Towards a campaign to empower people with lived experience to advocate for reform to the criminal records disclosure system to improve incomes
Transport for All	£63,000	2 years	Towards research on the experiences of disabled people applying and using concessionary transport schemes to influence improvements
University of Bristol	£45,263	9 months	To produce new evidence about the financial wellbeing of disabled people
University of Bristol	£12,715	6 months	Towards the analysis of the financial fairness tracker and reporting on a range of financial well-being measures
University of Essex	£83,650	2 years	To maintain UKMOD, an open-source tax-benefit model, as a free resource and support its transition to long-term sustainability
	£2,674,528		
Directly commissioned by the Trust	£16,320	3 months	For polling to produce data for the Trust's financial fairness tracker, reporting on a range of financial well-being measures
	£150,000	3 years	For research and public engagement for the comprehensive review of living standards in retirement with the IFS
	£166,320		

Key findings from research funded



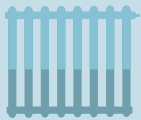
The cost-of-living crisis saw a significant rise in the number facing serious financial difficulties, rising from one-in-ten to one-in-six.

Source: Financial Fairness Tracker, July 2022.



Disabled families were twice as likely to be struggling with the cost of living.

Source: Financial Fairness Tracker, September 2022.



During 2022, three-in-four have avoided turning on the heating despite feeling cold.

Source: Financial Fairness Tracker, December 2022.



The wealth gap between the top and middle tenth of households in the UK has grown to a record £1.2 million per adult.

Source: Arrears Fears: The distribution of UK household wealth and the impact on families, Resolution Foundation, July 2022.



Four-in-five workers are not saving enough to meet their everyday needs in retirement, and just one-in-twenty low-paid workers are on track to meet this goal.

Source: Living pensions: An assessment of whether workers' pension saving meets a 'living pension' benchmark, Resolution Foundation, July 2022.

Key findings from research funded



Parents in the UK spend three times more of their income on childcare than the OECD average.

Source: *First Steps: Fixing our broken childcare system*, Onward, December 2022.



Six-in-ten believe the top priority for businesses should be delivering better pay and conditions for their workers.

Source: *Worker voice in corporate governance: how to bring perspectives from the workforce into the boardroom*, High Pay Centre, October 2022.



If the UK's employment gap for disabled and older people improved from being a mid-ranking nation to being in the top quarter, employment would rise by over a million.

Source: *Working for the Future: Launch report for the Commission on the Future of Employment Support*, Institute for Employment Studies, November 2022.



Four-in-five Scots would support a minimum income guarantee, providing an improved safety net for those falling on hard times.

Source: *Towards a Living Income: Short-term action towards a long-term ambition*, IPPR Scotland, August 2022.



More than eight-in-ten gambling premises are within easy reach of a cash machine.

Source: *Exploring access to cash within gambling premises in Britain*, University of Bristol Personal Finance Research Centre, January 2022.

The Pensions Review

The Trust's largest grant to date was awarded in 2022 towards the Pensions Review. The Review will be led by the Institute for Fiscal Studies, in partnership with the Trust, and was launched in April 2023.

This multi-year project will comprehensively assess the consequences of current pension policy, the economic environment and individual behaviour for the future of living standards in retirement; providing recommendations for reform to improve outcomes for future generations of pensioners across the UK.

Key recommendations from the Pensions Commission report were implemented and with much success, including the New State Pension and auto-enrolment.

However, the economic and policy environment is hugely different now to when the Commission reported in 2005. The UK has experienced a global financial crisis, a worldwide pandemic, the highest levels of inflation in almost 40 years, falling homeownership rates and rising self-employment. There have also been major reforms to pensions, in particular the introduction of pension freedoms. All of these have consequences for how people are – or should be – saving for retirement, but there has been a lack of strategic oversight.

There is a clear risk that much better outcomes for pensioner incomes in recent years compared with earlier decades could be fuelling complacency that future generations of pensioners will achieve similarly good – or even better – outcomes.

Together with the IFS we believe there is a need for a large-scale review of pensions policy.

The Review will combine new empirical analysis using cross-sectional, longitudinal and modelling work with qualitative public engagement research and public opinion polling to explore three key questions:

1. Are people saving appropriately for retirement, in terms of both the amount and the form of saving, and if not, how can government policies help?
2. How should the state support people from late working life into and through retirement?
3. Do people require more assistance to use their wealth appropriately through retirement?

The Review is guided by a steering group: Alistair Darling (former Chancellor of the Exchequer and Chair of the Financial Fairness Trust), David Gauke (former Secretary of State for Work and Pensions) and Joanne Segars (former CEO of the Pensions and Lifetime Savings Association). It will engage at the highest-level across government, the pensions industry and civil society to provide recommendations for reform to improve outcomes for future generations of pensioners across the UK.

Communications and events

Communications remains a key area of work for the Trust to disseminate key findings from the research and policy work we fund. In 2022 the audience for the Trust's work continued to grow; mailing lists increased 27% and Twitter followers by 25%. We also trialled new tactics to reach audiences: a LinkedIn account was established, and a podcast was launched.

The podcast has covered a wide range of issues which concern the Trust, from tax to inflation and food banks to wealth. The first series focused on how our economy and society was built and the second series offers solutions to social problems such as how we can improve childcare provision. We are grateful to our guests, who have included politicians, experts in policy, leaders of think tanks and charities.

The Trust continues to work to add value to our grant recipients through communications support, as well as promoting commissioned work. Work has continued with key stakeholders on a number of projects. Significant media coverage was gained for a number of reports including: the annual wealth audit with the Resolution Foundation which found 1.3m households have no savings; the High Pay Centre's audit of pay ratios; and a report from the Smart Data Foundry which found over 50's are hit-hard by the cost-of-living crisis. There were over 1,000 mentions of the Trust's work including in national press such as the FT, Times, Telegraph, Daily Mail and the BBC.

Two editions of the Financial Fairness Tracker were published in 2022 with additional spotlight reports focussing on how the cost-of-living crisis affected people in Scotland; and households where someone has a disability. Media coverage of the reports has been positive; the reports are well-received and remain the most-downloaded publications on our website. We focused on ensuring people with lived experience were featured in our media coverage and arranged for people to discuss their experiences related to the cost of living, experiences in Scotland and disability. We are grateful to our partners for their help connecting us to people and of course the interviewees.

Events were held by a number of partners including: the launch of the Commission into the Future of Employment Support by the Institute for Employment Studies; the publication of Centrepoin's report on young people and food poverty; and a parliamentary event in Scotland by the Scottish Women's Budget Group on how the cost of living crisis is affecting women.

Finance and Operations

Alongside the continued success and growth of the Trust's charitable activities as set out above, it would be wrong to not highlight that the value of the Trust's portfolio fell significantly throughout the course of 2022. The detailed macro events that led to this, including a persistently high rate of inflation, are covered in more detail under the financial review below. It is paradoxically noted that while our investments have declined, the cost-of-living crisis - linked to high inflation - means that the Trust's work is needed now more than ever.

The decline in the valuation is however indicative of the global investment landscape and is expected to recover in line with the general market. As such, trustees have maintained the long-term view, and grant funding and commissioned work is expected to remain at £3m for the upcoming year. In addition, the Trust team started work in 2022 to consider how inflation was affecting our current grantees. A final position was agreed in 2023 and further funds were awarded to fairly cover rising costs for current grant holders.

