2022

Annual Report & Accounts

Company registration number 1043742
Charity registration number 263960

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Explanation of terms

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

Benefact Trust, the Trust or the charity	Benefact Trust Limited
Benefact Group	Benefact Group plc (formerly Ecclesiastical Insurance Group plc), the direct subsidiary of Benefact Trust Limited
The Group	Benefact Group plc and all its direct and indirectly owned subsidiaries
Benefact Trust group of companies	Benefact Trust Limited and all its direct and indirectly owned subsidiaries
EIO plc	Ecclesiastical Insurance Office plc, a direct subsidiary of Benefact Group plc, and the principal operating subsidiary
EEF	Expendable Endowment Fund (registered charity number 263960-1), a charitable trust linked to the Trust for registration and accounting purposes

About us

Benefact Trust Limited (the Trust), previously named Allchurches Trust Limited, was established in 1972 in England and Wales as a company limited by guarantee and is a registered charity. The Trust is one of the UK's largest grant-making charities.

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

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

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

The Trust is the sole trustee of the Expendable Endowment Fund (EEF). Its charitable purposes are to advance the exclusively charitable purposes of the Trust (i.e the advancement of the Christian religion, and to contribute to charitable institutions, associations, funds or objects, and to carry out any charitable purposes) for the public benefit. The EEF's primary activity in advancement of its objects is grant-giving.

Chair's report

As we emerged from the pandemic, hoping that 2022 would see a return to normality, who could have predicted that, for very different reasons, we would face yet another challenging year. The ongoing effects of the devastating war in Ukraine, combined with political and economic chaos, continues to make life extremely difficult for so many people, churches, charities and the beneficiaries they support. Christian organisations have been severely impacted by the Cost of Living Crisis, and many now fear for their survival. With over 14 million people living below the poverty line[1] in the UK alone, we are conscious that we must try to do more, to ensure that every grant supports and reaches those that most need our help, working through our charity and faith partners in the UK, Ireland, Australia and Canada.

2022 has been a year of great change for Benefact Trust, and I'm proud that the Trust stands ready to respond quickly to crises. In the early weeks of the war in Ukraine, we awarded a million pounds through organisations like Depaul International, British Red Cross and World Vision, all of which are active on the ground in Ukraine, delivering help where it is most needed. The work of these charity partners is phenomenal, reaching the most vulnerable and those left behind in cities and towns ravaged by the war. We are also supporting organisations helping the 140,000 Ukrainian refugees now living in the UK and Ireland. Working with charities such as Love Your Neighbour, Church Urban Fund and Baby Basics, we responded to the urgent needs of these innocent victims of the conflict, most of whom arrived without basic English language skills and an urgent need to access accommodation, clothing, and food.

In October 2022, we responded quickly to the developing Cost of Living Crisis by allocating £500,000 to support charities on the ground helping the most vulnerable in our communities. We recognised that the Cost of Living had reached crisis point when many individuals and families found themselves in the desperate situation of having to choose between heating their homes or feeding their children. Our charity partners such as Depaul UK and Depaul Ireland are working hard to tackle the huge increase in homelessness, especially amongst 16 to 24 year olds, by providing emergency shelter. Alongside other Christian funders, we also supported the Warm Welcome Campaign, which provides warm spaces in churches for people to work and bring their children for company, food, and support.

In addition to our two Crisis Response grants, we also launched our Brighter Lives grants programme in March 2022, helping churches and Christian charities to respond to the long-term impact of Covid-19 on people's mental health. We awarded over £2 million in total, to support a wide range of projects focused on delivering mental health first aid, particularly in areas of high deprivation and poverty.

[1]Source: https://www.trusselltrust.org/what-we-do/

Chair's report

In September, the nation mourned the loss of our beloved Queen Elizabeth II. During her unprecedented 70-year reign, she was a source of great inspiration to millions globally. She epitomised loyalty, service and humility and devoted her life to public service, changing the lives of millions through her support and patronage of over 600 charities, some of which we continue to support. The Trust has given a special memorial grant in 2023 to good causes that were especially dear to our late Queen's heart.

50th Anniversary

2022 marked 50 years of the Trust's charitable giving. A key part of our celebration included our rebrand to Benefact Trust Limited from Allchurches Trust Limited, at the same time, co-branding with our trading subsidiary. The Benefact Trust brand reflects the fact that our work is more far-reaching than our old name suggested and recognises our wider social impact in tackling issues from homelessness and poverty to climate change and social cohesion - ultimately benefitting those of all faiths and none.

For the first time in our 50-year history, we now share the same name as the holdings group we proudly own, the renamed Benefact Group. The change of name from Ecclesiastical Insurance Group to Benefact Group reflects the fact that it is a growing, charity-owned, international family of award-winning financial services businesses, that gives all its available profits to good causes, mostly via Benefact Trust. For clarity, the Benefact Group's trading subsidiary, Ecclesiastical Insurance Office, will continue to provide trusted insurance propositions as it has done since its inception in 1887.

Over the past five years, the Group has funded, and the Trust has awarded, over £100m in grants. To celebrate these two key milestones, Benefact Group hosted a special Thanksgiving Service at Westminster Abbey in June 2022, in the presence of the now King Charles III. Many beneficiaries, colleagues, customers, partners and representatives from Church and State attended. This was a momentous occasion demonstrating how the combined power of Benefact Trust and Benefact Group can change the lives of so many and help tackle difficult and entrenched social issues. We are extremely grateful to the hard work of everyone in the Trust and Group who made this possible.

Our funding has helped Ecclesiastical Canada and Ansvar Australia address a range of social challenges such as homelessness, food poverty and addiction, through their great work supporting local charities. This also helps us build both the Benefact Trust and Benefact Group brands outside the UK and Ireland. I had the pleasure of visiting both colleagues and beneficiaries in Canada last September and saw first-hand the great work achieved by charities such as the Canadian National Institute for the Blind, Simon House Recovery Centre and Harvest House Atlantic. In Australia the team have built strong relationships working with a wide variety of charities such as The Hygiene Bank, The Sanctuary and Matthew 25.

Following a positive year for the group, the Trust received donations totalling £20m in 2022 (2021: £21m), slightly lower than the previous year. This was supplemented by £3.6m income received from the Expendable Endowment Fund. Our financial support to churches and other charitable institutions increased to nearly £23m (2021: £19m).

The Trust continues to support beneficiaries overseas, directly awarding grants totalling £1.2m (2021: £1.0m) in Ireland. Through its devolved grant giving arrangements in Canada and Australia, CAD\$0.75m (2021: CAD\$0.5m) and AUD\$0.25m (2021: AUD\$0.2m) were awarded respectively.

Chair's report

Through its Methodist Grant-Giving Committee, the Trust awarded grants totalling £2.6m (2021: £2.2m) to support the mission and ministry of the Methodist Church in Britain and Ireland.

Grant-making Review

During the past year, a Grants Review covering all aspects of the Trust's grant-making was concluded. The outcome will see the implementation of a new framework of grants programmes with clear scope, aims, criteria and impact measures which serve the Trust's strategy, vision and mission. Core programmes launched in early 2023 have introduced **Community Impact** and **Building Improvement** grants. We will also continue to monitor emerging crises and respond with the appropriate support.

Conclusion

2023 will be another exciting year for Benefact Trust as we seek to fund, guide, and celebrate the work of our beneficiaries, who are empowering the most vulnerable and responding to major social challenges.

Giving is at the heart of what we do and who we are. The Trust's main aim is to help charities have a positive and transformative impact on the lives and communities its grants support. In 2022, we celebrated £100m in giving in five years. Benefact Group has set its ambition to profitably double in size in the next five years, thereby enabling it, together with Benefact Trust, to reach the next target of £250m of cumulative giving by 2025.

I would like to thank Lesley King-Lewis our interim Trust Director for her inspirational leadership and the Trust's staff for their commitment and dedication. I am delighted to welcome Helen Gray, our new Trust Director, who joined us on 2nd May 2023. Helen will focus on improving our visibility, raising our profile and developing the Trust's new strategic plan for the period 2024-2026. I would like to express my particular thanks to two trustees who retired in 2022, Sir Laurie Magnus and Michael Arlington for their wise counsel and many years of exemplary service. I also extend my thanks to David Smart who resigned as a trustee in 2023. I take this opportunity to welcome David Paterson as our newest trustee.

I am very proud to be part of a small team of staff members and trustees who continue to work diligently together to deliver grants to thousands of beneficiaries who, in turn, are striving to make a positive difference to peoples' lives in communities across the UK and in Ireland, Canada and Australia. I, and my fellow trustees, are very grateful to our colleagues at both Benefact Trust and Benefact Group who exceeded expectations in this most challenging year.

Thank you all and here's to another exciting year for the Benefact Family in 2023.

Tim Carroll
Chair
4 May 2023

Strategic Report

Our Vision, Mission and Values

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

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

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

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

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

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

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

Our Values

Our Strategy 2021-23

The strategy for 2021 to 2023, updated annually, continues to build on the theme of creating a strong and sustainable future for the Trust and its beneficiaries. The key strategic priorities focus on a beneficiary centred approach that listens and responds to the changing needs of the voluntary sector, our charity partners and most importantly their beneficiaries. Coming out of the pandemic it is especially important that we help to build resilience in the Christian charitable sector as the current challenges are complex and ongoing and will continue to adversely impact many charities in the months and years to come.

The strategy reflects our primary aim of empowering Christian organisations to have a positive and transformative impact on lives and communities. We have refocused our grant-giving programmes to reflect the changing needs of our charity partners and their beneficiaries.

Renamed Benefact Trust, our new and refreshed brand clearly articulates our wider purpose and for the first time in our history we have co-branded with the subsidiary we proudly own, who is renamed Benefact Group plc, enhancing our shared reputation as a beacon for good and enabling us to articulate a shared purpose.

The strategy is underpinned by six strategic goals and the outcomes to be delivered at the end of the planning period (31 December 2023) are shown on the following page.

Our Strategy 2021-23

Strategic Goal	Key outcomes we aim to deliver by 2023
Providing solid foundations	• A strong governance framework will be embedded, meeting the required standards for charities with a connected non-charitable subsidiary; continuing to comply with the revised Charity Governance Code; operating within risk appetite; being appropriately advised by knowledgeable and competent advisers, and assessing the adequacy of the rate of return received from the subsidiary. • The Trust will continue to have strong oversight of its subsidiary and will support its continued development as a successful financial services group.
Enabling greater impact	• Impact practice will be embedded in all of our grants programmes, providing a framework by which the success of individual grants programmes can be judged and outcomes can be utilised to inform the Trust's strategic planning, including the development of new and adapted open and recurrent grants programmes that respond to changing beneficiary needs. • Impact measurement and analysis will be used to continually improve the Trust's beneficiary offer and to evidence the Trust's own impact to key stakeholders. • The Trust will take a leading role in sharing its learning on impact practice with other Christian funders and its beneficiaries, with the aim of enabling and celebrating the Christian charitable sector's increasingly positive and transformative impact on communities.
Building Strategic Partnerships	• The Trust will play an increasingly prominent role in Christian Networks. A joint grants programme and/or campaign will be explored with one or more Christian funders that will enhance the Christian sector's reputation for responding to the needs of its beneficiaries and having a transformative impact on communities. • New and deeper connections will be formed that generate an increasing percentage and enhanced quality of applications from denominations outside the Church of England and from charities. • The Trust will grow an ambassadorial network and increase awareness of the Trust's purpose and mission to the wider Christian sector.

Our Strategy 2021-23

Strategic Goal	Key outcomes we aim to deliver by 2023
Adding Value	• The Trust will be the ‘go to’ for both funding support and advice for Christian charities and churches, offering a suite of guidance and tools for beneficiaries in a range of formats that help equip them to meet changing needs and build resilience in both their organisation and their community. • Gaps in beneficiary skills, knowledge and provision will be identified through needs analysis surveys and a sector mapping exercise, and the Trust will look to develop its own expertise in the areas identified. • Outreach to selected partners will inform planning, exploring the potential for joint resource development and campaigns where both partners can add expertise and value through networks, media, influencers, etc. • The Trust’s deepening expertise will be shared through its own and partner channels and events.
Investing in our Future	• The operating model of the Trust, including its technological needs, will be efficient and effective but also resilient and robust to respond to the challenge of change. • Be increasingly IT self-sufficient, whilst balancing the economic, resource, risk and data protection benefits of using shared group resource, to maintain the Trust’s agility particularly in relation to digital services. • Future sustainability will be considered in fulfilling the Trust’s plans, including the impact on the environment and climate change. • The Trust’s staff and trustees will also be better equipped and more confident to act as spokespeople and/or ambassadors for the Trust.
Growing reputation	• Significantly enhance its reputation as a champion of the Christian charitable sector. • Opportunities arising from the repositioning under a co-shared brand name with the Group, Benefact Trust and Benefact Group, will be maximised to increase awareness and extend reach and engagement, while protecting reputation and ensuring compliance with charity law and regulations. • As part of development of the Trust’s next strategic chapter plan in 2023, consideration will include giving focus to forming the Trust’s Thought Leadership position in the Christian charitable sector.

Our plans for 2023

In 2023, the key initiatives that will be prioritised are:

Strategic Goal	Strategic initiatives
Providing solid foundations	Strengthen the Trust's operational resilience and develop a realistic resilience plan which is tested.
	Undertake a review of our advisers.
	Undertake an informed and objective review of the adequacy of the return received/targeted from the Group when weighed against the risk.
Enabling greater impact	Impact framework - Establish and implement an impact approach for the Trust in line with the new grants programmes.
	Grants review implementation - Implement the new grants programmes as outlined in the grants review.
Building Strategic Partnerships	Build existing relationships with key Christian sector stakeholders to deepen insight of the needs and opportunities to inform the Trust's strategic planning.
	Grow denominational network to help grow awareness of the Trust's grant-giving and increase the charity's presence to enable greater denominational reach.
	Explore joint campaigns with Christian funders. Engage with key sector bodies and 'think tanks' to identify trends, challenges and opportunities

Our plans for 2023

In 2023, the key initiatives that will be prioritised are:

Strategic Goal	Strategic initiatives
Adding Value	Deepen and share expertise. Extend the effect of our resources across all our marketing channels and including more thought leadership and expert opinion.
Investing in our Future	Continue to build capacity and expertise of trustees and staff and support and develop a flexible workforce in a post Covid-19 environment.
	Grants management system upgrade. Reviewing and identifying the most appropriate grants system to support the Trust's changing needs.
Growing reputation	Maximise the new Benefact Trust brand to raise the Trust's profile and to extend reach and engagement with beneficiaries and audience.
	Establish an ambassador network to raise the profile of Benefact Trust by extending reach.

Our achievements in 2022

We made significant progress in meeting the objectives we had set for 2022:

Our objectives for 2022	What we achieved
Strengthen the Trust's risk management through the adoption of a risk management policy and a defined risk appetite.	A Working Committee was established to consider the development of a risk management policy and a defined risk appetite. The draft risk management policy and risk appetite was considered by the Audit & Risk Committee at its meeting in November and was approved by the Board in December.
Undertake an informed and objective review of the adequacy of the return received/targeted from Benefact Group when weighed against the risk.	Due to the volatility in the Stock Markets in 2022, it was agreed to delay this initiative until 2023.
Undertake a review of the Trust's grant-making to ensure the charity's grant giving responds to beneficiary need and is aligned with strategy and areas of funding focus.	A Grants Review, undertaken by the Grants Committee, was completed in 2022 and agreed by the Board in Q3. Implementation of the Grants Review's recommendations and changes to the Trust's grants programme was made in early 2023.
Continue to embed impact practice into the Trust's grants programmes to assess their success and inform strategic planning of the charity's grant-giving.	Impact is very difficult to measure, and it is recognised that the grants system and application processes need to be upgraded to generate more sophisticated reporting to help embed impact practice into the Trust's grant making programmes. Improvements were made to the reporting processes for Recurrent Grants this year and impact surveys were conducted during the year for the Trust's main grant programmes.
Deepen understanding of the sector and increase connections and relationships with key denominational stakeholders.	Further connections and relationships were made and developed with key denominational stakeholders in 2022. Active participation of the Christian Funders Forum has helped our understanding of challenges and opportunities across the sector.

Our achievements in 2022

Our objectives for 2022	What we achieved
Grow denominational network to help grow awareness of the Trust's grant giving and increase the charity's presence to enable greater denominational reach.	Work in this area resulted in more grant applications being received from a broader range of denominations during 2022 and the Trust aims to continue to broaden its reach.
Build existing relationships with key Christian sector stakeholders to deepen insight of the needs and opportunities to inform the Trust's strategic planning.	Relationships with key Christian stakeholders, including significant charities and other Christian funders, continued to be nurtured and developed during 2022. Attending conferences and being able to meet with existing and potential beneficiaries once again has helped build the Trust's awareness of the most pressing needs and issues facing the voluntary and faith sectors. This resulted in a Crisis Response Grants programme to help Ukrainian refugees in Ukraine and in the UK and Ireland, a Cost-of-Living Grants programme to support the most vulnerable in our communities. The Trust also launched a Brighter Lives Grants Programme in response to the impact of the pandemic which caused a huge increase in the number of people struggling with their mental health.
Engage with key sector bodies and 'think tanks' to identify trends, challenges and opportunities.	Engagement with a broad range of other funders and membership of the Christian Funders Forum and Association of Charitable Foundations has helped broaden the Trust's understanding of trends, challenges, and opportunities. Attendances at key faith and voluntary sector conferences and meetings has also contributed to the Trust's understanding of sector specific issues.
Align the Trust and Group under a new co-brand.	In March 2022, the Trust repositioned under a co-shared brand name with the Group it owns – Benefact Trust and Benefact Group. The rebrand had been planned for a number of years and was a significant project for the Trust and the Group. The rebrand was launched successfully and received positive feedback from many stakeholders.
Establish an ambassador network to raise the profile of Benefact Trust.	The Trust will consider how to effectively build an ambassadorial network to raise the Trust's profile in 2023.