As inflation rose in early 2022, the Trust took the decision to commit six million euros into the abrdn Core Infrastructure III fund. The Committee felt this added further diversification to the portfolio and added an element of protection against rising inflation. This took significant time from the Trust staff team in the early

part of the year and the subscription was completed in February 2022. The investment period is ongoing and is covered further as part of note eight.

The Trust completed several 'good practice' reviews during the year.

A secondary review of the Trust's policy on carbon intensive holdings was completed and this is discussed further in the financial review below.

The Board re-assessed the Trust's auditor. As part of the review, trustees were keen to ensure the auditor maintained appropriate and sufficient expertise in the charitable sector; the trustees were consequently satisfied with the review and KPMG remains the Trust's external auditor. The Audit Committee of abrdn plc will include the Trust as part of its annual review of the external auditor going forward, although the Trust retains the ability and independence to appoint its own auditor in the future.

A review of the Trust's cyber-security was also completed, in tandem with abrdn plc. With staff using abrdn plc's IT infrastructure, trustees are comfortable that the Trust has good defences in place against cyber-attack.

We welcomed a Head of Policy and Research in March 2022. The increased capacity in the team provided an opportunity for growth for the Trust in this area and is aligned with our updated strategy. We also welcomed a new Programme Officer and an expert Policy Advisor during 2022. The advisor role was piloted during 2022 and will continue into 2023. An additional member of staff will start in 2023 who also expands the Trust's capacity in public affairs.

The Trust was notified in early 2023 that its investment managers (currently abrdn Capital) will be transferred as part of a wider transaction to LGT later in 2023. Further information on this transaction is available from abrdn plc. The Trust had previously planned a 'best practice' review of the management of its investments, which was due to start in late 2023 and there will be no change to the review process.

Financial review

Overview

The Trust generated a net deficit and decrease in funds during the period of £13,634,867 (2021: surplus of £10,141,860). Investment income and donations in-kind of £2,617,090 (2021: £2,593,125) was offset by expenditure on raising funds of £303,083 (2021: £273,317) and expenditure on charitable activities of £2,067,261 (2021: £1,687,388). The Trust recognised net losses on invested assets of £13,881,613 in 2022 (2021: net gains of £9,509,440).

During the year the Trust awarded £2,674,528 (2021: £2,112,700) in grants over two funding rounds. A further £166,320 was pledged during the year towards work which will be directly commissioned by the Trust. Due to performance related or other obligations placed on various grant recipients who were awarded grant funding from 2019 onwards, £3,289,647 (2021: £2,074,302) of pledged grants are retained off balance sheet.

Reserves policy

The Trust's charitable activities are funded exclusively from the income and gains generated from the investment of the substantial donation received in 2017, from unclaimed assets arising as a result of the demutualisation of Standard Life in 2006. With adequate returns from the portfolio of investments, the Trust does not intend to raise income through any other form, such as fundraising.

At 31 December 2022 the Trust had total unrestricted funds of £89,871,454 (2021: £103,506,321). £84,701,884 (2021: £86,976,458) was held within the general unrestricted fund; £150,000 was designated towards commissioned charitable work by the Trust (2021: nil), and £5,019,570 (2021: £16,529,863) was held in the revaluation reserve. There are undrawn commitments of £5,271,393 at 31 December 2022 (2021: nil). The Trust has no restricted funds.

As unrestricted funds are fully expendable, the risk associated with not having adequate reserve balances is deemed to be low.

The Trust does however hold grant commitments off balance-sheet, which are unrecognised due to performance related or other obligations placed on the grant recipient at the time of award. If these are met, then there is full expectation to pay out future grant instalments as set out in the grant conditions. The Trust therefore holds reserves of £3.9m, being the remaining grant commitments, along with running costs to monitor those grants over the remaining term of those grants awarded. The Trust holds readily accessible cash as well as an investment portfolio of largely liquid assets in order to meet both recognised and unrecognised liabilities falling due.

Trustees recognise that investment values and associated returns can both rise and fall. However, as a long-term investor and with a detailed investment policy in place with tolerance levels which would trigger spending reviews, the trustees do not consider a separate reserve necessary for investment returns. Whilst the Trust's funds are fully expendable, it is the intention of the trustees to preserve the value of the initial donation in real terms in order to have an enduring impact on the Trust's charitable activity. The value of investments and spending levels are reviewed three times per year to ensure the furtherance of the charity's objects.

Investment policy

The main purpose of the investments is to provide a financial return to fund the charitable activities of the Trust, including its funding programmes. The Trust's investment objectives are to:

- grow the capital value of the investment portfolio in real terms (RPI +4% after investment management expenses);
- maximise the amount available for the Trust's charitable activities, taking a total return approach;
- balance investment risks, taking a long-term investment approach (5-10 years);
- maintain adequate diversification within the investment portfolio;
- ensure investment decisions pay due regard to ethical and responsible considerations and do not damage the Trust's reputation.

It is the intention of the trustees to preserve the value of the initial donation in real terms (RPI), in order to have an enduring impact on the Trust's charitable activity. However, this approach does not preclude the Trust from deciding to spend more on its charitable activities, if significant opportunities for social change arise.

The Trust takes a total return approach to investment and is therefore indifferent as to whether the investment returns are through income or capital. The portfolio is diversified which should, over time, produce a positive total return performance. The Trust has a balanced approach to risk management, taking a long-term view and recognising that there may be high levels of volatility over the short-term. The long-term target return for the overall portfolio is RPI+4%, net of investment management fees.

The Trust's investment managers are abrdn Capital, who were selected due to expertise in the charity sector. abrdn Capital actively manage the portfolio in order to maximise total investment return, and are responsible for the overall portfolio asset management, tactical asset allocation, individual stock selection, ethical screening and reporting and administration. The wider abrdn investments team assists the abrdn Capital investment managers in some aspects of portfolio management, including strategic asset allocation and management of certain specialist asset pools. The Finance, Investment and Risk Committee reviews investments regularly and reports to the Board on performance.

The investment policy sets out an agreed asset allocation across various asset classes. Key asset classes are global, UK and emerging markets equities; property and infrastructure; higher yielding and government fixed income bonds, loans, emerging market debt and private debt; cash and other. There are percentage limitations placed on both individual investments and pooled funds, as well as some particular markets.

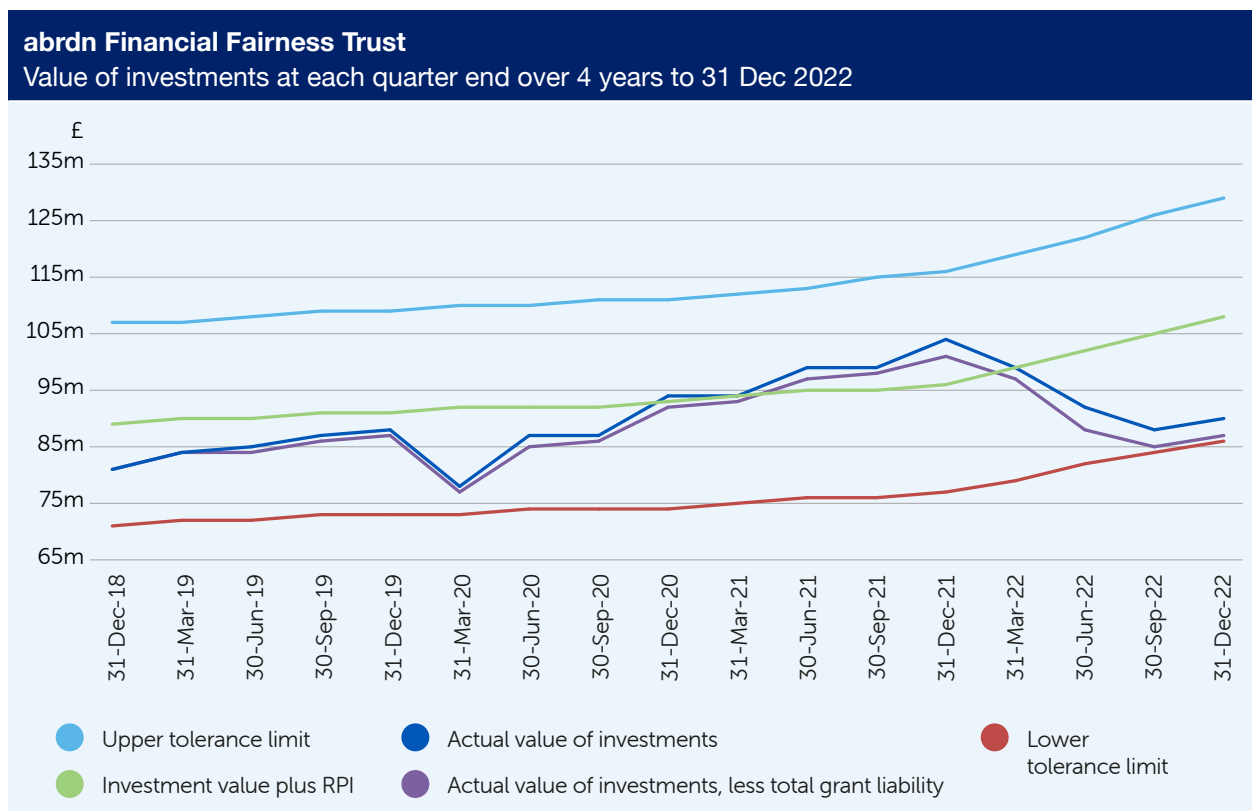
Investment performance

2022 was an unexpected year in many ways. 2021 ended on a high for the Trust's portfolio as the markets rallied, marking what felt like the end of two years of widespread uncertainty. However, early indications at the end of 2021 that inflationary pressures would be transitory did not transpire. In February, downward pressure on markets was compounded by the conflict in Ukraine. Energy prices soared – and inflation climbed further. Extended lockdowns in China – and the continuation of the conflict in Ukraine for longer than many had first anticipated – sustained the pressure on inflation. Changes to fiscal and monetary policy further added to shocks in the investment landscape.

The UK's short-lived mini budget was delivered in the final week of quarter three. Financial markets viewed the lack of detail around the measures proposed poorly, and sterling fell to record lows; the Trust's portfolio mirrored movements in the wider markets.

The final quarter of the year heralded some relief. The mini budget was almost entirely reversed, and markets reacted positively to the news. The Trust's portfolio returned to pre-mini budget levels, but remained below target due to continuing global turbulence. Inflation rates remained stubbornly high both in the UK and the US and the possibility of moving into a recession increased.

The Trust's portfolio valuation graph below is reflective of the tumultuous wider environment in the year, with the sharp incline of inflation also affecting the tolerance limits. The investment loss in the portfolio for the year ended 31 December 2022 was £13,881,613 (2021: gain of £9,509,440), gross of investment management fees of £303,083 (2021: £273,317).



Investment outlook

2023 has started with a more positive outlook. The value of the Trust's portfolio has increased over the first quarter in 2023 to £91.9m, although the valuation remains below target. The continued rise in interest rates to combat high levels of inflation led to the collapse of several banks in the US in quarter one, followed by the failure of Credit Suisse in Europe. The UK has narrowly avoided recession in the first quarter, although the economy is still expected to shrink. The Trust's investment managers have therefore continued their active management implementing the Trust's investment policy; we currently maintain an underweight position in equities amid recent turmoil and have no exposure to US or European banks. We have increased exposure to alternative investments, including in the Core Infrastructure III fund, and remain overweight in credit for the moment, until further confidence is gained that inflation is under control and associated interest rate rises are halted.

Investing ethically

As a charitable organisation with a mission focussed on financial well-being, a key objective is ensuring that investment decisions pay due regard to ethical and responsible considerations. The Trust's investment strategy aims to strike the right balance between:

- Funding the Trust's charitable work over the long term;
- Avoiding investing in corporations whose activities conflict with the work it funds or have the potential to generate reputational damage;
- Encouraging business to be mindful of environmental, social and governance (ESG) considerations, taking a responsible approach to their impact on the environment, their employment practices and how their board operates;
- Investing in assets which seek to realise its aims.

Our current investment managers are signatories of the UN Principles of Responsible Investment, and the Trust would also expect this of any future investment manager (or if not, to have reasons provided why this would not be feasible.)

We have considered sectors and organisations whose interests conflict with the mission and operations of the Trust, and as a result we have excluded investments in the following areas:

- Predatory lending (including high cost, short-term credit such as pay day lenders, rent-to-own schemes);
- Gambling;
- Armaments;
- Tobacco;
- Alcohol;
- Adult entertainment.

The Trust is aware that some companies have limited involvement in these sectors. For example, in the retail sector a supermarket may derive a small amount of its profits from the sale of alcohol, tobacco or lottery tickets. It has agreed that negative screening applies to companies which derive more than 10% of their profits or turnover from the six areas listed above.

The Trust also funds work in relation to income and wealth inequalities, and has therefore asked its investment managers to take account of issues relating to this issue, such as excessive executive pay and tax evasion.

Investment managers must pay regard to ethical and responsible considerations in their investment decisions and how this relates to the Trust's charitable activities.

Where the Trust invests in pooled funds (funds from many individual investors that are aggregated for the purposes of investment), the Trust's investment managers must highlight any risks to the Trust, along with any mitigation taken.

The Trust's investment managers ensure there is a process of active research and engagement with those companies in which they invest concerning the ethical and responsible policies pursued by those companies. The Trust, through its investment managers, seeks to influence those companies whose policies do not meet best ethical and responsible practice to change and improve. This active stewardship will normally take place through discussion with the senior management of the companies concerned, by exercising voting rights and, if necessary, through the sale of the investment concerned. The Trust engages in discussion with its investment managers on particular ESG issues and discusses relevant action to be taken (whilst recognising that this approach is not always feasible for pooled funds and instead whatever possible action is taken to mitigate any ethical and responsible concerns).

Ensuring that investment decisions pay due regard to ethical considerations remains a key objective of our investment policy and, in recognising the importance of this, an additional review of the Trust's carbon intensive holdings was undertaken during 2022. The Board ultimately determined it remained comfortable with the current position, highlighting the power of investors was instrumental in holding carbon intense companies to their targets, which would ultimately assist in achieving real change. The investment managers also considered the data available to carbon-footprint the portfolio, and the Trust will consider this data in due course as potential measurements to hold the investment managers to account for this consideration.

Managing risk

Risk is an everyday part of charitable activity and managing it effectively is essential to achieving the Trust's objectives and safeguarding its assets.