Our achievements in 2022

Our objectives for 2022	What we achieved
Implement and embed the Resource Needs Strategy to position the Trust as a value adding funder and lay the foundation for further thought leadership activity.	The Trust's ambition is to become a value-added funder and in 2022 developed new resources for its existing and potential beneficiaries. Articles, advice, and support on areas of interest such as 'Benefits of Community Businesses in Places of Worship' and 'Church and Community Working Together' have been well received. Further development will take place in 2023. The Trust will broaden its offer by introducing further guidance and tools for beneficiaries that will help them to meet changing needs and build resilience in both their organisation and their community.
Continue to build capacity and expertise of trustees and staff and support and develop a flexible workforce in a post Covid-19 environment.	An Interim Trust Director was appointed at the start of 2022 and a permanent Trust Director joined the Trust on 2nd May 2023. A new trustee from a legal and regulatory background was recruited during the year. The Board stayed abreast of key developments which impacted on its subsidiaries. Away Day sessions were held at both trustee and management level during the year. New ways of working were established in 2021 and continued in 2022 to reflect the post Covid-19 environment.
Review the Trust's technology and software systems to ensure systems are efficient and meet requirements and build staff skills to ensure maximum benefit is derived from system use.	A full review of the technology and software systems used by the Trust took place in 2021, with a particular focus on a high-level evaluation of alternative grants management systems. During the year, a new Head of Grants was appointed, and the trustees agreed to delay the implementation of the new version of the grants management system to enable the new Trust Director and Head of Grants to assess the needs of the Trust with the benefit of their experience.
Maximise the new Benefact Trust brand to raise the Trust's profile and to extend reach and engagement with beneficiaries and audience.	The new Benefact Trust brand has been very well received and the Trust further aims to grow its awareness and reach among key stakeholder audiences in 2023. Over the next year, the Trust will continue to raise brand profile and reach by evolving the marketing approach. Raising the profile of the Trust will be a major focus of the next Strategic Chapter 2024-2026.
Evolve the new Report and Accounts to reflect the new Benefact Trust brand with a modern and professional design as well as the Trust's impactful grant-giving.	Following the re-design of the 2021 Report & Accounts reflecting the new Benefact Trust brand, further work was undertaken in 2022 to demonstrate the Trust's evolved grant-giving work under the new brand. In addition, work commenced on developing an Impact Report for 2023.

Responding to Challenges

2022 has been another extremely challenging year with the impact of the war in Ukraine, high inflation, soaring energy prices all contributing to the current Cost of Living Crisis. This is having a significant impact on our charity and faith partners and the people and places they support. The charity and faith sectors are facing a perfect storm just as they begin to emerge from two years of the pandemic, with both beneficiaries and charities themselves being hard-hit financially and worried about their own survival.

The Trust is geared up to respond quickly to crises and during 2022 we launched two crisis grants programmes in response to the devastating war in Ukraine and the current Cost of Living Crisis in the UK and Ireland. When disaster and human conflict occurs, it's often the most vulnerable people that suffer most and as a compassionate, caring Christian organisation we cannot stand by without offering help.

In March, the Trust launched a £1m grants programme to support both the humanitarian crisis in Ukraine and the refugees arriving in the UK and Ireland. We worked with our charity partners on the ground with experience of providing lifesaving aid to people fleeing conflict. In Ukraine, Depaul International, the British Red Cross, Salvation Army, All We Can, World Vision and Tearfund, all experts in humanitarian aid, provided food and medicine to support thousands of refugees fleeing their homes, as well as those under siege in the cities. With over 140,000 Ukrainian refugees in the UK and Ireland, we also responded to the urgent needs of these vulnerable people, who arrived without basic English language skills, accommodation, clothing and food, by supporting charities such as Love Your Neighbour, Church Urban Fund and Baby Basics.

In October, the Board approved a £500,000 Cost of Living Crisis grant scheme to help ensure that no one had to choose between heating and eating this Winter. While our normal grant funding helps to alleviate financial hardship in some of the poorest communities, we recognised that the Cost of Living Crisis has reached a critical point. We are working with charity partners such as the Trussell Trust who provide emergency food and support to people locked in poverty; Depaul UK and Ireland who are working hard to tackle the huge increase in homelessness by providing emergency shelter; and the Warm Welcome Campaign which is providing warm spaces in churches for people to work and bring their children for company, food, warmth and support.

In addition to our Crisis Response Grants, we also launched our Brighter Lives Grants Programme in March to help churches and Christian charities to respond to the long-term impact of Covid-19 on people's mental health. We were delighted to support a wide range of projects who focused on delivering mental health first aid in areas of high deprivation and poverty.

The Benefact Trust group of companies has felt the effects of investment markets as a result of high inflation and increases in interest rates. This has impacted the value of investments held in the EEF and held by the trading subsidiaries.

Our Grant-Giving

The Trust's principal source of income comes from its ownership of Benefact Group. As insurance is a risk business, the trustees recognise that grants received may fluctuate. The EEF holds significant assets to advance its charitable purposes which are, in summary, to advance the exclusively charitable purposes of the Trust for the public benefit. The Trust received £20.0m from the Benefact Group during the year, of which £5m was an in-specie donation received in the form of shares. Our financial support to churches and other charitable institutions increased to £22.8m (2021: £19.3m).

The pandemic had an effect on application levels to the Trust in 2021 and grants awarded, with many churches and charities taking time to emerge and recover from Covid-19. In 2022, applications began to return to pre-pandemic levels, although a significant number of potential beneficiaries continued to feel the effects of Covid-19 with reduced income and increased costs, resulting in fewer grant applications for large capital projects. Over the past five years, the Trust has given over £100m in grants and these are used to benefit people of all faiths and none.

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

The Trust's grants programmes running until the end of 2022 were:

- **General Grants** – Made up of Small and Large Grants. Projects costing up to £1m were considered under Small Grants. Projects costing over £1m were considered under Large Grants.

- **Transformational Grants** - The programme's key aim was to enable churches and Christian charities to grow, through funding projects that enable a step change in organisational capacity, reach and impact.

- **Thematic Grants** – Specific themed grants, that run for a specific period of time. In 2022 this was the Brighter Lives grants programme.

- **Heritage Skills for Christian Buildings Grants** - Supporting the preservation and promotion of essential heritage skills and careers through funding apprenticeships, scholarships and training courses.

- **Methodist Grants Programme** - Supporting Methodist churches in their mission and ministry with a particular focus on church growth, and community engagement.

- **Recurrent Grants** (closed programme) – Annual grants made to dioceses and cathedrals.

Our Grant-Giving

During the year, a Grants Review was carried out covering all aspects of the Trust's grant-making. The aim of the review was to implement a new range of grants programmes with clear scope, aims, criteria and impact measures which serve the Trust's strategy, vision and mission. Our new Community Impact and Building Improvement Grants launched in early 2023, so going forward our open application grant programmes will be as follows:

- **Community Impact Grants** – These grants will replace our General, Transformational and Thematic grants programmes. The grants will fund projects that have a direct, positive and transformational impact on people's lives and in their communities. Significant grants may be awarded to local, regional or national projects which tackle difficult and sometimes complex societal issues such as homelessness, domestic violence, poverty, climate change and cultural cohesion.

- **Building Improvement Grants** – These grants will be available for capital projects for essential, unexpected repairs and aesthetic and functional enhancements to church/ Christian charity buildings. Our church buildings have always been a focal point in villages, towns and cities throughout the UK. They continue to play a vital role in bringing communites together which is why protecting them is an important part of this programme.

- **Heritage Skills for Christian Buildings Grants** - The repair and restoration of historic Christian buildings requires specialist skills so we support the preservation and promotion of essential heritage skills and careers through funding apprenticeships, scholarships and training courses.

- **Methodist Grants Programme** – Grants that support Methodist churches in their mission and ministry with a particular focus on church growth, and community engagement.

In addition we have two closed grants programmes which are by invitation only and are not open to general applications:

- **Crisis Response Grants** - Supports organisations at home or overseas whose expertise is delivering emergency aid on the ground where it matters the most. When disaster and human conflict occurs it is often the most vulnerable people that suffer the most and as a Christian and caring organistaion we cannot stand by without offering help.

- **Recurrent Grants** - As part of the strategic grants review, we have agreed changes to the Recurrent Grants programme which benefits Anglican dioceses, cathedrals and provincial bodies in the UK and Ireland. This will mean that grants awarded under this programme will begin to reduce by c.£1m per year from 2023, in order for the programme to end by 2030 at the latest. The funds released by the annual reduction will be available for all applicants to apply for through the Trust's other open grants programmes.

Grant-Giving at a glance

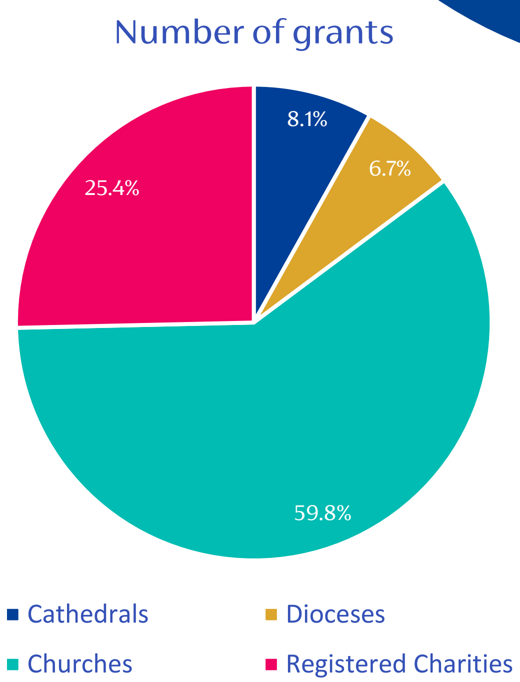
£159.9m donated in grants over 10 years

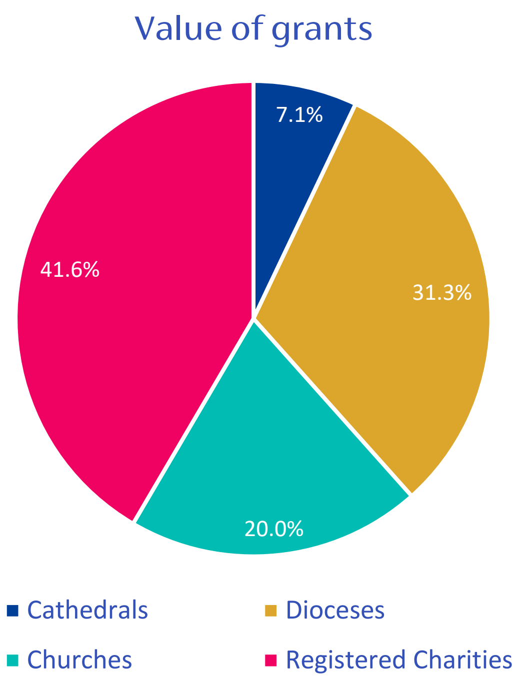
Our target was to deal with at least 90% of all Small and Roof Protection Scheme grant applications within 2 months. In 2022, we exceeded our target and processed 93.3%.

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

We actually processed 95% of all grant applications within six months.

90% of applications were succesful





£22.8m grants donated in 2022

Our Grant-Giving

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

Brighter Lives Grants Programme

Following the closure of the Hope Beyond programme in February 2021, work was carried out to inform the Trust's continued response to the effects of the Covid-19 pandemic. Having identified from beneficiary surveys that there are significant needs in the area of mental health, research was carried out with specialist mental health charities to ascertain ways in which the Trust might provide support in this area, through grants and other resources. This led to the development of the Brighter Lives Grants programme through which the Trust aimed to strengthen the ability of the Christian community in the UK and Ireland to respond more effectively to increased mental health needs arising from the Covid-19 pandemic. The Brighter Lives programme was launched in March 2022 and ran throughout the year and closed in December. A total of £2.2m was awarded across 157 applications. The Trust will continue to support specific funding themes under the new Community Impact Grants Programme.

Case Study

£50,000 from our Brighter Lives mental health grants programme helped Together Middlesbrough and Cleveland to reach out to more than 600 church workers, clergy, volunteers and staff from Christian organisations in the country's most disadvantaged areas. The charity will offer them training to support their own mental health and the urgent need for support within their communities.

General Grants Programme

The Trust's General Grants programme continued throughout 2022 and forms the backbone of our grant-making. The General Grants programme is split into two categories: Small Grants and Large Grants. Projects costing up to £1m are considered under Small Grants. Projects costing over £1m are considered under Large Grants. In both cases, the grant awarded by the Trust is a percentage of the overall project cost. Applicants are encouraged to raise further funds towards their total costs from other sources.

In 2022, 579 Small Grants totalling £1.9m were awarded to churches and charities across the UK and Ireland. In 2022, 21 Large Grants totalling £1.3m were awarded to churches and charities across the UK and Ireland.

The focus of this programme is on:

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

The Trust reviewed the General Grants programme in 2021 as part of its Grants Review, and the learning from this informed the proposals for new grants programmes to be launched in 2023. Depending on their focus [community or building improvement] general grants will now come under either Community Impact Grants or Building Improvement Grants.

Our Grant-Giving

Case Study

£24,000 from Benefact Trust's General Grants Programme is helping The Collegiate Church of St Mary in Warwick to make vital repairs to its iconic tower and secure the heritage of this important, historic landmark.

Dating back as far as 1123, St Mary's Warwick is one of the UK's oldest and most-loved parish churches, also known as Warwick's 'church of treasures'. Its landmark tower, which was destroyed in the Great Fire of Warwick in 1694 and rebuilt in 1704, is over 130 feet high. Visible from every direction, for centuries the tower has been the focal point for travellers approaching Warwick. Every three hours, on the hour, the bells are played as a carillon and each day of the week has its own tune. Since 1123, music has filled this magnificent church and today's professionally directed choirs continue this unbroken choral tradition.

Crisis Response Grants

In the early weeks of the war in Ukraine, the Trust awarded £1 million pounds through organisations like Depaul International, British Red Cross and World Vision, all of which are active on the ground in Ukraine, delivering help where it is most needed. Trust funding is also supporting organisations helping the 140,000 Ukrainian refugees now living in the UK and Ireland. Working with charities such as Love Your Neighbour, Church Urban Fund and Baby Basics, we're supporting the urgent needs of these innocent victims of the conflict, most of whom arrived without basic English language skills and an urgent need to access accommodation, clothing, and food.

In October 2022, the Trust responded quickly to the developing Cost of Living Crisis by allocating £500,000 to support charities on the ground helping the most vulnerable in our communities. It was recognised that the Cost of Living had reached crisis point when many individuals and families found themselves in the desperate situation of having to choose between heating their homes or feeding their children. Charity partners such as Depaul UK and Depaul Ireland are working hard to tackle the huge increase in homelessness, especially amongst 16 to 24 year olds, by providing emergency shelter. Alongside other Christian funders, the Trust also supported the Warm Welcome Campaign, providing warm spaces in churches for people to work and bring their children for company, food, and support.

Our Grant-Giving

Transformational Grants Programme

The Transformational Grants programme, which began in 2019, continued to run until it closed to applications in June 2022. During 2022, 36 grants totalling £5.2m were awarded to a range of charities and church bodies across the UK and Ireland.

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

The programme's key aim was to enable churches and Christian charities to grow, through funding projects that enable a step change in organisational capacity, reach and impact. Grants awarded in 2022 supported projects focused on work amongst children and young people, church planting and growth, food poverty, relationship education, community health, those affected by imprisonment, diversity in church communities, the church's response to environmental challenges, and responding to the issue of homelessness. Transformational grants will become the multi-year grants under our new Community Impact Grants Programme.

Case Study

Benefact Trust awarded a grant of £145,000 to national charity, Linking Lives UK, to expand its work in combating social isolation and loneliness among older people. Linking Lives UK works with churches and Christian organisations to help set up local befriending schemes (Two's Company Befriending) and runs training courses for volunteers involved in projects that reach out to those at risk of loneliness. Our grant came at a time when many people were anxious about re-engaging with their communities following the challenges of lockdown.

Linking Lives UK's aim is to establish befriending schemes across the three countries, reaching 900 new people experiencing loneliness and social isolation and recruiting at least 375 new volunteers.

Our Grant-Giving

Methodist Grants Programme

The Trust's Methodist Grants programme continued in 2022, seeking to support Methodist churches in their mission and ministry. The Methodist Grants programme is supported by a grant which the Trust receives from Methodist Insurance PLC and which is designated for the purpose of Methodist grant-giving. In 2022, 26 grants totalling £2.6m were awarded to Methodist beneficiaries across the UK and Ireland.

During 2022 the scope of the programme was expanded to include repair and maintenance projects that are essential for the ongoing mission and ministry of the organisation.

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

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

Case Study

Lightwood Green Methodist is a small Methodist chapel which has a long history of children's work. Unfortunately, its existing youth room is no longer fit for purpose and with ambitions to grow its impactful youth work, the church wants to demolish the current space and in its place build a new, multi-purpose extension, which will include a new meeting space, a larger kitchen, toilets and storage.

A £26,500 Methodist Grant supported the project, which will create a space for young people and their families to thrive through the church's woodcraft workshops and a range of other activities and support services.

Recurrent Grants Programme

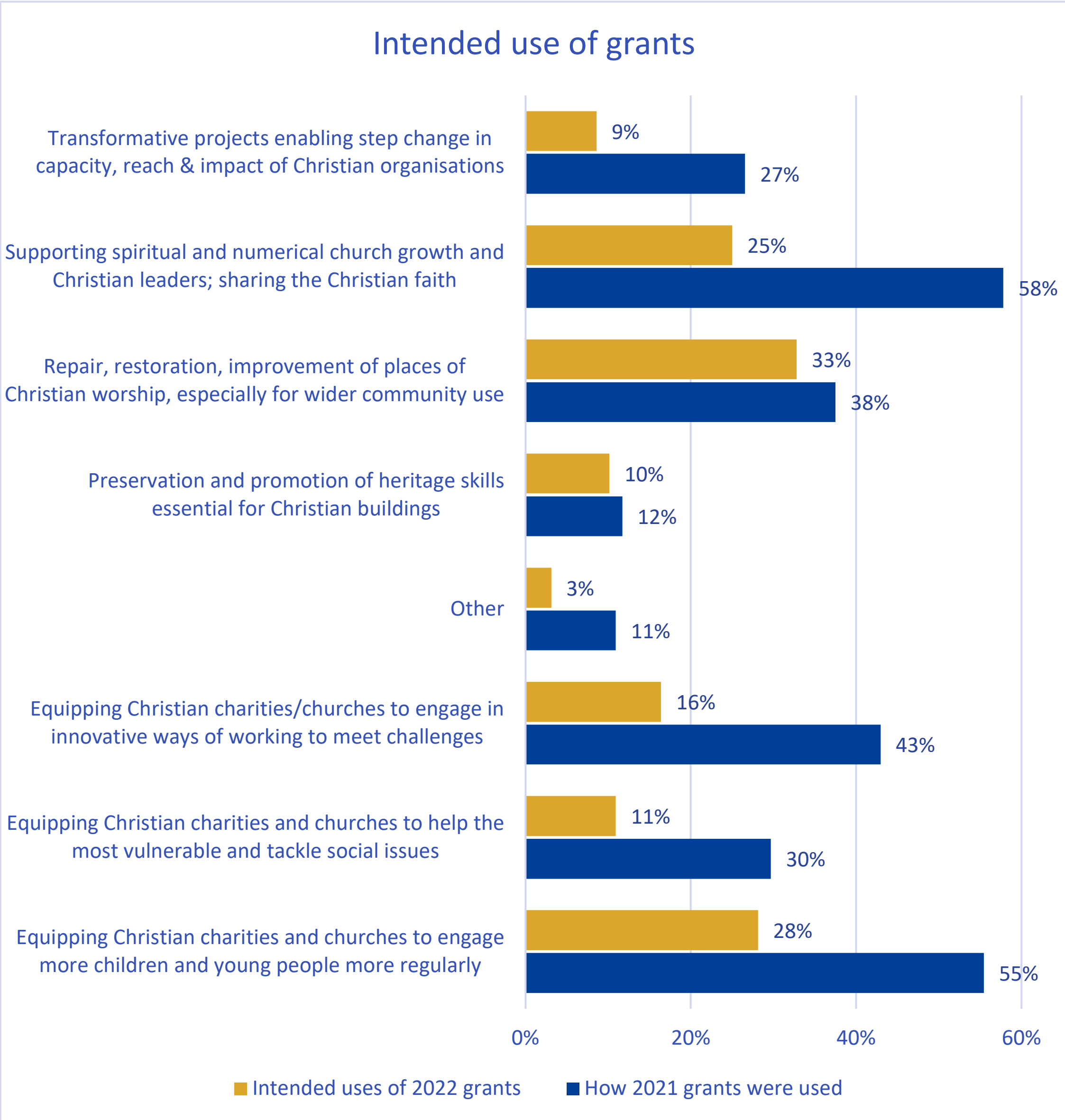
The Trust's Recurrent Grants programme provides annual 'recurrent' grants to dioceses, cathedrals and provincial bodies (in Wales, Scotland and Ireland) of the Church of England, the Church in Wales, the Episcopal Church of Scotland, and the Church of Ireland, to support their mission and ministry. In 2022, nearly £1.5m in grants was given to cathedrals and £6.9m to dioceses and provincial bodies.

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

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

Our Grant-Giving

Feedback from beneficiaries provided the following information with regard to use of 2021 grants, and intended use of 2022 grants:



Heritage Skills for Christian Buildings Grants Programme

During the year, the Trust launched its Heritage Skills for Christian Buildings grants programme, which was the successor to the original Heritage grants programme launched in 2018.

The aim of this new programme is to ensure that heritage skills, which are essential for the conservation of historic Christian buildings, are preserved and promoted through apprenticeships, scholarships and training courses.

In 2022, two grants were awarded totalling £159,000 with a further three applications received and due to be considered in early 2023.

Measuring the success of our grant programmes

We measure the success of our grant programmes using impact surveys which are completed by beneficiaries in the year that they completed their grant (or annually in the case of multi-year grants). The table below provides an overview of 2022 impact survey results, indicating that all programme level KPIs were achieved this year. The overall survey response rate in 2022 was 67%.

Grant Programme	KPI	Target	Result	KPI met?
Hope Beyond*	% of beneficiaries reporting that at least one of the following programme outcomes has been achieved: • delivering new support or activities to meet needs arising from the Coronavirus pandemic • adopted new ways of working to meet needs arising from the Coronavirus pandemic	At least 80% of respondents	97% of respondents	Yes
Methodist	• % of beneficiaries reporting that at least one of the following programme outcomes has been achieved: • a significant increase in community engagement • a significant improvement in accessibility of their building(s) • a significant increase in church growth	At least 80% of respondents	87% of respondents	Yes
General Grants	• % of beneficiaries reporting that at least one of the following programme outcomes has been achieved as a result of their grant: • Enabled church growth • Helped address social challenges • Enabled continued use or wider community use of church facilities • Protected or promoted heritage	At least 80% of respondents	93% of respondents	Yes
Transformational	• % of applications submitted by either Christian charities or denominations outside of Church of England	At least 60% of applications submitted	82% of applications submitted	Yes

Measuring the success of our grant programmes

Grant Programme	KPI	Target	Result	KPI met?
Transform-ational	• % of beneficiaries reporting that at least one of the following programme outcomes has been achieved: • Organisational reach extended to a greater number of people and/or over a wider geographical area • Significant progress in realising organisational vision and/or strategic aims • Organisational growth or step-change • Benefit beyond the immediate organisation (e.g. for partner organisations or the wider community)	At least 80% of respondents	100% of respondents	Yes

*Although no grants were awarded under Hope Beyond in 2022, it has been included in reporting as many projects completed this year.

2022 Grant-Giving data

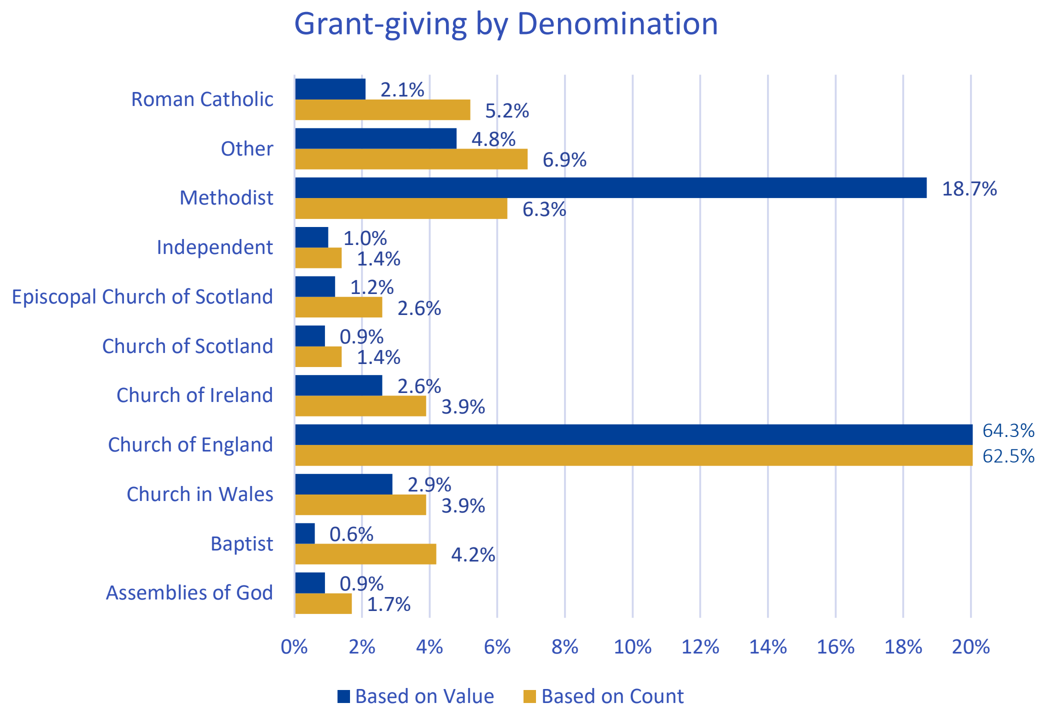
The geographical, denominational and charitable spread of grants made, which are shown in the following tables and on page 20, are largely determined by the Trust's objects and the pattern of applications received by the Trust.

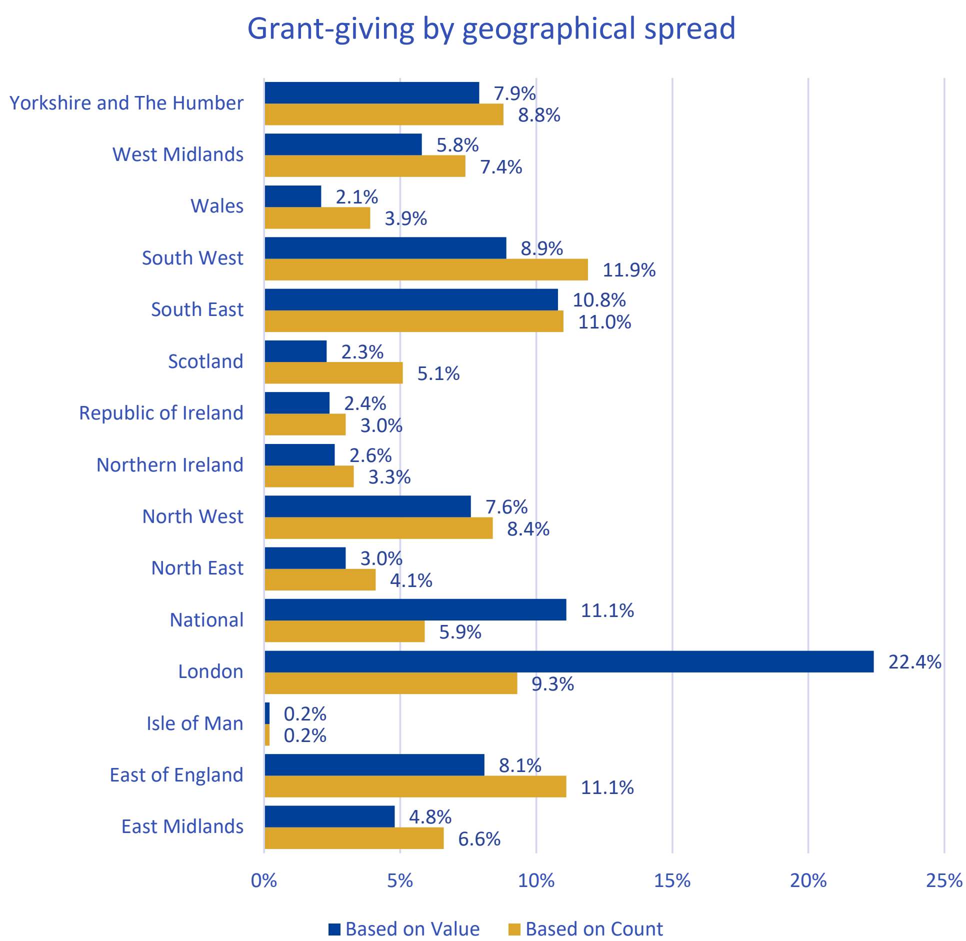
The grants made reflect the number of applications received by the Trust and the size of the project covered by each application as well as the decisions made by trustees about those applications. Assessing trends in grant-making data can be difficult when so much of that data is externally driven.

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

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

2022 Grant-Giving data





Financial Review

Parent charity

The charity statement of financial activities is shown on page 56.

Our total net expenditure in the year was £12.6m (restated 2021: net income £20.2m).

	2022 Unrestricted funds £000	2022 Endowment funds £000	2022 Total funds £000	Restated* 2021 Unrestricted funds £000	Restated* 2021 Endowment funds £000	Restated* 2021 Total funds £000
Total income	**15,327**	**8,945**	**24,272**	**24,847**	**3,810**	**28,657**
Total expenditure	**(24,172)**	**(356)**	**(24,528)**	**(20,372)**	**(370)**	**(20,742)**
Net (losses)/gains on invesments	-	(12,198)	(12,198)	-	12,332	12,332
Taxation	-	(112)	(112)	-	(82)	(82)
Net (expenditure)/income in the year	**(8,845)**	**(3,721)**	**(12,566)**	**4,475**	**15,690**	**20,165**
Transfer to endowment funds	(2,000)	2,000	-	(4,000)	4,000	-
Transfers to unrestricted funds	3,550	(3,550)	-	7,952	(7,952)	-
Net movement in funds	**(7,295)**	**(5,271)**	**(12,566)**	**8,427**	**11,738**	**20,165**

*The comparative figures have been restated as detailed in note 18.

Despite a reduction in income in the year, the Trust was able to increase its charitable giving by drawing on its reserves. This resulted in net expenditure in the year of £8.8m (restated 2021: £4.5m net income) in the unrestricted fund. The performance of the EEF was impacted by economic challenges resulting in £3.7m net expenditure in the year (2021: £15.7m net income) driven by £12.2m net losses on investments.

£3.6m of investment income earned in the EEF was transferred to Trust's unrestricted funds to support the grant-giving. £2.0m excess reserves were transferred into the EEF.

During the year, the Trust has changed its accounting policy for its investment in subsidiary moving from fair value to cost less impairment. This change in policy provides more reliable and comparable information, removing volatility arising from movements in fair value from the charity statement of financial activities. This change in policy removed £68.4m gains in the prior year from net gains/(losses) on investments.

Income

Our total income fell in 2022 to £24.3m (2021: £28.7m), driven by a decrease in donations and gift aid received.

Expenditure

Our charitable giving increased 18.1% in the year to £22.8m (2021: £19.3m). This includes £5.2m awarded through our Transformational grants programme, £2.2m awarded through our Brighter Lives grant programme and £1.6m Crisis Response grants.

Financial Review

Operating expenses increased to £1.4m (2021: £1.0m). We aim to keep operating expenses below 7.5% of total charitable giving and have achieved this as follows:

Target	2022	2021	2020
< 7.5%	5.9%	5.4%	4.3%

Funds
Total funds at 31 December 2022 were £124.2m (restated 2021: £136.8m) consisting of £13.7m in the unrestricted fund (restated 2021: £21.0m) and £110.6m (2021: £115.8m) in the EEF.

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

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

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

The trustees have determined that the level of reserves that the Trust should hold in its unrestricted funds, in the form of cash and readily realisable assets, should be sufficient to cover six months forecast cash outflows. Target reserves at 31 December 2022 were £8.6m.

At 31 December 2022, the Trust held reserves of £19.5m, including £10.0m of gift aid income that was received in December. The majority of the Trust's charitable giving is paid in the second half of the year, due to the timing of Recurrent Grant payments to diocese and cathedrals. As the gift aid is mainly received in December, the reserves held at the year-end also support the Trust's charitable giving in the second half of the following year. The trustees therefore do not intend to take corrective action to reduce the level of reserves held at this time.

Trading subsidiaries

The consolidated statement of financial activities is shown on page 75.

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

Financial Review

The trading subsidiaries reported net income of £24.0m[1] (restated 2021: £68.1m[1]). The deterioration compared to the prior year was driven primarily by fair value losses on investments as a result of economic challenges. This result includes £34.9m[1] profit on EIO plc's disposal of South Essex Insurance Holdings Limited and its wholly owned subsidiary, SEIB Insurance Brokers Limited, to Lloyd & Whyte Group Limited, a related party of the Benefact Trust group of companies. This disposal was part of a number of changes made within the Group to better align and optimise its businesses and to support its strategic objectives.

The net income of the trading subsidiaries in the year includes a gain of £47.6m arising from the impact of the change in discount rate on insurance liabilities. £13.2m of this arose from a change in accounting policy for the discounting of general insurance liabilities to include all general insurance liabilities. This change in discounting accounting policy ensured the effects of higher interest rates and high inflation were being reflected across both short and longer term insurance liabilities and so as to more consistently match the effects of changes in interest rates on both insurance liabilities and the assets held to match them. A £2.6m gain has been recognised in the prior year, which has been restated.

The trading subsidiaries general insurance business reported an underwriting profit of £26.8m[1] (2021: £8.0m[1]) despite adverse global weather events and some unusually large claims in the UK. The general insurance business continues to focus on profitable growth opportunities, and together with targeted rate increases and strong retention, achieved a 15% growth in gross written premiums in the year. The trading subsidiaries life business reported a loss before tax of £8.1m (2021: breakeven).

Investment markets were impacted by economic challenges in the year, driving down asset prices and resulting in £76.8m of fair value losses recognised in the trading subsidiaries financial instruments. A further £21.2m of fair value losses were also recognised on its investment property portfolio.

The trading subsidiaries broking and advisory businesses reported an overall profit before tax of £5.0m[1] (2021: £4.6m[1]), excluding the profit on disposal of South Essex Insurance Holdings Limited and its wholly owned subsidiary.

The trading subsidiaries investment management businesses reported a loss before tax of £3.5m[1] (2021: £2.6m[1]) as investment in growing the business continued.

Details of the key performance indicators for EIO plc are found in the Strategic Report of its annual report and accounts. Copies of these accounts are available from the registered office, as shown on page 132, and are provided to members of the Trust.

During the year, the trading subsidiaries directly distributed £2.7m (2021: £2.5m) for charitable purposes.

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

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

Financial Review

Consolidated funds
The consolidated balance sheet is shown on page 77. At the year-end date, total net assets of the Benefact Trust group of companies were £746.8m (restated 2021: £762.7m).

The net assets of the Benefact Trust group of companies includes a recognisable net pension asset of £15.3m (2021: £24.6m). The Trust's trading subsidiaries operate two defined benefit pension schemes, both of which are closed to future accrual. The unrestricted surplus in the schemes increased by £31.0m in the year, driven by actuarial gains arising from changes in financial assumptions partially offset by a negative return on investments. However, the recognisable surplus in the schemes decreased due to the impact of a significant increase in the discount rate during the year. Further details relating to the trading subsidiaries' defined benefit pension schemes are included in note 41 to the consolidated financial statements.

Factors affecting future financial position and performance

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

Investment markets continue to react to the ongoing economic pressures and recent fears over the stability of the global banking sector. The Benefact Trust group of companies may be exposed to volatility in the financial markets either directly through the EEF or indirectly through the trading subsidiaries.

Benefact Group has set an ambitious growth target and will continue to invest in new technology and in its staff in pursuit of its ambitions.

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

Investments

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

The EEF, which is linked for registration and accounting purposes to the Trust, was established to assist in diversifying its asset base to reduce the concentration risk arising from its ownership of a financial services group. Gradually building the size of the EEF enables the Trust (as the EEF's sole trustee) to grow a separate, more stable, income stream, for the benefit of the EEF's (and the Trust's) beneficiaries.

The EEF is invested through two investment fund managers: EdenTree Asset Management Limited (EdenTree) and Rathbones Investment Management Limited (Rathbones), who operate under the same investment policy. During the period, and following a change in strategic direction for EdenTree Investment Management Limited (EIM), the novation of the Investment Management Agreement with EIM to EdenTree was approved. The performance of the investment managers is assessed against a benchmark over 1, 3, 5 and 10-year periods, dependent on the duration of their appointment. Owl Private Office Holdings Limited provided expert investment advice to the Trust (in its capacity as sole trustee of the EEF).

Investment policy

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

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

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

Investments

Investment performance

The EEF amounted to £110.6m (2021: £115.8m) on 31 December 2022 and generated dividend and interest income of £3.8m (2021: £3.8m).

The portfolio managed by EdenTree stood at £75.7m (2021: £81.2m), of which £62.8m (2021: £72.6m) was in a discretionary portfolio and £12.9m (2021: £8.6m) in EdenTree open-ended investment company (OEIC) funds. During the year, the total portfolio delivered a negative return of -6.9%, which was 0.3% ahead of the composite benchmark. 2022 has been a volatile year due to the war in Ukraine, global supply chain issues and economic challenges. Over the longer-term the discretionary portfolio managed by EdenTree has underperformed its benchmark over 3 and 5 years, but outperformed over 10 years.

The discretionary portfolio managed by Rathbones stood at £34.9m (2021: £34.6m) and delivered a negative return of -7.6% over the year, which was 0.4% behind the composite benchmark. The portfolio's performance suffered from the difficult market conditions. Over 3 and 5 years, Rathbones has outperformed its benchmark. As Rathbones commenced managing the EEF investments in 2018, benchmarking of its performance over 10 years in not applicable.

Climate change and environment

The Benefact Trust group of companies has reported on all emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The reporting year runs from January to December 2022. The emissions reporting boundary is defined as all entities and facilities either owned or under operational control of Benefact Group, that is, emissions relating to its premises and associated travel by colleagues based at those premises. The Benefact Trust group of companies continues to improve the coverage and quality of data which informs the reporting.

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

The Benefact Trust group of companies' 2022 footprint is based on 89% complete data by headcount. It has assessed the risk of incomplete data and taken a management decision to extrapolate on a basis agreed by the carbon footprint verifier. This is an improvement on 2021 (72%) and the Benefact Trust group of companies is committed to continuing to improve this position.