The Trust holds a detailed risk management policy and framework which is reviewed annually. Individual risks are assessed against a heat map with a “traffic light system” of red, amber and green, based on a weighting of both impact and likelihood. The three key risks to the Trust, and associated mitigations for each of these, are as follows:

Risk to the Trust	Mitigations in place
<p>Significant investment losses, impacting on ability to fund charitable activities and possible reputational damage</p>	<ul style="list-style-type: none"> • a detailed investment policy being in place with asset allocations and limitations agreed; • appointed investment managers having appropriate expertise for the sector; • sufficient range being built into the asset allocation to allow the investment managers scope to increase or decrease asset holdings to take account of market conditions; • regular reviews being scheduled with the investment managers, including attendance at the Finance, Investment and Risk Committee and at the Board meetings annually; • the investment managers reporting regularly on investment performance, with on-going market updates; • sufficient and appropriate levels of skill and expertise amongst committee members in the Finance, Investment and Risk Committee.
<p>Highly difficult external (economic/political/social/health) environment, making it difficult to progress charitable objectives</p>	<ul style="list-style-type: none"> • the Trust’s funding programme includes a wide range of issues, which have the potential for progress - despite significant changes to the external environment; • regular reviews to take account of external changes and how to respond to these, including a review and refresh of the Trust’s funding strategy in November 2022; • ability to change working patterns and decision-making processes to adapt to the pandemic; including working from home and virtual meetings, supported by the necessary IT infrastructure to do so; • flexibility provided to organisations funded to enable them to deliver their work; • development of new funding streams to respond to changing environment such as the pandemic and capacity to adapt decision-making processes, allowing for swifter decisions; • increase to staffing capacity to provide additional resource to deal with changing environment.
<p>Negative media coverage of Trust - including groups funded or other bodies/individuals closely connected to the Trust, leading to reputational damage</p>	<ul style="list-style-type: none"> • detailed funding assessment process in place, identifying key risks and mitigations, which is regularly reviewed by the Board; • grant conditions in place, which are regularly reviewed, oblige grantees to inform us of potential negative media coverage and communication expectations around this; • regular contact with funded groups, enabling early identification of potential issues which might lead to reputational damage, and funding updates provided to trustees twice per annum, highlighting any concerns; • agreement by the Trust and funded body on media releases relating to the work. Both abrdn plc and trustees would be engaged where key risks were identified; • crisis communications plan in place, outlining mechanisms and processes for dealing with negative media situations.

The Trust is exposed to a number of other operational risks, encompassing risk of loss or adverse consequences for the organisation as a result of inadequate or failed internal processes, people or systems, or from external events. All identified risks are managed through mitigating actions with an owner attached to each.

The exercise in revising the risk management policy and framework, reflected the strength of the underlying controls and mitigating measures in the Trust. Risks, and systems for managing those risks, will continue to be reviewed on an annual basis.

Structure, Governance and Management

Governing document

abrdn Financial Fairness Trust is a Scottish charity, registered on 29 September 2009 with the Office of the Scottish Charity Regulator (OSCR), under registration number SC040877. The Trust is also a private company, limited by guarantee with no share capital, governed by its Articles of Association. The Trust was incorporated on 15 May 2009 (under the previous name of Standard Life Charitable Trust and subsequently Standard Life Foundation).

Organisational structure

The Board of Trustees meets three times every year to discuss progress, strategy and future plans, and all key decisions affecting the Trust are agreed at these meetings. The Board has also delegated a number of duties to its committees.

- The Finance, Investment and Risk Committee meets three times throughout the year and is responsible for:
 - Finance - planning and monitoring the Trust's income and outgoings so that it can meet its short, medium and long term aims in line with the Trust's strategic plan, and reviewing its annual financial statements prior to submission to the Board;
 - Investment - providing oversight and advice to the Board on all investment matters;
 - Risk - providing oversight and advice to the Board on the Trust's current and future risk strategy and any material risk exposures.
- The Nomination, Governance and Remuneration Committee meets at least once a year and advises the Board on the corporate governance of the Trust and its governance as a charity registered in Scotland, the appointment of Trustees and the appointment and remuneration of the Chief Executive Officer and other senior employees (if applicable) of the Trust.
- The Research & Grants Committee meets four times throughout the year and recommends to the Board funding to organisations undertaking charitable activity which meet the programmes and priorities as set out in the Trust's strategic plan and funding guidelines; and reviews learning and evaluation arising from the funded work.

We are grateful to our co-opted members, Jeffrey Hayes and Sharon Collard, for bringing their valuable skills and experience to our committees, respectively the Finance, Risk and Investment Committee and the Research and Grants Committee.

The key management personnel of the Trust are those persons having authority and responsibilities for planning, directing and controlling the activities of the Trust, directly or indirectly. For the Trust, they comprise the Board of Trustees and the Chief Executive Officer. The Trustees set the policy and strategic direction of the Trust, with day-to-day operations and management being the responsibility of the Chief Executive Officer.

Approach to governance

Trust staff reviewed the Scottish Good Governance Code in 2022 and were satisfied that the five core principles (organisational purpose, leadership, board behaviour, control and effectiveness) were demonstrated through the governance procedures the Trust has in place. The Code will be reviewed going forward by the Nominations, Governance and Remuneration Committee to allow for improvement and to strengthen the effectiveness of the Trust's governance where needed.

The Board carried out a skills audit during 2022 in order to ascertain there was sufficient and appropriate levels of expertise amongst trustees. The Board was satisfied that there was necessary levels of skill amongst current trustees, whilst also recognising areas for improvement. We welcomed three new trustees to the Board in August 2022.

Recruitment and appointment of new trustees

Recruitment for new trustees commenced in early 2022. Roles were advertised to the open market, with a transparent process set out prior to appointment.

We were delighted to welcome Kate Bell, Jenny Marra and Matthew Upton to the board in August 2022, who each bring a wealth of experience and complementary specialisms to the Board. Kate, Jenny and Matthew joined the Research and Grants Committee.

Lucy Heller, who led the Nominations, Governance and Remuneration Committee since she started at the Trust, stepped down from the Board in November 2022. We sincerely thank her for her time and dedication to the Trust. Graeme McEwan was unanimously approved as the new Chair of the Nom/Gov Committee.

New trustee appointments are first considered by the Nomination, Governance and Remuneration Committee before being recommended to the Board for approval. All trustee appointments are also approved by abrdn plc. Independent trustees are appointed for a three-year term, and are eligible for a further three-year reappointment at the end of each term, to a maximum of ten years. There is no requirement for the trustees who are employees or directors of abrdn plc to retire by rotation and there is no limit to their term in office. Newly appointed trustees are given an in-depth introduction to the Trust by means of an induction pack, as well as meetings with the Chair of the Board of Trustees and with Trust staff.

The Trust maintains directors' and officers' liability insurance on behalf of the Board.

Recruitment of new Chair

The current Chair of the Trust, Alistair Darling, will be stepping down from his role. Work commenced during 2022 to recruit for Alistair's successor, and the search agency Green Park was appointed and began the recruitment process in April 2023.

Related parties

Trustees disclose all relevant interests and outside appointments and must excuse themselves from voting on any matter where a conflict of interest arises. All trustees give their time freely and receive no remuneration for their time other than the reimbursement of expenses (see note six to the financial statements). All trustees who acted during the year are listed on page three.

The Trust's ultimate controlling party is abrdn plc. abrdn plc is registered under company number SC286832 at 1 George Street, Edinburgh, EH2 2LL. Membership of the Trust is only open to abrdn plc and only it can appoint or remove the trustees who may exercise all the powers of the Trust. Copies of the annual report and accounts of the ultimate controlling party can be obtained at www.abrdn.com. abrdn plc agrees to contribute £1 in the event of the Trust winding up. The company respects the Trust's right to create its own strategy and to speak out about the socio-economic issues the Trust is seeking to address.

The support that abrdn plc provides the Trust includes the provision of office space and IT, access to information systems, communications and marketing support, and other services and facilities as required by the Trust. All staff working for the Trust are employees of Aberdeen Corporate Services Limited, a wholly

owned subsidiary of abrdrn plc, and whose costs are recharged to the Trust.

The Trust's investment managers are abrdrn Capital, and the wider abrdrn investments team assists the abrdrn Capital investment managers in some aspects of portfolio management, in order to retain appropriate expertise. Both parties are subsidiaries of abrdrn plc. The Trust invests in certain abrdrn products including pooled funds. Related party transactions are disclosed in notes six and fourteen of the financial statements.

There is currently one trustee who is also an employee of abrdrn plc. The Trust's Articles permit abrdrn plc trustees to vote in relation to matters that concern abrdrn plc or any of its subsidiary companies, so long as the trustees act in a way that would promote the success of the Trust and in the Trust's interests.

Conflicts of Interest

It is possible that trustees may be asked to consider contracts or applications for grant funding from an organisation in which one or more trustees are involved - either in a professional or personal capacity. In such circumstances, any interest in the relevant organisation is declared at the outset of the discussion and the conflicted trustee will be excused from any further discussion. The same policy applies to co-opted members and staff. The declaring of interests by a trustee forms part of a wider code of behaviour expected of trustees in fulfilling their obligations which has been codified into the Director Code of Conduct.

Plans for the future

Our major initiative for 2023 will be the launch of the Pensions Review with the IFS, as highlighted on page 17. This will take up significant resource, with the Trust actively engaged in the programme of activities, including the public engagement work which we have now commissioned. The Review will provide the most comprehensive assessment of living standards in retirement for current and future generations since the Pensions Commission, which reported nearly two decades ago.

A further Commission we launched in late 2022, on the Future of Employment Support, will continue its evidence gathering, including interviews, town-hall events, surveys and hearings. We will use these rich sources of information to begin to focus on recommendations with a final report being published in early 2024. To date there has been extensive engagement with key stakeholders and much interest in how improved employment support could boost the size of the workforce and lead to improved living standards. As the initial launch report with the Institute for Employment Studies highlighted, if our employment gap for disabled and older people improved from being a mid-ranking nation to being in the top quarter, we would increase employment for these groups by over one million. With huge labour shortages the work of the Commission is timely.

Our work on Living Pensions will gather pace in early 2023, when the Living Wage Foundation announces the first accredited employers. This is an exciting moment for this initiative, with a range of employers set to be announced, including Aviva, Phoenix and Coastline Housing. Our earlier research with the Resolution Foundation highlighted the significant problem facing many employees on defined contribution schemes, with just 1-in-5 on course to have a decent standard of living, and just 1-in-20 low-paid workers on track. Living Pensions offers real potential to close this gap and further investment from the Trust over the next three years will help provide the resource needed to expand the number of accredited employers.

As usual we will also publish a wide range of research during 2023 including continuing the policy deep dives and audits with the Resolution Foundation on wealth; a series of reports on social security including with the Fabians on out-of-work benefits and the role of employment insurance, two detailed reports on Universal Credit by the University of Bath and Manchester Metropolitan University exploring work incentives and the calculation of entitlements, payments and repayments, and a number of reports from the Changing Realities initiative by the University of York and Child Poverty Action Group using the direct experience of people living on social security; we will also issue our work with Loughborough University on the development of a new Decent Living Index to better understand inflation rates for those living on low-to-

middle incomes. This will be the most comprehensive work to date to assess inflation for this group.

A key development for us will also be gathering evidence on the living standards of those who are financially squeezed – those who are not in poverty but are facing significant financial difficulties. Our new policy adviser, Donald Hirsch will be working on this area to help us better understand the financial security challenges facing this group and how they might be better supported.

During the year we will continue to publish the results from our financial fairness tracker, with two surveys during 2023, which will focus on analysing the impact of the cost-of-living crisis. We are aiming to continue this initiative in future years and have been engaging with colleagues as to how the tracker might be developed going forwards, which has provided valuable insights.

We expect the grants budget to remain around £3m for the year and will review this for 2024, with the aim of increasing our spend, though this will be dependent of the performance of our investments. We expect to continue further commissioning of activities, though this is likely to remain marginal in comparison to our grant-giving.

On the investments side we will start work on the planned review of our investment managers. This is part of the good practice we undertake to ensure we have the right expertise to help grow our investments, which ultimately enable us to fund the research, policy and advocacy work outlined in this report. We expect to complete this exercise in early 2024.

Our own staff team will grow modestly with an additional policy and public affairs role to enhance our engagement with key stakeholders. We will also review the policy adviser role we have been piloting and if successful aim to expand this to build up the expertise and experience available within the Trust.

Finally, but importantly, we will be undertaking the recruitment of a new Chair for the Trust. We have benefited greatly from the experience, insights and passion for our work from the current Chair, Alistair Darling. The search agency, Green Park, has been appointed to find a successor. Whilst Alistair is stepping down from the Board, we are delighted that he has agreed to chair the Pensions Review and will maintain an ongoing connection with our work.

Statement of trustees' responsibilities in respect of the trustees' annual report and the financial statements

The trustees, who are also the directors of the abrdn Financial Fairness Trust for the purposes of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

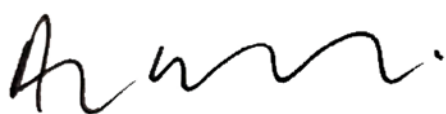
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate and proper 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 enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

At the time of approval, trustees confirm that, so far as they are aware, there is no relevant audit information of which the Trust's auditors are unaware. The trustees also confirm that they have taken all appropriate steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Approved by order of the Board of Trustees on 21 June 2023 and signed on its behalf by:



.....
Alistair Darling, Chair

abrdn Financial Fairness Trust

Independent auditor's report to the trustees and member of abrdn Financial Fairness Trust

Opinion

We have audited the financial statements of abrdn Financial Fairness Trust ("the charitable company") for the year ended 31 December 2022 which comprise the statement of financial activities (including income and expenditure account), balance sheet, statement of cash flows and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of trustees and management as to the charitable company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected, or alleged fraud; and
- Reading Board minutes to assess for any discussion of fraud.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We also performed procedures including identifying journal entries to test based on high risk criteria and comparing the identified entries to supporting documentation. These included all material post year-end closing journals.

On this audit we have rebutted the fraud risk of revenue recognition because the calculation of revenue is non-judgmental and straightforward, with limited opportunity for manipulation. We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general and commercial sector experience, through discussion with the trustees and other management (as required by auditing standards), and from inspection of the charitable company's regulatory and legal correspondence and discussed with trustees and other management the policies and procedures regarding compliance with laws and regulations.

As the charitable company is regulated, our assessment of risks involved with gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements, how they analyse identified breaches and assessing with whether or not there were any implications of identified breaches on our audit.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the charitable company's authority to operate. We identified the following areas as those most likely to have such an effect: key areas of Scottish Charity regulations, financial services regulations and certain aspects of company legislation recognizing the financial and regulated nature of the charitable company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The trustees are responsible for the other information, which comprises the Trustees' Report, and the Chair's Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Report which constitutes the strategic report and the trustees' report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended), we are required to report to you if, in our opinion:

- the charitable company has not kept adequate and proper accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 29, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and the charitable company's trustees 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, its members as a body and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Grant Archer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

21 June 2023

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
Saltire Court
20 Castle Terrace
Edinburgh, EH1 2EG

Statement of Financial Activities* for the year ended 31 December 2022

*(including income and expenditure account)

	Note	Unrestricted 2022 £	Unrestricted 2021 £
Income:			
Donations and legacies	1	168,583	157,282
Investment income	2	2,448,507	2,435,843
Total income and endowments		2,617,090	2,593,125
Expenditure on:			
Raising funds	3	303,083	273,317
Charitable activities	4	2,067,261	1,687,388
Total expenditure		2,370,344	1,960,705
Net gains / (losses) on investments	8	(13,881,613)	9,509,440
Net income / (expenditure) and net movement in funds		(13,634,867)	10,141,860
Reconciliation of funds:			
Total funds brought forward at 1 January		103,506,321	93,364,461
Total funds carried forward at 31 December	13	89,871,454	103,506,321

The Statement of Financial Activities includes all gains and losses in the year, as well as irrecoverable VAT where applicable. All incoming resources and resources expended are from continuing operations.