The Benefact Trust group of companies sources 40% of its electricity from renewable sources, up on 2021 (34%) and self-generated 92,631 kWh of energy equivalent to 18 tonnes of carbon. The Benefact Trust group of companies recognises that the pandemic had a significant impact on direct business activity resulting in a much lower carbon footprint in 2020 and 2021 caused by low or no occupation of offices and dramatically reduced business fleet travel. Scope 3 reporting is much higher in 2022 reflecting increased activity, and specifically including more and extrapolated data for all businesses.

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

	UK		Non - UK		Total	
	2021	2022	2021	2022	2021	2022
Scope 1	97	143	6	23	103	166
Scope 2 - Location based	383	584	97	92	480	676
Scope 2 - Market based	68	82	97	92	165	174
Scope 3	172	734	22	217	194	951
Total*	337	959	125	332	462	1291

* Based on a total assuming Scope 2 Market Based emissions
Total energy use 4,139,168 kWh of which 3,775,241 kWh is UK and 363,927 kWh is non-UK. Carbon intensity: 0.61 tonnes of CO2 equivalent per employee (tCO2e).

The carbon intensity of the Benefact Trust group of companies' investments continues to be a key part of its footprint and opportunity for influence.

Principal risks and uncertainties

The major risks to which the Trust is exposed are reviewed by the Board with the aid of external advisers. The Board can choose whether or not to accept a particular risk, manage it or to mitigate against it. It is recognised that it is not possible or cost-effective to mitigate all risks fully and therefore some risks are accepted. The direct and indirect risks associated with the Covid-19 global pandemic continue to be considered by the trustees, as the impacts continue to affect the social and economic environment. The trustees have also considered the impacts from the Cost of Living Crisis, which has heightened throughout 2022. All identified risks are monitored and assessed on an ongoing basis and actions taken where appropriate. The principal risks identified are detailed below together with a summary of the key mitigants in place to manage the risks.

Investment Risk

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

How they are managed

The Trust has a Finance and Investment Committee, which is responsible for setting investment criteria and overseeing and reviewing the performance of the investment portfolio.

A formal policy between the Trust and the Benefact Group specifies how the level of income paid via Gift Aid is determined and this is subject to regular review. Regular reporting is received from the Trust's principal asset, the Benefact Group, on its performance and two of the trustees act as 'common directors'.

Limits have been established for the permitted range of investments held within the expendable endowment fund to ensure a diversified portfolio with an acceptable risk profile. The EEF has two Investment Fund managers, EdenTree and Rathbones, to enable further diversification. Independent investment advice is provided to the Trust (as sole trustee of the EEF) by Owl Private Office, who provide investment monitoring reports twice a year to the Trust (acting in its capacity as sole trustee of the EEF). These appointments are regularly reviewed.

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

With the worsening economic environment, the level of this risk is heightened compared to the prior year, with volatility in the Investment Markets, and the risk continues to be very closely monitored. Regular updates were sought from the CEO of the principal asset and updates on investment performance from the Trust's Investment Advisor. A number of scenarios continue to be considered in respect of differing levels of income, to determine the appropriate action to be taken.

Principal risks and uncertainties

Concentration Risk

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

How they are managed

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

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

The long-term strategy of the Trust (as the sole corporate trustee of the EEF) is to continue to grow the EEF to provide greater diversification of the Trust's assets to reduce the degree of concentration risk.

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

Reputational Risk

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

How they are managed

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

The principal asset insures church and charitable organisations, including providing public liability insurance related to clergy abuse claims. The Trust paid close attention to the Independent Inquiry into Child Sexual Abuse (IICSA) and its Report published in October 2022.

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

The inherent level of this risk is heightened compared to last year, given the rebrand. This is closely monitored, with increased focus in the year on the impacts of that rebrand, due to the importance of the reputation of the Trust to its ongoing operation and to determine any reputational impacts arising from the ownership of its trading subsidiary. However, the level of the residual risk is considered to remain stable.

Principal risks and uncertainties

Regulatory Risk

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

How they are managed

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

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

Strategy Risk

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

How they are managed

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

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

The trustees reviewed its strategy during the year. This risk continues to be monitored closely in light of the economic challenges and the potential for a reduction in income as detailed above under Investment risk.

Operational Risk

This is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. This includes business continuity events, financial crime, information security breaches and third-party failure, which could result in a failure to meet the Trust's objectives, full details of which can be found under 'Our plans for 2023' section of the Strategic Report.

How they are managed

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

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

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

Operational Resilience has been tested in the past couple of years, as a result of the ongoing Covid-19 pandemic, with no detrimental impacts for Trust or beneficiaries.

Section 172 Statement

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

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

a. the likely consequences of any decision in the long term,
b. the interests of the company's employees,
c. the need to foster the company's business relationships with suppliers, customers and others,
d. the impact of the company's operations on the community and the environment,
e. the desirability of the company maintaining a reputation for high standards of business conduct, and
f. the need to act fairly as between members of the company.

Our Stakeholders

We have identified and regularly review our stakeholders, as documented in the Trust's Governance Framework and Board Charter and our Strategy and Three-Year Business Plan. These stakeholders are at the core of the trustees' decision making.

Key stakeholders are our members, beneficiaries and other Christian partners, the Group, our employees (seconded from EIO plc), suppliers, the wider community and environment, and the Trust and Group's Regulators. Examples of the way the trustees have engaged with some of these stakeholder groups throughout the year are set out below.

Our Approach to the Long Term Success of the Company

We recognise that the long term success of the Trust, and our ability to continue to help people, charities, and good causes, is dependent upon having regard to the interests of our stakeholders and ensuring that good governance is at the heart of the Trust's activities.

As the Trust largely derives its income from the Group, and receives grants from the EEF, trustees' decision making takes into account any potential impact on the Trust's sustainability and its ability to continue to carry out its charitable objects for the public benefit.

The trustees finalised a review of the Trust's grant-giving in 2022, having successfully engaged with beneficiary representatives to understand their views, to inform the development of the Trust's grant-making strategy, and ensure its grants are directed effectively to support the Christian community and beneficiaries. Our new Heritage Skills for Christian Buildings programme and Brighter Lives programme were launched during the year and our new Community Impact Grants programme, together with our new Building Improvements Grants programme, which will replace our General Grants, Thematic Grants and Transformational Grants programmes, were approved by the Board and launched in early 2023.

Section 172 Statement

Crisis Response

Covid-19
During 2022, the Trust launched its Thematic Grants programme, Brighter Lives, which provided grants totalling £2.2m to the Christian community in the UK and Ireland in response to increased mental health needs arising from the Covid-19 pandemic.

Cost of Living
In October, the Trust approved £500,000 to allocate to charity partners to support marginalised and disadvantaged communities across the UK to support communities and individuals impacted by the Cost of Living Crisis.

Ukraine response
In March 2022, due to the escalating crisis in Ukraine, the trustees approved an overall amount totalling £1m to be donated to the Ukraine crisis through appropriate charities running emergency appeals in response to the Ukrainian crisis. A further £0.14m was awarded in December 2022.

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

Benefact Trust brand

In 2022, the Trust and Benefact Group launched the new brand and shared name. The decision was approved by members at a general meeting in March 2022 following detailed consideration of extensive stakeholder feedback and insight, which informed and supported the development of the new brand.

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

Principal Decisions

The trustees have the necessary skills and experience required to identify the impacts of their decisions on the Trust's stakeholders, and where relevant, the likely consequences of those decisions in the long term.

In line with the Miscellaneous Reporting Regulations 2018, and in accordance with the approach taken during the financial year under review, having considered the Trust's principal risks and uncertainties as detailed in the Strategic Report, the Trust made the following principal decision during the year ended 31 December 2022:

Community Impact Grants programme
Commencing in 2021, the Trust finalised its grant-giving review during 2022. The grant-giving review team presented to the Trust's Grants Committee on a regular basis during 2021 and 2022, providing updates and recommendations in relation to the new grants programmes. As a consequence of this review, the Community Impact Grants programme was a key outcome and replaces the General (Small and Large) Grants programme, the Transformational Grants programme, and will incorporate 'thematic campaigns' which replace the previous separate Thematic Grants programmes, such as Growing Lives, Hope Beyond and Brighter Lives.

Section 172 Statement

At its October Board meeting, following recommendation from the Grants Committee, the trustees reviewed and approved the Community Impact Grants programme scoping document and 2023 budget. The Board considered the programme's aims, beneficiary eligibility, award-related specifics, the communication and marketing strategy, administration, reporting and impact assessments and measures of success. The Board challenged and scrutinised the scoping document in order to satisfy themselves that it was deliverable and robust.

Our Strategy in Action

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

Our key stakeholders	Methods of engagement and outcomes
Members The Trust was registered as a company limited by guarantee and, in accordance with its articles of association, can have a maximum of 50 registered members. The interests of the Trust and its members are aligned with the common purpose of carrying out the objects of the Trust. This ensures that the views of beneficiaries and the wider Christian and charitable community are communicated to, and considered by, the Board as a whole.	There are open channels of communication between the Company and its members. The Company holds an annual general meeting (AGM). In 2022, the Trust was able to hold the AGM in person once again. Members were invited to engage with the business of the AGM and raise questions. The Trust provides members with the option to receive an annual newsletter setting out the Trust's grant-giving and developments.
Beneficiaries and other Christian partners The Board's composition includes at least two trustees who are representative of the Trust's beneficiary base. This helps to ensure that the views of beneficiaries are communicated to, and considered by, the trustees. In addition, the Trust's Methodist Grant Giving Committee includes at least three members with an understanding of the Methodist Church, helping to ensure that the Methodist Grants programme provides the support needed for Methodist churches and ministries.	We actively engaged with our beneficiaries and stakeholders to inform the development of our grant making strategy. We also engaged in, and became more active members of, the Christian Funders Forum by hosting and participating in their conferences, helping us to understand the challenges and opportunities across the sector. During 2022, we worked closely with known charity partners to respond to the Cost of Living Crisis to support the most vulnerable in our communities.

Section 172 Statement

Our key stakeholders	Methods of engagement and outcomes
The Group As the ultimate owner of the Group, trustees maintain an open and constructive relationship with the trading subsidiaries. There are at least two common directors who are on the Board of the Trust and Benefact Group. This enables the trustees to receive regular updates from, and maintain oversight of, the Trust's subsidiaries. There is also regular engagement between the Chair of the Board and the Chair of EIO plc, as well as with EIO plc's Group Chief Executive Officer (Group CEO) who provides an update to the trustees at every Board meeting.	The Group CEO presents a report at every Board meeting, providing trustees with a high level overview of the financials, and a general update of any key developments, from across the Benefact Group. In addition, throughout the year presentations were given by other Benefact Group executives to help trustees better understand strategic initiatives implemented throughout the Benefact Group. The trustees were invited to attend the Benefact Group's leadership conference in June, which enabled them to maintain their oversight of the Trust's subsidiaries. Following the change of name in March 2022, and the sharing of a brand, the Trust updated its Expectations of the Benefact Group, to ensure that the Trust can demonstrate an increased level of oversight and control exercised over its subsidiaries. Quarterly information is provided to the trustees setting out how the shared brand is used by subsidiaries.
Employees The Charity does not have any employees. Instead, all staff who undertake work on the Trust's behalf are employed by EIO plc. The Section 172 Statement for EIO plc explains EIO's policy and strategy in relation to its employees. Nevertheless, the Board understands that individuals who work on behalf of the Trust are its most valuable assets, given their specialist knowledge and propensity to go above and beyond.	The Board receives regular updates from individuals on a range of matters. In addition, the Trust Director provides a quarterly resource update to the Board.
Suppliers The Trust does not have a supply chain itself but uses the services of EIO plc under the terms of its Shared Services Agreement. The Charity recognises its responsibility, as well as that of its subsidiary, to ensure business activities are undertaken in accordance with regulatory requirements and best practice. The Board and the Audit and Risk Committee therefore received regular updates on the performance of its subsidiary throughout the year. For further information on the Trust's recognition of its responsibility towards its supply chain, please see its Modern Slavery Act Statement available on its website.	

Section 172 Statement

Our key stakeholders	Methods of engagement and outcomes
Community and Environment As detailed in the Strategic Report, directors are focused on long term and strategic charitable giving.	During 2022, we finalised our grant-giving review. Our new Brighter Lives grants programme was launched during the year and our new Community Impact Grants programme was approved and launched in 2023. The Brighter Lives programme recognises the continuing impact from the Covid-19 pandemic on the mental health of communities and individuals and the Community Impact Grants programme which aims to fund work that will have a positive and transformative impact on lives and communities, with particular focus on: • i) growing church congregations and communities; • ii) addressing social challenges facing communities; and • iii) improvement of church buildings to enable wider community use. The trustees initiated a strategic review of its investment assets, which included looking at the ESG policy and impact investment, amongst other things. Recommendations from this review in relation to these matters will continue in 2023.
Regulators We recognise the importance of open and honest dialogue with regulators and are committed to complying with applicable legislation and regulation. As a registered charity, the Trust is regulated by the Charity Commission. Trustees receive regular reports on evolving legal, regulatory and compliance matters at each board meeting, incorporating a detailed impact and progress assessment.	The Trust responded to a survey from the Charity Commission requesting views on its draft guidance about changing a charity's governing document.

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

Tim Carroll
Chair
4 May 2023

Trustees' Report

(incorporating the Directors' Report for the year ended 31 December 2022)

The trustees, who are the directors of the charitable company for Companies Act 2006 purposes, are pleased to present their annual report and review together with the audited financial statements of the Charity and the Benefact Trust group of companies for the year ended 31 December 2022. In this report they are referred to as the trustees or, collectively, as the Board.

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

As permitted by Section 414 C (11) of the Companies Act 2006, some matters required to be included in the Trustees' report have instead been included in the Strategic Report. These disclosures are incorporated by reference in this Trustees' report. The Strategic Report can be found on pages 8 to 43.

Governance

Corporate Governance

We are committed to applying the highest standards of corporate governance and believe that the affairs of the Trust should be conducted in accordance with best practice. We comprehensively review our governance practices and procedures in the light of the Charity Governance Code (the Code), which was most recently refreshed in December 2020. We confirm that the Trust is compliant with the Code.

Governing document

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

The governing documents are the articles of association.

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

Trustees' Report

Organisation

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

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

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

The Finance and Investment Committee has four scheduled meetings a year and primarily oversees the Trust's investment strategy and its financial affairs. Its members are Mr Tim Carroll (Interim Chair), Ms Caroline Banszky, and Mr Stephen Hudson. Mr Michael Arlington and Sir Laurie Magnus retired as a member of the Finance and Investment Committee in July 2022. Mr David Smart retired as a member and Chair of the Finance and Investment Committee in May 2023.

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

The Nominations Committee has two scheduled meetings a year. Its remit includes reviewing the structure, size, composition and effectiveness of the Board and its committees; overseeing the recruitment and induction of new trustees; and the professional development of all the existing trustees; and considering succession planning and the membership needs of the Trust. Its members are Mr Tim Carroll (Chair), The Very Revd Jane Hedges, and Mr Stephen Hudson. Sir Laurie Magnus retired as a member of the Nominations Committee in July 2022.

The Grants Committee has five scheduled meetings a year. It is responsible for overseeing and advising the Board on the further development of the Trust's grant-giving strategy, processes and other arrangements; and advising and making recommendations to the Board on grant applications. Its members are Revd Paul Davis (Chair), Mr Tim Carroll, and The Venerable Karen Lund. Mr Michael Arlington retired as a member and Chair of the Grants Committee in July 2022.

The Methodist Grant-Giving Committee has three scheduled meetings per year. Its remit is to consider applications from, and grants to, Methodist beneficiaries. Its members are Revd Linda Barriball (Chair), Mr David Crompton, Mrs Louise Wilkins, and Mr Stephen Hudson.

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

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

Trustees' Report

Trustees are able, where appropriate, to take independent professional advice at no personal expense so that they are able to fulfil their role. No trustee sought independent professional advice in the current or prior year. Trustee remuneration and expenses are disclosed in notes 10 and 28 to the financial statements.

Appointments to the Board

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

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

The names of the trustees at the date of this report are stated on page 132.

Mr Tim Carroll, Sir Stephen Lamport and Revd Paul Davis will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM. Mr Stephen Hudson and Mr Chris Moulder will also retire by rotation but will not offer themselves for re-election.

On 6 October 2022, Mr David Paterson was appointed to the Board and will seek election at the forthcoming AGM. On 2 May 2023, Mr David Smart resigned as a director.

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

Board Equality, Diversity and Inclusion

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

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

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

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

Trustees' Report

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

In 2021, the Board set the following objectives, which were re-confirmed in March 2023:

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

As at the date of this report, the Board's female representation is 30%, one trustee is UKME and the Board's composition reflects the wider Christian family. The Trust engages agencies to assist with trustee and executive recruitment searches. The Board, via its Nominations Committee, reviews its objectives yearly.

Trustees' induction and training

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

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

Board Evaluation

The trustees have agreed to undertake an external Board Evaluation at least every three years, the most recent carried out during 2022/23.

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

Related parties

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

Trustees' Report

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

None of the trustees receive any remuneration or other benefit from their work with the Trust. Details of remuneration received by trustees in their capacity as non-executive directors of subsidiary undertakings is disclosed in note 28.

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

Remuneration policy

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

Remuneration of key management personnel is disclosed in note 11 to the financial statements.

All trustees give their time freely and no remuneration was received by any trustee in the year. The articles of association include a power to pay a chairperson but no such fee has been paid to date. Details of trustees' expenses are disclosed in note 10 to the financial statements.

Benefact Trust itself has no employees, but uses staff employed by a subsidiary company to undertake its charitable activities. These employee costs are recharged to the Trust. The remuneration policy for the Benefact Group can be found in the Group Remuneration Report of the EIO plc annual report and accounts which are available from the registered office, as shown on page 132.

Charitable giving policy

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

During 2022, applications made through the Trust's Large Grants programme in respect of individual projects with a total value in excess of £1m were referred to the Board for consideration, following review by the Grants Committee. These applications were subject to initial appraisal by grants officers and the Head of Grants.

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

Trustees' Report

During 2022, the Board approved the delegation of grant-making authority under the Small Grants programme of up to £5,000 to the Trust's Grants Officers, subject to a number of conditions, with initial review and approval by the Head of Grants and final sign-off by the Trust Director. The authorised amount will be reviewed during 2023.

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

Charitable giving by subsidiaries

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

Political donations

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

Climate change and environment

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

Going concern

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

The Trust has considerable financial resources: the unrestricted fund has cash at bank and in hand of £19.5m and no borrowings (2021: cash at bank and in hand of £25.1m and no borrowings); and the expendable endowment fund has financial investments of £109.6m, 100% of which are liquid (2021: financial investments of £109.9m, 100% of which are liquid).

The Trust's subsidiary Group has considerable financial resources: financial investments, excluding funeral plan investments, of £964.5m, 76% of which are liquid (2021: £919.9m, 87% of which liquid) and cash and cash equivalents of £144.5m (2021: £144.0m). Liquid financial investments consist of listed equities and open-ended investment companies, government bonds and listed debt. The subsidiary Group also has a strong risk management framework and solvency position, is well placed to withstand significant market disruption and has proved resilient to stress testing.