The accounting policies and notes on pages 38 to 50 form an integral part of these financial statements

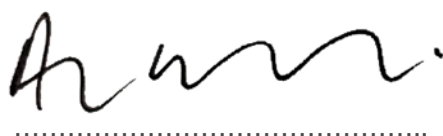
Balance Sheet

as at 31 December 2022

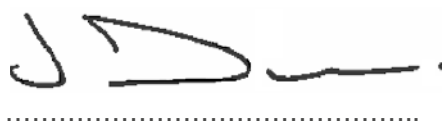
	Note	2022 £	2021 £
Fixed assets			
Investments	8	87,590,560	100,556,969
Total fixed assets		87,590,560	100,556,969
Current assets			
Debtors	9	3,522	3,354
Cash at bank and in hand		2,639,077	3,448,633
Total current assets		2,642,599	3,451,987
Liabilities			
Creditors: amounts falling due within one year	10	327,405	502,635
Net current assets		2,315,194	2,949,352
Creditors: amounts falling due after more than one year	11	34,300	-
Total net assets		89,871,454	103,506,321
Total funds of charity:			
Unrestricted funds	13	84,851,884	86,976,458
Revaluation reserve	13	5,019,570	16,529,863
Total unrestricted income funds	13	89,871,454	103,506,321

The accounting policies and notes on pages 38 to 50 form an integral part of these financial statements

Approved by order of the Board of Trustees on 21 June 2023 and signed on its behalf by:



Alistair Darling
Chair
abrdrn Financial Fairness Trust



James Daunt
Chair of Finance, Investment and Risk Committee
abrdrn Financial Fairness Trust

Statement of Cash Flows for the year ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities:			
Net cash used in operating activities		(2,342,859)	(1,955,250)
Cash flows from investing activities:			
Proceeds from sale of investments	8	19,719,337	30,967,579
Purchase of investments	8	(20,634,541)	(30,572,871)
Dividends and interest income from investment		2,448,507	2,435,843
Decrease in other debtors		0	1,403,797
Net cash provided by investment activities		1,533,303	4,234,348
Change in cash and cash equivalents in the year		(809,556)	2,279,098
Cash and cash equivalents at the beginning of the year		3,448,633	1,169,535
Cash and cash equivalents at the end of the year		2,639,077	3,448,633

Notes to the Statement of Cash Flows for the year ended 31 December 2022

1. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2022 £	2021 £
Net income / (expenditure) for the year (as per the statement of financial activities)	(13,634,867)	10,141,860
Adjustments for:		
(Gains)/losses on investments	13,881,613	(9,509,440)
Dividends and interest income from investment	(2,448,507)	(2,435,843)
Increase in trade debtors	(168)	(582)
Decrease in creditors	(140,930)	(151,245)
Net cash used in operating activities	(2,342,859)	(1,955,250)

2. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank	2,639,077	3,448,633
Total cash and cash equivalents	2,639,077	3,448,633

The accounting policies and notes on pages 38 to 50 form an integral part of these financial statements

Notes to the Financial Statements

Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) Basis of preparation

The financial statements of the Trust have been prepared on the accruals basis and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

(b) Going concern

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern, and that the Trust has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements are approved. Consequently, trustees have prepared the financial statements on the going concern basis.

(c) Income

Investment income is recognised in the Statement of Financial Activities ("SOFA") when it is receivable and the amount can be measured reliably. Donations in kind from abrdn plc are included as income and measured at the value to the Trust; measurement is consistent with other intra-group recharges for similar services and facilities, or at cash value where payment has been made on behalf of the Trust.

(d) Expenditure

Expenditure is accounted for on an accruals basis. Support costs comprise of costs associated with the management and administration of the Trust. Governance costs comprise legal advice and support, external audit fees, costs associated with constitutional and statutory requirements and expenditure relating to the Board of Trustees. Investment management fees are included as expenditure on raising funds. All costs are inclusive of irrecoverable VAT where applicable.

(e) Grants

Grant commitments are recognised in full when the Trust formally notifies the recipient of the award following approval by the Board of Trustees, where there is a legal or unconditional obligation to the grant recipient. Grant commitments for which payment was outstanding at the balance sheet date are shown as liabilities in the Balance Sheet. Grant commitments are not recognised, or not recognised in full, where a commitment is made to provide grant funding, but the Trust has placed performance related or other obligations on the grant recipient. The funding commitment in these circumstances is classed as a contingent liability.

(f) Funds

Unrestricted funds are funds which are available for use at the discretion of the trustees in furtherance of the objectives of the Trust. Whilst it is the intention of the trustees to preserve the value of the initial donation in real terms in order to have an enduring impact on the Trust's charitable activity, this approach does not preclude a decision by the trustees to spend more on its charitable activities. The Trust does not have restricted funds.

(g) Investments

The Trust has elected to apply the provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments Issues of FRS 102 to account for its financial instruments.

Applying the provisions of Section 11, the charity includes both listed and unlisted equities, and pooled investment funds at fair value in the balance sheet. As permitted under Section 11, the charity has designated its debt securities as at fair value through profit or loss as these instruments are managed and performance evaluated on a fair value basis. Listed equities and pooled investment funds held at fair value are stated at the bid price where available, or mid-price where the investment manager is unable to provide the bid price. The unlisted equities held at fair value, which relate to investments in infrastructure funds, are valued at net asset value. The underlying investments in infrastructure funds are generally valued based on the phase of individual projects forming the overall investment and discounted cash flow techniques based on project earnings. Under Section 11, cash and cash equivalents are valued at initial cost less impairment in the balance sheet.

Realised and unrealised gains and losses are combined within the SOFA in the year in which they arise. Realised gains and losses on investments are calculated as the difference between net sales proceeds and historic cost. Unrealised gains and losses on investments within the SOFA are calculated as the difference between the valuation at balance sheet date and opening market value. The closing balance of the investment revaluation reserve represents the difference between the valuation at balance sheet date and historic cost.

Dividend and interest income is recognised in the SOFA when it is receivable and the amount can be measured reliably. Any investment income arising from underlying investments of pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Net gains/(losses) on investments' in the SOFA.

(h) Taxation

The Trust is registered by OSCR as a charity for the purposes of the Charities and Trustee Investment (Scotland) Act 2005 and is entitled under section 13(2) of the Act to describe itself as a Scottish Charity. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Trust is part of the abrdn plc VAT group but does not make any taxable goods or services for VAT purposes. Consequently, the Trust suffers irrecoverable VAT which is recorded and disclosed with the cost of the underlying services.

(i) Debtors

Debtors are recognised at the settlement amount due to the Trust.

(j) Creditors

Creditors and provisions are recognised where the Trust has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount.