Despite the current and expected economic pressures, given the liquidity position of the Benefact Trust group of companies, and the capital strength of Benefact Group, there is a reasonable expectation that the Benefact Trust group of companies has adequate resources and is well placed to manage its risks successfully and continue in operational existence for at least 12 months from the date of this report. Accordingly, the trustees continue to adopt the going concern basis in preparing the annual report and accounts.

Trustees' Responsibilities Statement

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' Report

Auditor and the disclosure of information to the auditor

Auditor and the disclosure of information to the auditor

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

(a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) the trustee has taken all the steps that they ought to have taken as a trustee in order to make themself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Equality, diversity and inclusion

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

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

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

Tim Carroll
Chair
4 May 2023

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2022 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, and cash flows and of the group's and parent charitable company's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report") , which comprise: the consolidated and charity balance sheets as at 31 December 2022; the consolidated statement of financial activities (incorporating a consolidated income and expenditure account) and the charity statement of financial activities (incorporating an income and expenditure account) and the consolidated and charity statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors’ report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Trustees' Report, we also considered whether the disclosures required by the UK Companies Act 2006 and Charities Act 2011 have been included.

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

Strategic Report and Trustees’ Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Strategic Report and the Trustees’ Report for the period ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and the Trustees’ Report.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees’ Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the financial statements, the trustees are responsible for assessing the group’s and parent charitable company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

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

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

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

- Enquired of compliance, risk, internal audit, and the group’s legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Read key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewed relevant meeting minutes including those of the group and parent charitable company’s audit and risk committees;
- Procedures relating to the valuation of investment property and unlisted equity investments, and the valuation of specific general insurance reserves such as UK loss of profits, asbestos and PSA reserves;
- Risk based target testing of journal entries, in particular any journal entries which include characteristics which were identified as potentially being indicative of a fraudulent journal; and
- Procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

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

4 May 2023

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

for the year ended 31 December 2022

	Notes	2022 Unrestricted funds £000	2022 Endowment funds £000	2022 Total funds £000	*Restated** 2021 Unrestricted funds £000	*Restated** 2021 Endowment funds £000	*Restated** 2021 Total funds £000
Income and endowments from:							
Donations	3	**269**	-	**269**	3,841	-	3,841
Investments							
Gift aid from subsidiary undertaking		**15,000**	**5,000**	**20,000**	21,000	-	21,000
Dividend and interest income	4	**58**	**3,945**	**4,003**	6	3,810	3,816
Total income		**15,327**	**8,945**	**24,272**	24,847	3,810	28,657
Expenditure on:							
Raising funds	5	-	**(356)**	**(356)**	-	(370)	(370)
Charitable activities							
Charitable giving - grants	6	**(22,821)**	-	**(22,821)**	(19,329)	-	(19,329)
Other expenditure on charitable activities	7	**(1,351)**	-	**(1,351)**	(1,043)	-	(1,043)
Total expenditure		**(24,172)**	**(356)**	**(24,528)**	(20,372)	(370)	(20,742)
Net (losses)/gains on investments	12	-	**(12,198)**	**(12,198)**	-	12,332	12,332
Taxation	8	-	**(112)**	**(112)**	-	(82)	(82)
Net (expenditure)/income in the year		**(8,845)**	**(3,721)**	**(12,566)**	4,475	15,690	20,165
Transfers between funds							
Gross transfers to the endowment fund	16	**(2,000)**	**2,000**	-	(4,000)	4,000	-
Gross transfers to the unrestricted fund	16	**3,550**	**(3,550)**	-	7,952	(7,952)	-
Net movement in funds		**(7,295)**	**(5,271)**	**(12,566)**	8,427	11,738	20,165
Total funds brought forward		**20,958**	**115,827**	**136,785**	12,531	104,089	116,620
Total funds carried forward		**13,663**	**110,556**	**124,219**	20,958	115,827	136,785

*The comparative financial statements have been restated as detailed in note 18.

The accompanying notes on pages 59 to 74 are an integral part of this charity statement of financial activities. All income relates to continuing operations. The charity had no other recognised gains or losses during the current or prior year other than those included in the charity statement of financial activities.

CHARITY BALANCE SHEET
at 31 December 2022

	Notes	2022 Unrestricted funds £000	2022 Endowment funds £000	2022 Total funds £000	*Restated** 2021 Total funds £000
Fixed assets					
Investments	12	**50**	**109,615**	**109,665**	109,952
Total fixed assets		**50**	**109,615**	**109,665**	109,952
Current assets					
Debtors	13	**8**	**309**	**317**	409
Cash at bank and in hand	14	**19,546**	**679**	**20,225**	30,767
Total current assets		**19,554**	**988**	**20,542**	31,176
Liabilities					
Creditors: amounts falling due within one year	15	**(3,747)**	**(47)**	**(3,794)**	(3,078)
Net current assets		**15,807**	**941**	**16,748**	28,098
Total assets less current liabilities		**15,857**	**110,556**	**126,413**	138,050
Creditors: amounts falling due after one year	15	**(2,194)**	-	**(2,194)**	(1,265)
Total net assets		**13,663**	**110,556**	**124,219**	136,785
The funds of the charity:					
Unrestricted funds					
General funds	16	**11,681**	-	**11,681**	14,612
Designated funds	16	**1,982**	-	**1,982**	6,346
		13,663	-	**13,663**	20,958
Restricted funds					
Endowment funds	16	-	**110,556**	**110,556**	115,827
Total funds		**13,663**	**110,556**	**124,219**	136,785

*The comparative financial statements have been restated as detailed in note 18.

The analysis of the prior year comparatives by fund is included in the related notes on page 70-71.

The financial statements of Benefact Trust Limited, registration number 1043742, on pages 56 to 74 were approved and authorised for issue by the Board on 4 May 2023 and signed on its behalf by:

Tim Carroll
Chairman

Stephen Hudson
Trustee

CHARITY STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	Notes	2022	*Restated** 2021
		£000	£000
Net (expenditure)/income for the reporting period		**(12,566)**	20,165
Adjustments for:			
Gift aid from subsidiary undertaking received in specie		**(5,000)**	-
Losses/(gains) on investments		**12,198**	(12,332)
Dividend and interest income from investments		**(4,003)**	(3,816)
Decrease/(increase) in debtors		**172**	(174)
Increase in creditors		**1,641**	443
Taxation paid		**112**	82
Net cash (used in)/provided by operating activities		**(7,446)**	4,368
Cash flows from investing activities:			
Dividend and interest income from investments		**3,823**	3,798
Proceeds from the sale of investments		**10,713**	20,718
Purchase of investments		**(17,624)**	(13,175)
Net cash (used in)/provided by investing activities		**(3,088)**	11,341
Change in cash and cash equivalents in the reporting period		**(10,534)**	15,709
Analysis of changes in net debt			
Cash and cash equivalents at the beginning of the reporting period		**30,767**	15,079
Change in cash and cash equivalents in the reporting period		**(10,534)**	15,709
Change in cash and cash equivalents due to exchange rate movements		**(8)**	(21)
Cash and cash equivalents at the end of the reporting period	14	**20,225**	30,767

*The comparative financial statements have been restated as detailed in note 18.

1 Accounting policies for charity parent only

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

Basis of preparation

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

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

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

The Trust has considerable financial resources: the unrestricted fund has cash at bank and in hand of £19,546,000 and no borrowings (2021: £25,077,000 and no borrowings); and the expendable endowment fund has financial investments of £109,615,000, 100% of which are liquid (2021: financial investments of £109,902,000, 100% of which are liquid). The charity's subsidiaries have considerable financial resources which are sufficient to meet their own financial obligations as outlined in consideration of the going concern status of the group in the Trustees' Report. As a consequence, the trustees have a reasonable expectation that the charity is well placed to manage its business risks successfully and continue in operational existence for at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts of the charity.

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

Fund structure

Unrestricted funds of the charity consist of general funds and designated funds. General funds are available to the trustees to apply for the general purposes of the charity, in addition to each of the priorities adopted by the charity as set out in the Strategic Report. Designated funds are unrestricted funds that have been set aside by the trustees for a particular purpose, as set out in note 16. During the period, the Expendable Endowment Fund (EEF) was registered with the Charity Commission as a charitable trust linked to the Trust (charity registration number 263960-1) for registration and accounting purposes. The Trust, as the Sole Trustee of the EEF, has the power to convert endowment funds to expendable income. The Trust remains the reporting charity and produced only one set of accounts which includes the EEF.

Income

Donations and gift aid

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

Donated services

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

Dividend and interest income

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

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

Expenditure

Charitable giving

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

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

- Raising funds' comprises the investment management fees incurred by the expendable endowment fund.
- 'Charitable activities' include charitable giving, shared costs (in respect of grants officers) and support costs (such as governance, finance and IT costs) including donated services.The bases for allocating costs to the specific activities are disclosed in note 7.

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

Taxation

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

Transfers between funds
Transfers between the funds are recognised when cash is transferred.

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

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

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

- Financial instruments designated at fair value and those held for trading are subsequently carried at fair value. Changes in fair value are included in the statement of financial activities in the period in which they arise.
- All other financial assets and liabilities are held at amortised cost, using the effective interest method (except for short term debtors and creditors when the recognition of interest would be immaterial).

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

Investments

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

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

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

Investment in subsidiary undertakings
Investment in subsidiary undetakings is accounted for at historic cost less impairment.

The charity's accounting policy for investment in subsidiary undertakings has previously been to carry it at fair value. The judgements and estimates used in valuation techniques to measure fair value are highly subjective, and the current economic environment and resulting market volatility has resulted in a significant range of potentially plausible fair values. This significant divergence in plausible fair value provides less reliable, comparable and relevant financial information to the users of the charity's financial statements, as well as increasing volatility in the charity statement of financial activities. An accounting policy that measures at historic cost less impairment is more aligned to the approach adopted by other charities and companies, thereby increasing the comparability of the charity's financial statements. The net asset value of the subsidiary is disclosed in note 12.

Further details on the prior year restatement is included in note 18.

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

2 Critical accounting judgements and key sources of estimation uncertainty

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

The charity has previously been required to make estimates when determining the fair value of the investment in subsidiary undertakings. However, as the prior year has been restated due to a change in accounting policy, there were no key sources of estimation uncertainty in the current or prior year. Details of the restatement are included in note 18.

3 Donations

In the prior year, the charity received a donation of £3,500,000 from Methodist Insurance PLC, which was designated by the trustees.

The charity received £269,000 (2021: £341,000) of donated services which the trustees have estimated as the fair value of management and administration costs incurred by subsidiary undertakings on behalf of the charity, but which are not recharged. An equal amount is included within expenditure on charitable activities.

4 Dividend and interest income

	2022			2021		
	Unrestricted funds £000	**Endowment funds £000**	**Total funds £000**	Unrestricted funds £000	Endowment funds £000	Total funds £000
Income from financial assets at fair value						
Equity securities						
- listed	-	**3,330**	**3,330**	-	3,292	3,292
Debt securities						
- listed	-	**586**	**586**	-	527	527
Income from financial assets at amortised cost						
- cash at bank and in hand and cash deposits, net of exchange movements	**58**	**29**	**87**	6	(9)	(3)
	58	**3,945**	**4,003**	6	3,810	3,816

5 Expenditure on raising funds

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

6 Charitable giving - grants

2022	**Grants to institutions £000**	**Shared costs £000**	**Support costs £000**	**Total £000**
National projects	**2,401**	**30**	**159**	**2,590**
England	**18,201**	**272**	**159**	**18,632**
Ireland	**1,153**	**32**	**159**	**1,344**
Scotland	**541**	**28**	**159**	**728**
Wales	**485**	**24**	**159**	**668**
Other	**40**	**11**	**159**	**210**
	22,821	**397**	**954**	**24,172**
2021				
National projects	2,592	23	105	2,720
England	14,698	244	105	15,047
Ireland	1,022	58	105	1,185
Scotland	402	35	105	542
Wales	575	31	105	711
Other	40	22	105	167
	19,329	413	630	20,372

The charity does not make grants to individuals.

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

	2022
	£000
National projects	
Baby Basics UK, Sheffield, South Yorkshire *	92
QEST (Queen Elizabeth Scholarship Trust), London	144
Rose Castle Foundation, Carlisle, Cumbria	200
Safe Spaces England and Wales, London	250
Sanctuary Foundation, London	162
Spurgeons, Rushden, Northamptonshire	260
Street Connect, Glasgow	150
The Ecumenical Council for Corporate Responsibility (ECCR), Kington, Herefordshire	165
The Methodist Church in Great Britain, London	150
Through the Roof, Morden, Surrey	150
Youthscape, Luton, Bedfordshire *	30
	1,753
England	
ACET UK, Chester, Cheshire	120
Ashbourne Methodist Church, Ashbourne, Derbyshire	100
Baby Basics UK, Sheffield, South Yorkshire *	50
British Red Cross, London	150
Church of the Holy Family, Oxford, Oxfordshire	130
Church Revitalisation Trust, London	140
Church Urban Fund, London	280
Depaul International, London	150
Depaul UK, London	100
Grange Methodist Church, Grange-over-Sands, Cumbria	100
Innervation Trust Ltd, Tewkesbury, Gloucestershire	160
LifeLine Church, Dagenham, Essex	171
Linking Lives UK, Earley, Berkshire	145
Methodist Connexion, London	1,450
Nafferton Methodist Church, Nafferton, North Humberside	100
NAYBA, Bagshot, Surrey	210
Newquay Methodist Church, Newquay, Cornwall	150
Premier Christian Media Trust, London	375
Quakers in Britain (Britain Yearly Meeting of The Religious Society of Friends), London	200
Restored, Teddington, Middlesex	120
Sanctuary Foundation, London *	20
Sanctuary Mental Health Society (DBA Sanctuary Mental Health Ministries), London	150
Sheffield Cathedral	159
Sportily, Gloucester, Gloucestershire	100
Tewkesbury Methodist Church, Tewkesbury, Gloucestershire	120
The Branch Trust, Chipping Norton, Oxfordshire	100
The Diocese of Bath and Wells	121
The Diocese of Birmingham	192
The Diocese of Blackburn	165
The Diocese of Bristol	139
Subtotal carried onto page 63	5,667

**Grants to these beneficiaries are classified within different geographical regions but in aggregate exceed £100,000.*

	2022
	£000
England (continued)	
Subtotal from page 62	5,667
The Diocese of Canterbury	129
The Diocese of Chelmsford	295
The Diocese of Chester	172
The Diocese of Chichester	174
The Diocese of Coventry	118
The Diocese of Derby	136
The Diocese of Durham	179
The Diocese of Ely	103
The Diocese of Exeter	147
The Diocese of Guildford	110
The Diocese of Leeds	268
The Diocese of Leicester	136
The Diocese of Lichfield	226
The Diocese of Lincoln	141
The Diocese of Liverpool	188
The Diocese of London	366
The Diocese of Manchester	235
The Diocese of Newcastle	121
The Diocese of Norwich	127
The Diocese of Oxford	219
The Diocese of Peterborough	121
The Diocese of Portsmouth	112
The Diocese of Rochester	146
The Diocese of Salisbury	119
The Diocese of Sheffield	166
The Diocese of Southwark	258
The Diocese of Southwell and Nottingham	147
The Diocese of St Albans	188
The Diocese of Truro	104
The Diocese of Winchester	138
The Diocese of Worcester	122
The Diocese of York	168
The Family Works, Owlerton, South Yorkshire	250
The Good Faith Foundation, Ascot, Berkshire	100
The Liverpool Diocesan Board of Finance, Liverpool, Merseyside	202
The Salvation Army, London	150
The Trussell Trust, Salisbury, Wiltshire	100
Windsor Leadership, Windsor	150
Yorkshire North and East Methodist District, Acomb, North Yorkshire	102
Youth Ministry in Communion (St Andrew's, Fulham), Fulham, London	100
Youthscape, Luton, Bedfordshire	375
	12,575

	2022
	£000
Ireland	
Helping Hands Community Outreach Project, Portadown, County Armagh	122
The Representative Body of the Church of Ireland	179
Trustees of the Methodist Church in Ireland, Belfast	100
	401
Wales	
The Representative Body of the Church in Wales	182
	182
Total material grants	14,911
Total of grants that are not individually material in aggregate:	
National projects	648
England	5,626
Ireland	752
Scotland	541
Wales	303
Other	40
	7,910
Total grants	22,821

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

	2021
	£000
National projects	
A Rocha UK, Brentford, London	150
British Youth for Christ, Halesowen, West Midlands	225
Church Urban Fund, London	750
Feeding Britain, Westminster, London	150
Growing Hope, London	258
KICK, Richmond, Surrey	150
Parish Nursing Ministries UK, Peterborough, Cambridgeshire	125
The National Society (operating as the Church of England Education Office), Westminster, London	450
The Prince's Foundation, London	300
	2,558
England	
Bolton YMCA, Bolton, Greater Manchester	100
Exeter Cathedral	117
Greyfriars Church, Reading, Berkshire	130
Lighthouse London Church (Holy Trinity Swiss Cottage), Camden, London	100
Methodist Connexion, London	1,380
One YMCA, Watford, Hertfordshire	136
Salisbury Diocese Board of Education, Salisbury, Wiltshire	200
St Paul's Cathedral	225
The Diocese of Bath and Wells	126
The Diocese of Birmingham	178
The Diocese of Blackburn	156
The Diocese of Bristol	118
The Diocese of Canterbury	127
The Diocese of Chelmsford	286
The Diocese of Chester	169
The Diocese of Chichester	173
The Diocese of Coventry	111
The Diocese of Derby	137
The Diocese of Durham	378
The Diocese of Ely	103
The Diocese of Exeter	158
The Diocese of Guildford	107
The Diocese of Leeds	285
The Diocese of Leicester	135
The Diocese of Lichfield	228
The Diocese of Lincoln	147
The Diocese of Liverpool	180
The Diocese of London	385
The Diocese of Manchester	231
The Diocese of Newcastle	121
The Diocese of Norwich	140
The Diocese of Oxford	232
The Diocese of Peterborough	120
Subtotal carried onto page 66	6,919

	2021
	£000
England (continued)	
Subtotal from page 65	6,919
The Diocese of Portsmouth	102
The Diocese of Rochester	144
The Diocese of Salisbury	130
The Diocese of Sheffield	160
The Diocese of Southwark	258
The Diocese of Southwell and Nottingham	145
The Diocese of St Albans	178
The Diocese of St Edmundsbury and Ipswich	103
The Diocese of Truro	102
The Diocese of Winchester	135
The Diocese of Worcester	117
The Diocese of York	177
Truro Methodist Church, Truro, Cornwall	180
	8,850
Ireland	
The Big House (Ireland), Limavady, County Londonderry	170
	170
Wales	
The Representative Body of the Church in Wales	182
	182
Total material grants	11,760
Total of grants that are not individually material in aggregate:	
National projects	34
England	5,848
Ireland	852
Scotland	402
Wales	393
Other	40
	7,569
Total grants	19,329

7 Other expenditure on charitable activities

Other charitable expenditure in the current year consists of £397,000 shared costs and £954,000 support costs incurred in the charity's grant making activities and can be analysed as follows:

2022	National projects £000	England £000	Ireland £000	Basis of allocation
Shared costs	30	272	32	Number of grants
Support costs:				
Governance costs	65	65	65	Equal allocation
Finance	6	6	6	Equal allocation
Information technology	10	10	10	Equal allocation
Buildings	10	10	10	Equal allocation
Corporate	9	9	9	Equal allocation
Other	59	59	59	Equal allocation
	159	159	159	
Other expenditure on charitable activities	189	431	191	

2022	Scotland £000	Wales £000	Other £000	Basis of allocation
Shared costs	28	24	11	Number of grants
Support costs:				
Governance costs	65	65	65	Equal allocation
Finance	6	6	6	Equal allocation
Information technology	10	10	10	Equal allocation
Buildings	10	10	10	Equal allocation
Corporate	9	9	9	Equal allocation
Other	59	59	59	Equal allocation
	159	159	159	
Other expenditure on charitable activities	187	183	170	

Other charitable expenditure in the prior year consists of £413,000 shared costs and £630,000 support costs incurred in the charity's grant making activities and can be analysed as follows:

2021	National projects £000	England £000	Ireland £000	Basis of allocation
Shared costs	23	244	58	Time spent
Support costs:				
Governance costs	19	19	19	Equal allocation
Finance	12	12	12	Equal allocation
Information technology	11	11	11	Equal allocation
Buildings	14	14	14	Equal allocation
Corporate	11	11	11	Equal allocation
Other	38	38	38	Equal allocation
	105	105	105	
Other expenditure on charitable activities	128	349	163	

2021	Scotland £000	Wales £000	Other £000	Basis of allocation
Shared costs	35	31	22	Time spent
Support costs:				
Governance costs	19	19	19	Equal allocation
Finance	12	12	12	Equal allocation
Information technology	11	11	11	Equal allocation
Buildings	14	14	14	Equal allocation
Corporate	11	11	11	Equal allocation
Other	38	38	38	Equal allocation
	105	105	105	
Other expenditure on charitable activities	140	136	127	

8 Taxation

Benefact Trust Limited and its linked charitable trust, the Expendable Endowment Fund, is a registered charity and is exempt from corporation tax. The £112,000 (2021: £82,000) tax charge recognised in the statement of financial activities relates to irrecoverable withholding tax on dividends received from overseas equity investments held by the expendable endowment fund.

9 Employee information

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

The average monthly number of full-time equivalent employees of the subsidiary company who carried out the charity's activities during the year was nine (2021: eight). All employees were employed in the United Kingdom in both the current and prior year.

	2022	2021
	£000	£000
Wages and salaries	**620**	413
Social security costs	**72**	44
Pension costs - defined contribution plans	**48**	33
	740	490

In the current year, two employees received employee benefits within the £60,001-£70,000 band, and one employee received employee benefits within the £120,001-£130,000 band. In the prior year, one employee received employee benefits within the £60,001-£70,000 band and one employee received employee benefits within the £70,001-£80,000 band.

10 Trustee remuneration

The trustees did not receive any remuneration from the charity during the current or prior year. Two trustees (2021: two trustees), who during the year were also non-executive directors of a subsidiary undertaking, received remuneration from that subsidiary in respect of their services as non-executive directors of that subsidiary. Details of the remuneration they received are disclosed in note 28 to the consolidated financial statements.

During the year the charity reimbursed expenses totalling £3,000 (2021: £2,000) which were incurred by five trustees primarily in respect of travel (2021: three trustees primarily in respect of travel and subsistence).

In addition, the charity paid direct expenses totalling £9,000 (2021: £1,000) which were incurred by nine trustees primarily in respect of travel, subsistence and training (2021: four trustees, primarily in respect of travel and subsistence).

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

11 Key management remuneration

Key management remuneration of the charity, including employee benefits, pensions and social security costs, in the year was £377,000 (2021: £239,000). Details of the key management of the charity can be found in the Trustees' Report.

12 Investments

	2022 Unrestricted funds £000	2022 Endowment funds £000	2022 Total funds £000	Restated* 2021 Unrestricted funds £000	Restated* 2021 Endowment funds £000	Restated* 2021 Total funds £000
Financial assets at fair value						
Equity securities						
- listed	-	**100,099**	**100,099**	-	100,726	100,726
Debt securities						
- listed	-	**9,516**	**9,516**	-	9,176	9,176
Total investments at fair value	-	**109,615**	**109,615**	-	109,902	109,902
Financial assets at historic cost						
Investment in subsidiary	**50**	-	**50**	50	-	50
Total investments at historic cost	**50**	-	**50**	50	-	50
Total investments	**50**	**109,615**	**109,665**	50	109,902	109,952

*The comparative financial statements have been restated as detailed in note 18.

The value of the investment in subsidiary on a historical cost basis is £50,000 (2021: £50,000). At the year end the subsidiary had net assets of £520,851,000 (2021: £524,114,000).

No investments in the expendable endowment fund were classified as level 3 in the current or prior year.

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

Reconciliation of the movement in financial assets:

2022	**Unrestricted funds At historic cost £000**	**Endowment funds At fair value £000**	**Total funds £000**
At 1 January	**50**	**109,902**	**109,952**
Gift aid from subsidiary undertaking received in specie	-	**5,000**	**5,000**
Additions at cost	-	**17,624**	**17,624**
Sale proceeds	-	**(10,713)**	**(10,713)**
Fair value losses	-	**(12,198)**	**(12,198)**
At 31 December	**50**	**109,615**	**109,665**

2021 (Restated*)	Unrestricted funds At historic cost £000	Unrestricted funds At amortised cost £000	Endowment funds At fair value £000	Total funds £000
At 1 January	50	2,000	103,113	105,163
Additions at cost	-	1,016	12,159	13,175
Sale proceeds	-	(3,016)	(17,702)	(20,718)
Fair value gains	-	-	12,332	12,332
At 31 December	50	-	109,902	109,952

*The comparative figures have been restated as detailed in note 18.

13 Debtors

	2022 Unrestricted funds £000	2022 Endowment funds £000	2022 Total funds £000	2021 Unrestricted funds £000	2021 Endowment funds £000	2021 Total funds £000
Other debtors	3	-	3	172	-	172
Prepayments and accrued income	5	309	314	-	237	237
	8	309	317	172	237	409

14 Cash at bank and in hand

	2022 Unrestricted funds £000	2022 Endowment funds £000	2022 Total funds £000	2021 Unrestricted funds £000	2021 Endowment funds £000	2021 Total funds £000
Short term deposits	19,280	679	19,959	20,658	5,690	26,348
Cash at bank and in hand	266	-	266	4,419	-	4,419
	19,546	679	20,225	25,077	5,690	30,767

15 Creditors

	2022 Unrestricted funds £000	2022 Endowment funds £000	2022 Total funds £000	2021 Unrestricted funds £000	2021 Endowment funds £000	2021 Total funds £000
Amounts falling due within one year:						
Accruals for grants payable	3,608	-	3,608	2,972	-	2,972
Amounts due to related parties	6	-	6	1	-	1
Other creditors	133	47	180	103	2	105
	3,747	47	3,794	3,076	2	3,078
Amounts falling due after one year:						
Accruals for grants payable	2,194	-	2,194	1,265	-	1,265
	2,194	-	2,194	1,265	-	1,265

16 Summary of fund movements

	Unrestricted funds			
	General funds	Designated funds	Endowment funds	Total
	£000	£000	£000	£000
Fund balance at 1 January 2022	**14,612**	**6,346**	**115,827**	**136,785**
Income	**15,313**	**14**	**8,945**	**24,272**
Expenditure	**(21,550)**	**(2,622)**	**(356)**	**(24,528)**
Taxation	-	-	**(112)**	**(112)**
Fair value losses on investments	-	-	**(12,198)**	**(12,198)**
Gross transfers to endowment funds	-	**(2,000)**	**2,000**	-
Gross transfers to unrestricted funds	**3,317**	**233**	**(3,550)**	-
Gross transfers to designated funds	**(11)**	**11**	-	-
Fund balance at 31 December 2022	**11,681**	**1,982**	**110,556**	**124,219**
Fund balance at 1 January 2021 (restated)*	5,585	6,946	104,089	116,620
Income	21,343	3,504	3,810	28,657
Expenditure	(18,136)	(2,236)	(370)	(20,742)
Taxation	-	-	(82)	(82)
Fair value gains on investments	-	-	12,332	12,332
Gross transfers to endowment funds	(2,000)	(2,000)	4,000	-
Gross transfers to unrestricted funds	7,828	124	(7,952)	-
Gross transfers to designated funds	(8)	8	-	-
Fund balance at 31 December 2021 (restated)*	14,612	6,346	115,827	136,785

*The comparative figures have been restated as detailed in note 18.

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

The designated fund has been designated by the trustees for the furtherance of purposes or projects of or relating to the Methodist Church. The source of these funds is the donations that the charity receives from Methodist Insurance PLC (see note 3). During the current year, the trustees designated £258,000 (2021: £3,636,000) and transferred £2,000,000 (2021: £2,000,000) into the expendable endowment fund.

The endowment fund is a restricted capital fund of expendable endowment that is retained to strengthen the charity's reserves and provide diversification of its assets. In the prior year, £5,000,000 was transferred into the general unrestricted fund in order to maintain liquidity and £4,000,000 excess reserves were transferred into the expendable endowment fund.

17 Related party transactions

Transactions between the charity and its subsidiaries, which are related parties, are shown below. A full list of related undertakings is disclosed in note 46. Transactions between the charity and its trustees, who are related parties, are disclosed in note 10.

	2022	2021
	£000	£000
Gift aid received	20,000	21,000
Expenses recharged	768	483
Investment management fees paid	182	221
Amounts due to related parties	6	1

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

18 Prior year restatement

The charity's accounting policy for its investment in subsidiary has previously been to measure it at fair value, with changes in fair value recognised in the statement of financial activities within net gains/(losses) on investments. The charity has changed its accounting policy to hold it at cost less impairment, as permitted by FRS 102 and the Charities SORP. If the charity had not changed its accounting policy, a gain of £68,445,000 would have been recognised in the prior year within net gains/(losses) on investments.

The charity considers that holding the investment at cost less impairment provides more reliable, relevant and comparable information through removing volatility arising from movements in the fair value from the charity statement of financial activities. The judgments and estimates used in valuation techniques to measure fair value are highly subjective and can lead to a fair value measurement that is within a wide range of potentially plausible fair values. This, together with the wide range of possible inputs, contributes to fair value measurements for the charity's investment in subsidiary providing less reliable and less relevant information to users of the charity's financial statements.

Under FRS 102 a retrospective restatement of the prior year results is required. The effects of the restatement are detailed in this note, and are included throughout the financial statement comparatives, where appropriate. As a result of the restatement, as at 1 January 2021 the charity recognised a decrease in total unrestricted funds of the trust of £453,019,000.

2021	As reported Unrestricted funds £000	Restatement £000	As restated Unrestricted funds £000	As reported Endowment funds £000	As restated Total funds £000
Total income	24,847	-	24,847	3,810	28,657
Total expenditure	(20,372)	-	(20,372)	(370)	(20,742)
Net gains on investments	68,445	(68,445)	-	12,332	12,332
Taxation	-	-	-	(82)	(82)
Net (expenditure)/income in the year	72,920	(68,445)	4,475	15,690	20,165

	Unrestricted funds 2021 £000	Endowment funds 2021 £000	Restatement £000	As restated Total funds 2021 £000
Fixed assets				
Investments	521,514	109,902	(521,464)	109,952
Total fixed assets	521,514	109,902	(521,464)	109,952
Total current assets	25,249	5,927	-	31,176
Creditors: amounts falling due within one year	(3,076)	(2)	-	(3,078)
Net current assets	22,173	5,925	-	28,098
Total assets less current liabilities	543,687	115,827	(521,464)	138,050
Creditors: amounts falling due after one year	(1,265)	-	-	(1,265)
Total net assets	542,422	115,827	(521,464)	136,785
The funds of the charity:				
Unrestricted funds				
General funds	14,612	-	-	14,612
Designated funds	6,346	-	-	6,346
Revaluation reserve	521,464	-	(521,464)	-
	542,422	-	(521,464)	20,958
Restricted funds				
Endowment funds	-	115,827	-	115,827
Total funds	542,422	115,827	(521,464)	136,785

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

for the year ended 31 December 2022

	Notes	2022 Unrestricted funds £000	2022 Endowment funds £000	2022 Total funds £000	Restated* 2021 Unrestricted funds £000	Restated* 2021 Endowment funds £000	Restated* 2021 Total funds £000
Income from:							
Donations		-	-	-	3,500	-	3,500
Gift aid from subsidiary undertaking		-	5,000	5,000	-	-	-
Other trading activities							
Income arising from trading activities	21	428,487	-	428,487	385,342	-	385,342
Investments							
Dividend, interest and rental income	22	33,409	3,945	37,354	33,065	3,810	36,875
Total income		461,896	8,945	470,841	421,907	3,810	425,717
Expenditure on:							
Raising funds		-	(356)	(356)	-	(370)	(370)
Charitable activities							
Grants		(22,821)	-	(22,821)	(19,329)	-	(19,329)
Other expenditure on charitable activities		(1,081)	-	(1,081)	(702)	-	(702)
Other							
Charitable donations paid by trading subsidiaries		(2,730)	-	(2,730)	(2,548)	-	(2,548)
Expenditure arising from trading activities		(424,678)	-	(424,678)	(404,217)	-	(404,217)
Total expenditure		(451,310)	(356)	(451,666)	(426,796)	(370)	(427,166)
Net (losses)/gains on investments	23	(50,379)	(12,198)	(62,577)	71,915	12,332	84,247
Gain on disposal of subsidiary	29	34,944	-	34,944	-	-	-
Taxation	24	4,957	(112)	4,845	(15,482)	(82)	(15,564)
		108	(3,721)	(3,613)	51,544	15,690	67,234
Net income/(expenditure) in the year							
a. arising from the charity	25	(23,845)	(3,721)	(27,566)	(16,526)	15,690	(836)
b. arising from trading activities	25	23,953	-	23,953	68,070	-	68,070
		108	(3,721)	(3,613)	51,544	15,690	67,234

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

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

for the year ended 31 December 2022

	Notes	2022 Unrestricted funds £000	2022 Endowment funds £000	2022 Total funds £000	*Restated** 2021 Unrestricted funds £000	*Restated** 2021 Endowment funds £000	*Restated** 2021 Total funds £000
Transfer between funds							
Gross transfers to endowment funds	42	**(2,000)**	**2,000**	**-**	(4,000)	4,000	-
Gross transfers to unrestricted funds	42	**3,550**	**(3,550)**	**-**	7,952	(7,952)	-
Other recognised (losses)/gains							
Actuarial (losses)/gains on retirement benefits	41	**(6,876)**	**-**	**(6,876)**	41,260	-	41,260
Other gains/(losses)							
Currency translation differences	43	**5,410**	**-**	**5,410**	(2,357)	-	(2,357)
(Losses)/gains on net investment hedges	43	**(4,514)**	**-**	**(4,514)**	1,912	-	1,912
Tax attributable to other recognised (losses)/gains	24	**2,545**	**-**	**2,545**	(8,551)	-	(8,551)
Minority interests	44	**(8,782)**	**-**	**(8,782)**	(8,782)	-	(8,782)
Net movement in funds excluding minority interests		**(10,559)**	**(5,271)**	**(15,830)**	78,978	11,738	90,716
Total funds brought forward	42	**545,022**	**115,827**	**660,849**	466,044	104,089	570,133
Total funds carried forward		**534,463**	**110,556**	**645,019**	545,022	115,827	660,849

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

The accompanying notes on pages 80 to 131 are an integral part of this consolidated statement of financial activities. Included within the results are the operations of SEIB Insurance Brokers Limited which was disposed of on 30 December 2022. Further information on the disposal can be found in note 29.

CONSOLIDATED BALANCE SHEET

at 31 December 2022

	Notes	2022 Total funds £000	*Restated** 2021 Total funds £000
Fixed assets			
Intangible assets	30	**32,316**	33,627
Tangible assets	31	**14,764**	14,613
Investment property	32	**140,846**	163,355
Investments	33	**1,559,514**	1,229,029
Investment in associate	35	**12,611**	12,148
Total fixed assets		**1,760,051**	1,452,772
Current assets			
Debtors	36	**575,586**	488,305
Cash at bank and in hand	37	**166,096**	174,779
Total current assets		**741,682**	663,084
Liabilities			
Creditors: amounts falling due within one year	38	**(170,062)**	(146,467)
Net current assets		**571,620**	516,617
Total assets less current liabilities		**2,331,671**	1,969,389
Creditors: amounts falling due after one year	38	**(3,544)**	(2,477)
Provisions for liabilities	39	**(1,565,853)**	(1,197,336)
Subordinated liabilities	40	**(25,818)**	(24,433)
Net assets excluding retirement benefit obligations		**736,456**	745,143
Net pension asset	41	**15,338**	24,579
Other retirement benefit obligations	41	**(4,960)**	(7,058)
Total net assets including retirement benefit obligations		**746,834**	762,664
The funds of the charity:			
Unrestricted funds			
General funds	42	**11,681**	14,612
Designated funds	42	**1,982**	6,346
Revaluation reserve	42	**222**	268
Non-charitable trading reserves	42	**501,316**	506,256
Translation and hedging reserve	43	**19,262**	17,540
		534,463	545,022
Restricted funds			
Endowment funds	42	**110,556**	115,827
Total funds (excluding minority interests)		**645,019**	660,849
Minority interests	44	**101,815**	101,815
Total funds		**746,834**	762,664

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

The consolidated financial statements of Benefact Trust Limited registration number 1043742, on pages 75 to 131 were approved and authorised for issue by the Board on 4 May 2023 and signed on its behalf by:

Tim Carroll
Chairman

Stephen Hudson
Trustee

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	Notes	2022	*Restated** 2021
		£000	£000
Net (expenditure)/income for the reporting period		**(3,613)**	67,234
Adjustments for:			
Depreciation of property, plant and equipment		**3,483**	3,426
Gain on disposal of property, plant and equipment		**(28)**	(41)
Amortisation and impairment of intangible assets		**5,907**	3,783
Loss on disposal of intangible assets		**-**	4,765
Share of profit of associate		**(1,463)**	(2,274)
Tax (income)/expense		**(4,845)**	15,564
Profit on disposal of group undertaking		**(34,944)**	-
Losses/(gains) on financial investments and investment property		**110,175**	(69,783)
Dividend and interest income from investments		**(27,889)**	(27,395)
Finance costs		**1,705**	1,444
Increase in debtors		**(82,159)**	(64,186)
Increase in creditors		**26,511**	8,533
Increase in provisions		**340,415**	97,559
Adjustment for pension funding		**265**	1,151
Increase/(decrease) in retirement benefit obligation		**2**	(115)
Proceeds from the sale of investment property by trading subsidiaries		**1,300**	-
Proceeds from the sale of financial investments by trading subsidiaries		**181,846**	175,794
Purchase of financial investments by trading subsidiaries		**(506,944)**	(217,021)
Dividends received by trading subsidiaries		**8,757**	8,676
Interest received by trading subsidiaries		**17,785**	15,340
Tax paid by trading subsidiaries		**(6,616)**	(3,515)
Net cash provided by operating activities		**29,650**	18,939
Cash flows from investing activities:			
Purchases of property, plant and equipment		**(3,752)**	(3,845)
Proceeds from the sale of property, plant and equipment		**40**	559
Purchases of intangible assets		**(4,179)**	(3,942)
Purchase of investments		**(17,624)**	(13,175)
Proceeds from the sale of investments		**10,713**	20,718
Acquisition of business, net of cash acquired		**-**	(5,258)
Acquisition of subsidiary, net of cash acquired		**(1,417)**	-
Disposal of subsidiary, net of cash disposed		**36,355**	-
Dividend and interest income from parent charity investments		**3,823**	3,798
Loan issued to associate undertaking		**(55,345)**	-
Repayment of loan by associate undertaking		**686**	-
Net cash used in investing activities		**(30,700)**	(1,145)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 31 December 2022

	Notes	2022 £000	*Restated** 2021 £000
Cash flows from financing activities:			
Interest paid by trading subsidiaries		**(1,705)**	(1,444)
Payment of finance lease liabilities		**(172)**	(217)
Proceeds from other borrowings		-	25,014
Dividends paid to non-controlling interests of subsidiaries		**(8,782)**	(8,782)
Net cash (used in)/provided by financing activities		**(10,659)**	14,571
Change in cash and cash equivalents in the reporting period		**(11,709)**	32,365
Analysis of changes in net debt			
Cash and cash equivalents at the beginning of the reporting period		**174,779**	144,675
Change in cash and cash equivalents in the reporting period		**(11,709)**	32,365
Change in cash and cash equivalents due to exchange rate movements		**3,026**	(2,261)
Cash and cash equivalents at the end of the reporting period	37	**166,096**	174,779

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

19 Accounting policies for consolidated financial statements

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

Basis of preparation

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

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

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

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

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

Basis of consolidation

Subsidiaries

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

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

Associates

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

Foreign currency translation

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

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

Turnover

General insurance business

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

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

Life insurance business

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

Fee and commission income

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

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

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

Income from investments

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

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

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

Claims

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

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

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

Insurance contract liabilities

General insurance technical provisions

(i) Outstanding claims provisions

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

The Group's accounting policy for general insurance outstanding claims provisions has previously been to apply discounting only to certain longer term liabilities. The accounting policy has been changed to discount general insurance liabilities that have not previously been discounted. This change in accounting policy resulted in a credit of £13,200,000 recognised in this financial year and a credit of £2,600,000 in the prior year, both within net investment return. For further information on the prior year restatement, see note 49.