1. Donations and legacies

	2022 £	2021 £
Donated services and facilities	168,583	157,282
Total donations and legacies	168,583	157,282

Donated services and facilities in both 2022 and 2021 relate largely to the provision of facilities and services donated to the Trust by abrdn plc. The donated facilities relate to office space provided for the Trust's staff which was valued at £34,350 (2021: £23,835). Donated services include IT support costs of £73,799 (2021: £57,258) and support from the abrdn plc communications team valued at £7,300 (2021: £7,348). Donated services were also received from external parties (Google) for advertising totalling £53,134 in 2022 (2021: £33,625). Work on the Trust's name change in 2021 to the value of £35,216 was paid by abrdn plc in the prior year on behalf of the Trust.

2. Investment income

Total cash income during the year from investments is detailed below:

	2022 £	2021 £
Dividend income	2,424,780	2,384,712
Interest income	23,727	51,131
Total income from investments	2,448,507	2,435,843

3. Expenditure on raising funds

		2022 £	2021 £
Investment management fees	14	267,033	273,317
Investment administration and transaction costs		36,050	-
Total expenditure on raising funds		303,083	273,317

4. Charitable activities

Grant making activities in the year were all to organisations undertaking charitable activity. For full details on the amount of award and the organisations funded, please see pages 13 to 14 of the trustees' report. Grant expenditure has been disclosed below by funding programme.

Funding programme	Note	Non-contingent grants pledged £	Contingent payments and transfers £	Support Costs £	Total 2022 £
Income		25,000	595,129	64,608	684,737
Spending		50,895	395,288	47,754	493,937
Assets		-	319,026	30,899	349,925
Cross cutting		40,198	48,039	11,236	99,473
Total grants awarded		116,093	1,357,482	154,497	1,628,072
Other support costs		-	-	439,189	439,189
Total charitable activities	5	116,093	1,357,482	593,686	2,067,261

The comparative for 2021 was:

Funding programme	Note	Non-contingent grants pledged £	Contingent payments and transfers £	Support Costs £	Total 2021 £
Income		243,800	405,871	65,771	715,442
Spending		85,000	135,000	21,216	241,216
Assets		119,109	198,000	21,216	338,325
Cross cutting		6,000	15,475	4,243	25,718
Total grants awarded		453,909	754,346	112,446	1,320,701
Other support costs		-	-	366,687	366,687
Total charitable activities	5	453,909	754,346	479,133	1,687,388

Support costs of £154,497 (2021: £112,446) have been allocated to specific grants made in the year. During the year additional costs of £439,189 (2021: £366,687) were incurred in relation to other support activities furthering the charitable aims of the organisation, including significant time with other grant applicants; development of networks in the sector, policy work, and communication of charitable activity.

A number of grants awarded have performance related or other obligations included as part of their grant conditions, and therefore all, or part, of their grant award has been treated as a contingent liability. Performance related obligations are all similar, being that the next instalment of the grant will be paid on delivery of a report, audit or working papers. Other obligations include the approval of a preferred candidate for a funded role.

The following tables set out the Trust's total grant pledges of £2,690,850 (2021: £2,112,700) and payments of £1,620,408 (2021: £1,347,228) during the year, split between recognised and unrecognised commitments.

If the performance related or other obligations are met by the grant recipient, there is full expectation to pay out future grant instalments as set out in grant contracts, and there are sufficient unrestricted funds and readily accessible cash to cover the contingent grant liabilities.

Movement in recognised grant commitments

Funding programme	Grant commitments at 01.01.22 £	Total grants awarded in period £	Grants paid out in period £	Transfers and un-needed grants £	Grant commitments at 31.12.22 £
Income	119,800	25,000	(212,800)	172,300	104,300
Spending	128,500	50,895	(137,257)	15,862	57,999
Assets	32,109	-	(32,109)	-	-
Cross-cutting	28,723	40,198	(64,010)	(4,912)	-
Totals	309,132	116,093	(446,176)	183,250	162,299

Movement in unrecognised grant commitments

Funding programme	Grant commitments at 01.01.22 £	Total grants awarded in period £	Grants paid out in period £	Transfers and un-needed grants £	Grant commitments at 31.12.22 £
Income	989,777	500,650	(422,829)	(172,300)	895,298
Spending	482,184	668,415	(379,426)	(17,792)	753,381
Assets	580,798	1,311,000	(319,026)	-	1,572,772
Cross-cutting	21,543	94,692	(52,951)	4,912	68,196
Totals	2,074,302	2,574,757	(1,174,232)	(185,180)	3,289,647

Prior year movement in recognised grant commitments

Funding programme	Grant commitments at 01.01.21 £	Total grants awarded in period £	Grants paid out in period £	Transfers and un-needed grants £	Grant commitments at 31.12.21 £
Income	180,447	243,800	(297,000)	(7,447)	119,800
Spending	155,198	118,000	(144,698)	-	128,500
Assets	112,460	86,109	(201,460)	35,000	32,109
Cross-cutting	28,723	6,000	(33,632)	56,355	28,723
Totals	448,105	453,909	(676,790)	83,908	309,132

Prior year movement in unrecognised grant commitments

Funding programme	Grant commitments at 01.01.21 £	Total grants awarded in period £	Grants paid out in period £	Transfers and un-needed grants £	Grant commitments at 31.12.21 £
Income	448,563	947,085	(355,871)	(50,000)	989,777
Spending	340,500	276,684	(135,000)	-	482,184
Assets	391,114	398,412	(163,000)	(45,728)	580,798
Cross-cutting	-	36,610	(16,567)	1,500	21,543
Totals	1,180,177	1,658,791	(670,438)	(94,228)	2,074,302

5. Support costs

	Note	2022 £	2021 £
Staff costs	7	330,673	254,078
Staff training and recruitment		3,522	2,712
Donated services and facilities	1	168,083	157,282
Governance costs		68,302	56,732
Consultancy costs		-	1,200
Travel and accommodation- staff		5,080	3,409
Marketing and communications		16,285	3,044
Office costs and other		1,741	676
Total support costs		593,686	479,133

In both 2022 and 2021, all support costs relate to charitable activities. The breakdown of governance costs in the year is as follows:

	2022 £	2021 £
Legal fees	588	1,920
Auditor remuneration	13,536	12,000
Trustees' indemnity insurance	6,876	6,126
Staff costs	40,891	35,085
Trustee expenses	5,512	401
Trustee training	-	1,200
Strategy day	899	-
Total governance costs	68,302	56,732

6. Trustees' remuneration

No trustee received any emoluments or benefits in kind during the year (2021: £nil) in respect of their services.

Trustees are reimbursed for travel, accommodation and subsistence costs incurred in carrying out their duties that are permitted by the Trust's expenses policy. The Trust also pays for travel and accommodation directly on behalf of some trustees. The total sum expended during 2022 in respect of trustee expenses was £5,512 (2021: £401) and is included within governance costs – see note five. Nine trustees were reimbursed during the year (2021: eight).

7. Analysis of staff costs and remuneration of key management personnel

a) Staff Costs

Staff working for the Trust have employment contracts through Aberdeen Corporate Services Limited (ACSL). ACSL is a wholly owned subsidiary of abrdn plc, the Trust's ultimate controlling entity, and therefore a related party of the Trust (see note 14). Staff costs, including contributions to a defined contribution pension scheme, are recharged from ACSL to the Trust.