Insurance contract liabilities (continued)

(ii) Provision for unearned premiums

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

(iii) Liability adequacy

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

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

Reinsurance

General insurance business

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

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

Life insurance provisions

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

Investment contract liabilities

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

Taxation

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

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

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

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

Intangible assets

Goodwill

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

Intangible assets (continued)

Computer software

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

Other intangible assets

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

Tangible assets

Owner-occupied properties are stated at fair value and movements are taken to the revaluation reserve, net of deferred tax. When such properties are sold, the accumulated revaluation surpluses are transferred from this reserve to non-charitable trading reserves.

Where the fair value of an individual property is below original cost, any revaluation movement arising during the year is recognised within net gains/(losses) on investments in the statement of financial activities. Valuations are carried out at least every three years by external qualified surveyors.

All other items classified as tangible fixed assets are carried at historical cost less accumulated depreciation and impairment.

Depreciation is calculated to write down the cost of the assets to their residual values over their estimated useful lives as follows:

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

Investment property

Investment property comprises land and buildings which are held for long-term rental yields. It is carried at fair value with changes in fair value recognised in the statement of financial activities within net gains/(losses) on investments. Investment property is valued annually by external qualified surveyors. Where the Group disposes of a property, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss within net gains/(losses) on investments.

Financial instruments

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

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

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

- Financial instruments designated as at fair value, those held for trading, and hedge accounted derivatives are subsequently carried at fair value. To the extent to which they are effective, changes to the fair value of hedging instruments are included in the other recognised gains/(losses) in the statement of financial activities. All other changes in fair value are recognised in net gains/(losses) on investments in the statement of financial activities in the period in which they arise.
- All other financial assets and liabilities are held at amortised cost, using the effective interest method (except for short-term debtors and creditors when the recognition of interest would be immaterial).

Offset of financial assets and financial liabilities

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

Investments

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

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

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

Derivative financial instruments and hedging

Derivative financial instruments include foreign exchange contracts and other financial instruments that derive their value from underlying equity instruments.

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

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

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

(ii) Financial assets at amortised cost

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

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

Derivative instruments for hedging of net investments in foreign operations

On the date a foreign exchange contract is entered into, the trading subsidiaries designates certain contracts as a hedge of a net investment in a foreign operation (net investment hedge) and hedges the forward foreign currency rate.

Hedge accounting is used for derivatives designated in this way, provided certain criteria are met. At the inception of the transaction, the trading subsidiaries document the relationship between the hedging instrument and the hedged item, as well as the risk management objective and the strategy for undertaking the hedge transaction. The trading subsidiaries also document their assessment of whether the hedge is expected to be, and has been, highly effective in offsetting the risk in the hedged item, both at inception and on an ongoing basis.

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

Gains and losses on the hedging instrument, relating to the effective portion of the hedge accumulated in the foreign currency translation reserve, are reclassified to net income/(expenditure) on disposal of the related investment.

Cash and cash equivalents

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

Subordinated liabilities

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

Life insurance business

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

Employee benefits

Pension obligations

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

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

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

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

Other post-employment obligations

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

Other benefits

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

Leases

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

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

20 Critical accounting estimates and judgements in applying accounting policies

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

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

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

(b) Future benefit payments arising from life insurance contracts

(c) Pensions and other post-employment benefits

(d) Goodwill impairment and the carrying value of goodwill

(e) Unlisted equity securities

(f) Significant insurance risk

Full details of the critical accounting estimates and judgements that are made by the trading subsidiaries can be found in the notes to the financial statements of the annual report and accounts of Benefact Group plc, which are available from the registered office on page 132.

21 Trading activities

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

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

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

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

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

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

	2022	2021
	£000	£000
United Kingdom and Ireland	**407,583**	354,763
Australia	**99,698**	93,365
Canada	**108,762**	91,610
	616,043	539,738
Reconciliation of turnover to income from trading subsidiaries:		
Turnover	**616,043**	539,738
Outward reinsurance premium	**(238,069)**	(198,601)
Net change in provision for unearned premium	**(16,505)**	(14,620)
Other fee and commission income not included in turnover	**65,554**	56,551
Share of profit of associate	**1,464**	2,274
Income arising from trading activities	**428,487**	385,342

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

	2022	2021
	£000	£000
General insurance business	**558,544**	486,220
Life insurance business	**63**	(2)
Investment management	**16,431**	14,878
Broking and advisory	**41,005**	38,642
	616,043	539,738

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

	2022	2021
	£000	£000
Single premiums	**56**	(8)
Regular premiums	**7**	6
	63	(2)

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

					*Restated**
		2022			2021
	Ecclesiastical Insurance Office plc	**Ansvar Insurance Limited**	**Ecclesiastical Life Limited**	**Total**	Total
	£000	**£000**	**£000**	**£000**	£000
Profit and loss account					
Turnover	**461,592**	**99,699**	**7**	**561,298**	499,243
Dividend and interest income	**30,044**	**3,043**	**3,670**	**36,757**	32,627
Other income	**(122,866)**	**(48,754)**	**-**	**(171,620)**	(169,695)
Total income	**368,770**	**53,988**	**3,677**	**426,435**	362,175
Net incurred claims	**(123,410)**	**(21,433)**	**(4,331)**	**(149,174)**	(145,811)
Charitable donations	**(2,546)**	**(141)**	**-**	**(2,687)**	(2,422)
Other expenditure	**(193,124)**	**(32,674)**	**(670)**	**(226,468)**	(204,965)
Total expenditure	**(319,080)**	**(54,248)**	**(5,001)**	**(378,329)**	(353,198)
Net (losses)/gains on investments	**(28,326)**	**801**	**(2,314)**	**(29,839)**	75,428
Taxation	**6,258**	**(345)**	**1,158**	**7,071**	(14,537)
Gift aid paid to parent charity	**(20,000)**	**-**	**-**	**(20,000)**	(21,000)
Other comprehensive (expense)/income and changes in equity	**(15,880)**	**1,503**	**-**	**(14,377)**	19,459
(Loss)/profit retained and transferred to reserves	**(8,258)**	**1,699**	**(2,480)**	**(9,039)**	68,327
Balance sheet					
Total assets	**1,421,668**	**324,423**	**167,188**	**1,913,279**	1,823,121
Equity	**544,769**	**57,696**	**53,766**	**656,231**	659,190
Liabilities	**876,899**	**266,727**	**113,422**	**1,257,048**	1,163,931
Total equity and liabilities	**1,421,668**	**324,423**	**167,188**	**1,913,279**	1,823,121

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

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

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

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

	2022					2021
	Ecclesiastical Planning Services Limited £000	**EdenTree Investment Management Limited £000**	**SEIB Insurance Brokers Limited* £000**	**Lycetts Holdings Limited £000**	**Total £000**	Total £000
Profit and loss account						
Turnover	5,879	9,349	12,510	25,602	53,340	58,211
Dividend and interest income	13	(22)	832	127	950	1,056
Total income	5,892	9,327	13,342	25,729	54,290	59,267
Charitable donations	-	(2)	(25)	(17)	(44)	(127)
Other expenditure	(6,508)	(12,232)	(10,924)	(22,616)	(52,280)	(57,103)
Total expenditure	(6,508)	(12,234)	(10,949)	(22,633)	(52,324)	(57,230)
Taxation	74	605	(1,054)	(719)	(1,094)	(509)
Other comprehensive (expense)/income and changes in equity	-	-	(4,500)	2,471	(2,029)	(170)
(Loss)/profit retained and transferred to reserves	(542)	(2,302)	(3,161)	4,848	(1,157)	1,358
Balance sheet						
Total assets	592,260	14,040	-	30,347	636,647	327,117
Equity	5,082	3,947	-	14,634	23,663	33,075
Liabilities	587,178	10,093	-	15,713	612,984	294,042
Total equity and liabilities	592,260	14,040	-	30,347	636,647	327,117

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

*SEIB Insurance Brokers Limited was disposed of on 30 December 2022 leaving nil assets and liabilities at year end. Further information on the disposal can be found in note 29.

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

22 Dividend, interest and rental income

	2022 Unrestricted funds £000	2022 Endowment funds £000	2022 Total funds £000	2021 Unrestricted funds £000	2021 Endowment funds £000	2021 Total funds £000
Income from financial assets at fair value through profit or loss						
Equity securities						
- listed	6,472	3,330	9,802	6,012	3,292	9,304
- unlisted	874	-	874	2,003	-	2,003
Debt securities						
- government bonds	323	-	323	488	-	488
- listed	10,749	586	11,335	11,635	527	12,162
Income from financial assets at amortised cost						
a. cash at bank and in hand and cash deposits net of exchange gains and losses	2,209	29	2,238	576	(9)	567
b. other income received	3,763	-	3,763	3,272	-	3,272
Other income						
c. rental income	9,019	-	9,019	9,079	-	9,079
	33,409	3,945	37,354	33,065	3,810	36,875

23 Net (losses)/gains on investments

	2022 Unrestricted funds £000	2022 Endowment funds £000	2022 Total funds £000	*Restated** 2021 Unrestricted funds £000	*Restated** 2021 Endowment funds £000	*Restated** 2021 Total funds £000
Net (losses)/gains on investments	(76,768)	(12,198)	(88,966)	37,216	12,332	49,548
Net (losses)/gains on investment property	(21,209)	-	(21,209)	20,235	-	20,235
Impact of discount rate change on insurance contract liabilities	47,598	-	47,598	14,464	-	14,464
	(50,379)	(12,198)	(62,577)	71,915	12,332	84,247

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

24 Taxation

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

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

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

	2022 £000	*Restated** 2021 £000
Current tax on net income/(expenditure) for the year		
UK corporation tax	**1,427**	8,468
Double tax relief	**2,251**	1,457
	3,678	9,925
Foreign tax	**(16)**	25
Adjustments in respect of prior years		
UK corporation tax	**(315)**	536
Foreign tax	**16**	930
	(299)	1,466
Total current tax	**3,363**	11,416
Deferred tax		
Origination and reversal of timing differences	**(11,098)**	(4,168)
Effect of change in tax rate on opening liability	-	9,203
Adjustment in respect of prior years	**2,890**	(887)
Total deferred tax	**(8,208)**	4,148
Total tax on net income/(expenditure) for the year	**(4,845)**	15,564

A change in the UK standard rate of corporation tax from 19% to 25% will become effective from 1 April 2023. Deferred tax has been provided at an average rate of 23.5% (2021: 23.5%).

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

	2022 £000	*Restated** 2021 £000
Net (expenditure)/income before tax	**(8,458)**	82,798
Tax calculated at the UK standard rate of tax of 19% (2021: 19%)	**(1,607)**	15,732
Factors affecting (credit)/charge for the year:		
Expenses not deductible for tax purposes	**(2,715)**	(533)
Non-taxable income	**(5,314)**	(3,015)
Long-term insurance and other tax paid at non-UK rates	**2,404**	470
Tax paid at non-standard UK rates	**2,999**	(3,221)
Double tax relief	**(2,251)**	(1,457)
Impact of differential between current and deferred tax rate	**(952)**	822
Utilisation of tax losses for which no deferred tax asset has been recognised	-	(451)
Deferred tax asset for tax losses not previously recognised	-	(2,565)
Impact of reduction in deferred tax rate	-	9,203
Adjustments to tax (credit)/charge in respect of prior periods	**2,591**	579
Total tax (credit)/expense	**(4,845)**	15,564

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

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

	2022 £000	2021 £000
Current tax (credited)/charged on:		
Fair value movements on hedge derivatives	**(341)**	313
Deferred tax (credited)/charged on:		
Fair value movements on owner-occupied property	**-**	18
Actuarial movements on retirement benefit plans	**(1,719)**	8,350
Fair value movements on hedge derivatives	**(485)**	(130)
Total tax (credited)/charged to other recognised (losses)/gains	**(2,545)**	8,551

25 Net income/(expenditure) in the year

Net income/(expenditure) for the year has been arrived at after charging/(crediting)	2022 Unrestricted funds £000	2022 Endowment funds £000	2021 Unrestricted funds £000	2021 Endowment funds £000
Net foreign exchange losses/(gains)	**1,383**	**(6)**	(592)	19
Depreciation of tangible fixed assets	**3,483**	**-**	3,426	-
Amortisation of goodwill	**1,093**	**-**	1,676	-
Amortisation of intangible assets	**4,814**	**-**	2,107	-
Operating lease rentals	**5,817**	**-**	6,193	-
Fair value losses/(gains) on investments designated at fair value through profit and loss	**76,768**	**12,198**	(37,216)	(12,332)
Fair value losses/(gains) on investment property	**21,209**	**-**	(20,238)	-

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

26 Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the charity's auditor for the audit of the charity's annual accounts	**50**	31
Fees payable to the charity's auditor and its associates for other services:		
- The audit of the charity's subsidiaries	**1,312**	1,187
Total audit fees	**1,362**	1,218
- Audit-related assurance services	**332**	291
- Other assurance services	**87**	-
Total non-audit fees	**419**	291
Total auditor's remuneration	**1,781**	1,509

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

27 Employee information

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

	2022 No.	2021 No.
United Kingdom and Ireland	**1,411**	1,358
Australia	**137**	110
Canada	**79**	78
	1,627	1,546

	2022 £000	2021 £000
Wages and salaries	**108,495**	97,848
Social security costs	**10,625**	9,433
Pension costs - defined contribution plans	**8,358**	7,452
Pension costs - defined benefit plans	**872**	1,982
Other post-employment benefits	**132**	83
	128,482	116,798
Capitalised staff costs	**(502)**	(1,446)
	127,980	115,352

The above figures do not include termination benefits of £278,000 (2021: £340,000).

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

28 Key management remuneration

Two (2021: two) trustees received remuneration in their capacity as non-executive directors of subsidiary undertakings. Details of the emoluments received are as follows:

	2022 £000	2021 £000
Chris Moulder	78	75
Sir Stephen Lamport	71	59
Total emoluments paid to trustees in their capacity as non-executive directors of subsidiary undertakings	149	134

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

The key management remuneration of the charity is disclosed in note 11. The key management remuneration of the trading subsidiaries can be found in note 40 of the Benefact Group plc annual report and accounts which are available from the registered office, as shown on page 132.

29 Disposal of subsidiaries

On 30 December 2022 Ecclesiastical Insurance Office plc disposed of South Essex Insurance Holdings Limited and its wholly owned subsidiary, SEIB Insurance Brokers Limited, to a related party. The related party is an associate of Benefact Group plc.

	2022 £000	2021 £000
Consideration received or receivable	45,197	-
Carrying amount of net assets sold	(10,253)	-
Gain on disposal before and after tax	**34,944**	-

The gain on disposal has been presented within the consolidated statement of financial activities.

The carrying amounts of assets and liabilities as at the date of disposal were:

	2022 £000	2021 £000
Goodwill and other intangibles	1,809	-
Property, plant and equipment	370	-
Other assets	7,496	-
Cash and cash equivalents	8,842	-
Total assets	**18,517**	-
Provisions for other liabilities	(51)	-
Current tax liabilities	(1,010)	-
Deferred income	(362)	-
Other liabilities	(6,841)	-
Total liabilities	**(8,264)**	-
Net assets	**10,253**	-

30 Intangible assets

	Goodwill £000	Computer software £000	Other intangible assets £000	Total £000
Cost				
At 1 January 2022	**51,980**	**46,137**	**19,850**	**117,967**
Additions	**2,120**	**4,179**	**-**	**6,299**
Disposals	**(22,600)**	**-**	**(5,789)**	**(28,389)**
Exchange movements	**-**	**254**	**10**	**264**
At 31 December 2022	**31,500**	**50,570**	**14,071**	**96,141**
Accumulated amortisation				
At 1 January 2022	**48,733**	**18,673**	**16,934**	**84,340**
Provided in the year	**1,093**	**3,353**	**1,461**	**5,907**
Disposals	**(21,303)**	**-**	**(5,277)**	**(26,580)**
Exchange movements	**-**	**151**	**7**	**158**
At 31 December 2022	**28,523**	**22,177**	**13,125**	**63,825**
Net book value				
At 31 December 2021	3,247	27,464	2,916	33,627
At 31 December 2022	**2,977**	**28,393**	**946**	**32,316**

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

Goodwill arose on the acquisition of subsidiary undertakings and on the acquisition of business. £23,400 of the goodwill balance (2021: £234,000) relates to the acquisition of Lycetts Holdings Limited during 2011. £nil of the goodwill balance (2021: £1,025,000) relates to the acquisition of Lansdown Insurance Brokers Limited during 2014. £1,032,000 of the goodwill balance (2021: £1,185,000) relates to the acquisition of Robertson-McIsaac Limited in 2019. £1,884,000 of the goodwill balance (2021: £nil) relates to the acquisition of G.D Anderson & Co in 2022.