	2022 £	2021 £
Wages and salaries	286,738	222,754
Social security costs	30,563	21,936
Pension contributions	52,927	42,365
Other employee benefits	1,336	2,108
Total staff costs	371,564	289,163

The Trust has a small staff team. At 31 December 2022 there were six staff, four of whom worked part-time (4.9 FTE). The comparison for 2021 was: five staff, three of whom worked part-time (4.1 FTE). One employee received a full-time equivalent salary of more than £60,000 per annum (2021: one).

Salary band	Number of employees	
	2022	2021
£90,000 - £100,000	-	1
£100,000 - £110,000	1	-

b) Remuneration of key management personnel

The key management personnel of the Trust are those persons having authority and responsibilities for planning, directing and controlling the activities of the Trust; directly or indirectly. The key management personnel of the Trust comprise the Chief Executive Officer and the Board of Trustees. The trustees receive no remuneration in respect of their services. The remuneration of the Chief Executive Officer is set by the Nomination, Governance and Remuneration Committee. Total employee benefits paid to key management personnel (including pension contributions and employers' national insurance contributions) totalled £134,219 during 2022 (2021: £122,305).

8. Investments

	2022 £	2021 £
Market value at beginning of year	100,556,969	91,442,237
Acquisitions	20,634,541	30,572,871
Distributions from investments	402,051	216,698
Disposal proceeds	(19,719,337)	(30,967,579)
Net gains / (losses) on investments	(14,283,665)	9,292,742
Market value at end of year	87,590,560	100,556,969

Represented by	2022 £	2021 £
Listed equity	60,790,730	68,641,445
Unlisted equity	80,774	-
Investment funds	25,172,884	30,930,671
Debt securities	1,546,172	984,853
Market value at end of year	87,590,560	100,556,969

Most investments (99.9%) held by the Trust are classed as listed, being traded either on recognised exchanges or over the counter, with pooled investment funds having an OEIC or unit trust structure. Unlisted equity refers to the unlisted infrastructure fund the Trust invested in during 2022. Undrawn commitments to this fund total £5,271,393.

Investments in equity securities and government bonds totalled £62,336,902 at 31 December 2022 (2021: £69,626,298) and these investments are classed as level one investments. Level one investments are measured during quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market exists where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Investments in pooled investment funds and corporate bonds total £25,172,884 at 31 December 2022 (2021: £30,930,671) and these are classed as level two investments. Level two investments are measured using inputs other than quotes prices included within level one that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Investments in unlisted equity totalled £80,774 at 31 December 2022 (2021: nil) and this is classed as a level three investment. Level three investments are measured using inputs that are not based on observable market data (unobservable inputs).

The Trust has limited exposure to all investment risks as set out within FRS 102, including credit risk, currency risk, interest rate risk, other price risk and to a lesser extent, liquidity. Risks have been considered and mitigated through the construction of a diverse portfolio of investments, and by retaining expert advisers to manage the investment portfolio. Risk parameters are considered by the investment managers as part of the investment mandate and reviewed regularly. The Trust's investment policy sets out agreed asset allocations across various asset classes along with percentage limitations on both individual investments and pooled funds. The Trust also reviews the performance of the portfolio against risk tolerance levels on a regular basis.

Net gains/losses on investments includes both unrealised and realised gains/losses arising on the holdings in the funds. Net losses on investments of £14,283,665 (2021: gains of £9,292,742) relates to unrealised losses on investment during the year of £11,510,294 (2021: gains of £9,277,598) and realised losses on sale of investments during the year of £2,773,370 (2021: gains of £15,144). Distributions from investments of £402,051 (2021: £216,698) consist of accumulation dividends received during the year. The accumulation dividends have been presented within 'Net gains/losses on investments' in the SOFA and aggregated with the sum of net realised and unrealised losses on investment of £13,881,613 (2021: gains of £9,509,440).

9. Debtors: amounts falling due within a year

	2022 £	2021 £
Prepayments	3,522	3,354
Total debtors	3,522	3,354

10. Creditors: amounts falling due within a year

	2022 £	2021 £
Grants awarded and payable	127,999	309,132
Other creditors – accruals	18,665	14,155
Due to related parties	180,741	179,348
Total debtors	327,405	502,635

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

	2022 £	2021 £
Grants awarded and payable	34,300	-
Total creditors due after more than one year	34,300	-

12. Auditor remuneration

	2022 £	2021 £
Accrued fees payable to the Trust's auditor	13,536	12,000
Auditor remuneration	13,536	12,000

No non-audit services were provided to the Trust during the period.

13. Movements in funds during the year

	Unrestricted funds £	Unrestricted designated funds £	Revaluation reserve £	Total unrestricted funds £
1 January 2022	86,976,458	-	16,529,863	103,506,321
Additions at cost	20,634,541	-	-	20,634,541
Distributions from investments	402,051	-	-	402,051
Sale of investments	(19,719,337)	-	-	(19,719,337)
Net gains/(losses) on investments	(2,773,370)	-	(11,510,294)	(14,283,664)
Decrease in debtors	168	-	-	168
Decrease in creditors	140,930	-	-	140,930
Increase in cash and cash equivalents	(809,556)	-	-	(809,556)
Transfers between funds	(150,000)	150,000	-	-
31 December 2022	84,701,884	150,000	5,019,570	89,871,454

During the year, trustees pledged £200k towards research and public engagement work that the Trust will be undertaking directly. At 31 December 2022, £150k of this work was not yet contracted and therefore has been disclosed as designated.

Prior year movement in funds	Unrestricted funds £	Unrestricted designated funds £	Revaluation reserve £	Total unrestricted funds £
1 January 2021	86,112,196	-	7,252,265	93,364,461
Additions at cost	30,572,871	-	-	30,572,871
Distributions from investments	216,698	-	-	216,698
Sale of investments	(30,967,579)	-	-	(30,967,579)
Net gains on investments	15,144	-	9,277,598	9,292,742
Decrease in debtors	(1,403,215)	-	-	(1,403,215)
Decrease in creditors	151,245	-	-	151,245
Increase in cash and cash equivalents	2,279,098	-	-	2,279,098
Transfers between funds	-	-	-	-
31 December 2021	86,976,458	-	16,529,863	103,506,321

14. Related party transactions

The majority of the Trust's purchases are paid for by Aberdeen Corporate Services Limited (ACSL), a wholly owned subsidiary of abrdn plc, as the Trust uses their accounts payable system. These costs of £518,035 (2021: £341,574), including staff costs of £371,564 (2021: £289,163) for the year were then invoiced quarterly to the Trust. The amount owed to ACSL on 31 December 2022 was £116,016 (2021: £106,449).

No trustee received any remuneration for their role, however details of expenses paid to trustees, who are also directors for the purposes of Company Law, are set out in note six.

The Trust's investment managers are abrdn Capital Limited, a subsidiary of abrdn Investments (Holdings) Limited; in turn a subsidiary of abrdn plc. Investment management fees incurred during the year in total were £267,033 (2021: £273,317). abrdn Capital invests on behalf of the Trust under a discretionary mandate and are therefore responsible for stock selection. The Trust holds £21,188,977 of abrdn owned pooled investment funds and related equities as at 31 December 2022 (2021: £24,500,135) and received dividend income from these investment during the year of £284,865 (2021: £554,886). The Trust also subscribed six million euros into the abrdn Core Infrastructure III fund during 2022, of which £5,271,393 remains undrawn at 31 December 2022 (2021: nil). At the end of the period, amounts owed to abrdn Capital were £64,726 (2021: £72,899) in respect of investment management fees.

abr dn Financial Fairness Trust

We are an independent charitable foundation supporting strategic work which tackles financial problems and improves living standards. Our focus is on improving the lives of people on low-to-middle incomes in the UK.

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