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

£893,000 (2021: £1,116,000) of the other intangible assets balance in the current year relates to the acquisition of the assets of Funeral Planning Services Limited and has a remaining useful life of four years.

Goodwill of £1,297,000 and other intangibles of £512,000 relating to South Essex Insurance Holdings Limited were disposed of during the year. Further details of the disposal can be found within note 29.

31 Tangible assets

	Land and buildings £000	Computer equipment £000	Motor vehicles £000	Office equipment £000	Total £000
Cost or valuation					
At 1 January 2022	**1,465**	**9,988**	**1,725**	**16,782**	**29,960**
Additions	-	**3,135**	**374**	**573**	**4,082**
Disposals	-	**(654)**	**(624)**	**(1,212)**	**(2,490)**
Exchange movements	-	**57**	-	**150**	**207**
At 31 December 2022	**1,465**	**12,526**	**1,475**	**16,293**	**31,759**
Accumulated depreciation					
At 1 January 2022	-	**7,631**	**700**	**7,016**	**15,347**
Charge for the year	-	**1,943**	**198**	**1,342**	**3,483**
Disposals	-	**(473)**	**(390)**	**(1,075)**	**(1,938)**
Exchange movements	-	**44**	-	**59**	**103**
At 31 December 2022	-	**9,145**	**508**	**7,342**	**16,995**
Net book value					
At 31 December 2021	1,465	2,357	1,025	9,766	14,613
At 31 December 2022	**1,465**	**3,381**	**967**	**8,951**	**14,764**

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

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

The value of land and buildings on a historical cost basis is £1,464,000 (2021: £1,464,000).

Included within net book value of motor vehicles is £965,000 (2021: £987,000) in respect of assets held under finance leases.

32 Investment property

	2022 £000	2021 £000
Fair value at 1 January	**163,355**	142,142
Transfers from tangible assets	-	975
Disposals	**(1,300)**	-
Fair value (losses)/gains	**(21,209)**	20,238
Fair value at 31 December	**140,846**	163,355

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

The trading subsidiaries' investment properties were last revalued at 31 December 2022 by Cluttons LLP, an independent professional firm of chartered surveyors who have recent experience in the location and type of properties. Valuations were carried out in accordance with The RICS Global Valuation Standards dated 31 January 2022. There has been no change in valuation technique during the year.

The value of the investment property on a historical cost basis is £139,339,000 (2021: £139,919,000).

Included within investment property are long leasehold properties with a net book value of £18,836,000 (2021: £20,751,000).

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

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

33 Investments

	2022	2021
	£000	£000
Financial assets at fair value through profit or loss		
Equity securities		
- listed	**368,879**	382,408
- unlisted	**99,870**	80,144
Debt securities		
- government bonds	**206,394**	204,072
- listed	**262,842**	322,470
- unlisted	**-**	34
Structured notes	**56,137**	14,649
Investment contract assets	**485,213**	199,181
Derivative financial instruments:		
- forwards	**-**	2
- options	**100**	334
	1,479,435	1,203,294
Financial assets at fair value through other recognised gains/(losses)		
Derivative financial instruments:		
- forwards	**655**	414
	655	414
Financial assets at amortised cost		
Other loans	**79,424**	25,321
	79,424	25,321
Total investments	**1,559,514**	1,229,029

Reconciliation of the movement in financial assets:

	Unrestricted funds			Endowment funds	Total funds
	At fair value through profit or loss	At fair value through other recognised (losses)/gains	At amortised cost	At fair value through profit or loss	
	£000	£000	£000	£000	£000
2022					
Fair value at 1 January	**1,093,391**	**414**	**25,322**	**109,902**	**1,229,029**
Additions at cost	**506,946**	-	**55,344**	**17,624**	**579,914**
Gift aid from subsidiary to Endowment fund	**(5,000)**	-	-	**5,000**	-
Disposal proceeds	**(159,333)**	**4,134**	-	**(10,713)**	**(165,912)**
Fair value losses	**(51,870)**	**(3,893)**	-	**(12,198)**	**(67,961)**
Redemption and repayments	**(27,036)**	-	**(1,242)**	-	**(28,278)**
Exchange gains	**12,722**	-	-	-	**12,722**
Fair value at 31 December	**1,369,820**	**655**	**79,424**	**109,615**	**1,559,514**
2021					
Fair value at 1 January	1,020,637	401	17,728	103,113	1,141,879
Additions at cost	206,337	-	11,700	12,159	230,196
Disposal proceeds	(156,047)	(655)	(3,016)	(17,702)	(177,420)
Fair value gains	44,827	668	-	12,332	57,827
Redemptions and repayments	(17,350)	-	(1,090)	-	(18,440)
Exchange losses	(5,013)	-	-	-	(5,013)
Fair value at 31 December	1,093,391	414	25,322	109,902	1,229,029

Fair value gains/(losses) through profit or loss in the unrestricted fund excludes £2,903,000 fair value losses (2021: £913,000 fair value gains) on derivatives classified as financial liabilities.

34 Derivative financial instruments

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

A trading subsidiary has also formally designated certain derivatives as a hedge of its net investments in Australia and Canada. A loss of £4,514,000 (2021: gain of £1,912,000) in respect of these 'hedge' derivatives has been recognised in the hedging reserve within unrestricted funds, as disclosed in note 43. The trading subsidiary has formally assessed and documented the effectiveness of derivatives that qualify for hedge accounting in accordance with FRS 102.

		2022			2021	
	Contract/ notional amount £000	**Fair value asset £000**	**Fair value liability £000**	Contract/ notional amount* £000	Fair value asset £000	Fair value liability £000
Non-hedge derivatives						
Equity/Index contracts						
Options	**100**	**100**	**-**	34,695	334	296
Foreign exchange contracts						
Forwards (Euro)	**93,712**	**-**	**2,475**	99,369	2	35
Hedge derivatives						
Foreign exchange contracts						
Forwards (Australian dollar)	**55,742**	**-**	**759**	40,512	145	-
Forwards (Canadian dollar)	**48,442**	**655**	**-**	37,609	269	-
	197,996	**755**	**3,234**	212,185	750	331

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

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

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

Derivative fair value assets are recognised within investments (note 33) and derivative fair value liabilities are recognised within creditors (note 38).

35 Investment in associate

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

	Share of net assets	Goodwill	Total
	£000	£000	£000
At 1 January 2021	623	5,073	5,696
Acquired in the year	729	4,528	5,257
Share of net income/(expenditure) for the period	2,274	-	2,274
Dividends received	(1,079)	-	(1,079)
At 31 December 2021	2,547	9,601	12,148
Share of net income/(expenditure) for the period	1,463	-	1,463
Dividends received	(1,000)	-	(1,000)
At 31 December 2022	3,010	9,601	12,611

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

	2022	2021
	£000	£000
Benefact Trust group of companies' 40% share of:		
Revenue	11,602	10,049
Assets	48,311	24,815
Liabilities	(45,301)	(22,268)
Share of net assets	3,010	2,547

36 Debtors

	2022	*Restated** 2021
	£000	£000
(a) Amounts falling due within one year		
Trade debtors	**163,734**	141,327
Other debtors	**19,922**	20,382
Amounts due from related parties	**1,790**	-
Reinsurers' share of technical provisions	**206,339**	167,398
Accrued rent and interest	**4,436**	4,166
Deferred acquisition costs	**52,526**	46,027
Current tax recoverable	**4,412**	525
Other prepayments and accrued income	**8,486**	8,550
	461,645	388,375
(b) Amounts falling due after one year		
Trade debtors	**2,147**	2,140
Other debtors	**77**	68
Reinsurers' share of technical provisions	**100,623**	86,038
Deferred tax assets	**8,689**	9,605
Other prepayments and accrued income	**2,405**	2,079
	113,941	99,930
Total debtors	**575,586**	488,305

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

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

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

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

(c) Overdue and impaired trade debtors

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

The trading subsidiaries' allowance for doubtful debts includes a provision of £1,113,000 (2021: £985,000) in respect of debtors that are individually determined to be impaired.

Included within trade debtors is £44,082,000 (2021: £17,736,000) overdue but not impaired. Of this balance, £37,596,000 (2021: £14,808,000) is not more than three months overdue at the reporting date.

37 Cash at bank and in hand

	2022			2021		
	Unrestricted funds	**Endowment funds**	**Total**	Unrestricted funds	Endowment funds	Total
	£000	**£000**	**£000**	£000	£000	£000
Short term deposits	**67,939**	**679**	**68,618**	58,712	5,690	64,402
Cash at bank and in hand	**97,478**	**-**	**97,478**	110,377	-	110,377
	165,417	**679**	**166,096**	169,089	5,690	174,779

Included within short term deposits of the trading subsidiary are cash deposits of £8,810,000 (2021: £2,830,000) pledged as collateral by way of cash margins on open derivative contracts and cash to cover derivative liabilities.

Included within cash at bank and in hand are trading subsidiary cash deposits of £15,109,000 (2021: £23,072,000) pledged as collateral by way of cash calls from reinsurers, and £13,380,000 (2021: £16,078,000) of restricted cash held on an agency basis.

38 Creditors

	2022	2021
	£000	£000
(a) Amounts falling due within one year		
Trade creditors	**54,073**	38,103
Other creditors	**36,559**	39,673
Derivative liabilities	**3,234**	331
Amounts due to related parties	**-**	24
Corporation tax	**442**	1,236
Accruals and deferred income	**75,754**	67,100
	170,062	146,467
(b) Amounts falling due after one year		
Other creditors	**1,350**	1,212
Accruals and deferred income	**2,194**	1,265
	3,544	2,477

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

Deferred income arises from the operations of the trading subsidiaries.

39 Provisions for liabilities

	2022 £000	Restated* 2021 £000
Provisions for liabilities	**4,883**	5,678
Deferred tax liabilities	**38,803**	50,358
Technical provisions	**925,395**	865,160
Life business technical provisions	**502**	19,434
Investment contract liabilities	**596,270**	256,706
	1,565,853	1,197,336

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

All provisions relate to the trading subsidiaries.

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

(a) Provisions for liabilities

	Regulatory and legal provisions £000	Other provisions £000	Total £000
At 1 January 2022	2,619	3,059	5,678
Additional provisions	1,783	247	2,030
Used during year	(1,825)	(1)	(1,826)
Not utilised	(157)	(796)	(953)
Disposal of business	-	(52)	(52)
Exchange differences	-	6	6
At 31 December 2022	2,420	2,463	4,883
Current	2,420	1,766	4,186
Non-current	-	697	697

Regulatory provisions

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

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

Other provisions

The provision for other costs relates to costs in respect of dilapidations.

(b) Deferred tax

	2022 £000	*Restated** 2021 £000
At 1 January	**40,753**	28,231
Credited to net income/(expenditure)	**(8,208)**	(5,055)
Charged to net income/(expenditure) - resulting from reduction in tax rate	**-**	9,203
(Credited)/charged to other recognised gains/(losses)	**(2,204)**	10,137
Credited to other recognised gains/(losses) - resulting from reduction in tax rate	**-**	(1,899)
Transfer on acquisition/ disposal of subsidiary	**61**	-
Exchange differences	**(288)**	136
At 31 December	**30,114**	40,753

	2022 £000	*Restated** 2021 £000
Deferred tax assets included in debtors	**8,689**	9,605
Deferred tax liabilities included in provisions for liabilities	**(38,803)**	(50,358)
Net provision for deferred tax	**(30,114)**	(40,753)
Deferred tax is provided as follows:		
Unrealised investment gains	**(37,065)**	(45,571)
Retirement benefit obligations	**(2,600)**	(4,386)
Depreciation in excess of capital allowances	**(563)**	715
Other timing differences	**10,114**	8,489
Net provision for deferred tax	**(30,114)**	(40,753)

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

The Benefact Trust group of companies expects a net deferred tax liability of £184,000 (2021: £4,700,000, net deferred tax liability) to reverse within 12 months of the year end date. The reversal is expected to arise from the sale of investments, claiming of capital allowances, settlement of overseas claims costs, and other temporary timing differences.

(c) Investment contract liabilities

	2022 £000	2021 £000
Investment contract liabilities	**596,270**	256,706
	596,270	256,706

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

40 Subordinated liabilities

	2022	2021
	£000	£000
6.3144% EUR 30m subordinated debt	**25,818**	24,433
	25,818	24,433

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

41 Retirement benefit obligations

(a) Defined contribution pension plans

The trading subsidiaries operate a number of defined contribution pension plans, for which contributions are disclosed in note 27.

(b) Defined benefit pension plans

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

The assets of the main defined benefit plan are held separately from those of the trading subsidiary by the Trustee of the Ecclesiastical Insurance Office plc Staff Retirement Benefit Fund (the 'Fund'). The Fund is subject to the Statutory Funding Objective under the Pensions Act 2004. An independent qualified actuary appointed by the Trustee is responsible for undertaking triennial valuations to determine whether the Statutory Funding Objective is met. Pension costs for the plan are determined by the Trustee, having considered the advice of the actuary and having consulted with the employer. The most recent triennial valuation was at 31 December 2019. No contribution is expected to be paid by EIO plc in 2023.

Actuarial valuations were reviewed and updated by an actuary at 31 December 2022 for FRS 102 purposes. The surplus in the scheme attributable to the former EIO Section has been assessed against the economic benefit available as a reduction in future contributions in accordance with FRS 102. This has resulted in the recognisable surplus being restricted by £57,100,000. EIO plc has an unconditional right to a refund of the surplus attributable to the former Ansvar Section of the Fund, which has been recognised in full in accordance with FRS 102.

In addition to the trading subsidiaries' main defined benefit plan, Lycett, Browne-Swinburne & Douglass Limited (LBSD), also operates a defined benefit plan. The plan was closed to new members subsequent to the 1 January 2011 renewal, and was closed to future accrual on 30 September 2021. From 1 October 2021, active members in employment joined one of the trading subsidiaries' defined contribution plans. The most recent triennial valuation was at 1 January 2021. The contribution expected to be paid by the trading subsidiary into the plan during the next financial year is £500,000 (2021: £100,000).

The actuarial valuation for the LBSD plan was reviewed and updated by an actuary at 31 December 2022. As LBSD does not have an unconditional right to a refund of the surplus in the scheme the recognisable surplus has been restricted by £600,000 in accordance with FRS 102.

In the current year, actuarial gains arising from changes in financial assumptions of £159,143,000 (2021: actuarial gains of £21,343,000) have been recognised in the statement of financial activities. This has mainly resulted from a 2.87% increase in the discount rate. In the prior year, these gains resulted from a 0.6% increase in the discount rate assumption partially offset by inflation-linked pension increases.

Experience losses of £12,025,000 have been recognised in the current year (2021: £1,021,000). This is mainly due to actual inflation exceeding the inflation assumptions for the Group's main defined benefit plan. A review and update to certain demographic assumptions resulted in an actuarial gain of £2,993,000 (2021: £3,913,000 actuarial gain) being recognised in the current year.

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

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

An LDI allocation is maintained as a risk management tool in order to preserve some future protection for the Fund against falling yields and rising inflation, designed to hedge 65% of the interest rate and 75% of the inflation rate risk of the guaranteed benefits of the Fund. Exposure of the Fund's assets to interest rates and inflation counter-balances exposure of the Fund's liabilities to these factors and has suppressed, but not eliminated, volatility in the funding position.

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

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

	2022	2021
	£000	£000
The amounts recognised in the balance sheet are determined as follows:		
Present value of funded obligations	**(238,191)**	(393,689)
Fair value of plan assets	**311,236**	435,736
	73,045	42,047
Restrictions on asset recognised	**(57,707)**	(17,468)
Net asset in the balance sheet	**15,338**	24,579
The following is the analysis of the net pension asset/(deficit) for financial reporting purposes:		
Net pension asset	**15,338**	28,304
Net pension liability	**-**	(3,725)
	15,338	24,579

	2022 £000	2021 £000
The amounts recognised in the consolidated statement of financial activities are as follows:		
Current service cost	**573**	853
Administration cost	**768**	918
Interest income on plan assets	**(8,150)**	(5,202)
Interest expense on scheme liabilities	**7,349**	5,413
Effect of interest on asset ceiling	**332**	-
Total, included in expenditure arising from trading activities	**872**	1,982
The amounts recognised in actuarial gains/(losses) on retirement benefits are as follows:		
Return on plan assets, excluding interest income	**(119,180)**	35,136
Experience losses on liabilities	**(12,025)**	(1,021)
Gains from changes in demographic assumptions	**2,993**	3,913
Gains from changes in financial assumptions	**159,143**	21,343
Change in asset restriction	**(39,907)**	(17,468)
	(8,976)	41,903

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

	2022 £000	2021 £000
Plan assets		
At 1 January	**435,736**	406,605
Interest income	**8,150**	5,202
Return on plan assets, excluding interest income	**(119,180)**	35,136
Pension benefits paid and payable	**(13,966)**	(11,977)
Contributions paid	**607**	831
Employee contributions	**3**	29
Administrative expenses	**(114)**	(90)
At 31 December	**311,236**	435,736
Defined benefit obligation		
At 1 January	**393,689**	422,778
Current service cost	**573**	853
Administration cost	**654**	828
Interest cost	**7,349**	5,413
Pension benefits paid and payable	**(13,966)**	(11,977)
Employee contributions	**3**	29
Experience losses on liabilities	**12,025**	1,021
Gains from changes in demographic assumptions	**(2,993)**	(3,913)
Gains from changes in financial assumptions	**(159,143)**	(21,343)
At 31 December	**238,191**	393,689
Asset ceiling		
At 1 January	**17,468**	-
Effect of interest on the asset ceiling	**332**	-
Change in asset ceiling	**39,907**	17,468
At 31 December	**57,707**	17,468

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

	2022	2021
	%	%
Discount rate	**4.77**	1.90
Inflation (RPI)	**3.30**	3.40
Inflation (CPI)	**2.79**	2.98
Future salary increases	**4.09**	4.42
Future increase in pensions in deferment	**3.37**	3.55
Future average pension increases (RPI)	**3.05**	3.19
Future average pension increases (CPI)	**2.10**	2.20

Mortality rate	2022	2021
The average life expectancy in years of a pensioner retiring at age 65, at the balance sheet date, is as follows:		
Male	**22.8**	22.7
Female	**24.1**	24.0
The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date, is as follows:		
Male	**23.5**	23.5
Female	**25.3**	25.2

Plan assets are as follows:	2022	2021
	£000	£000
Cash and other*	**37,268**	41,185
Equity instruments		
UK quoted	**47,651**	84,626
UK unquoted	**-**	34
Overseas quoted	**45,773**	95,361
	93,424	180,021
Liability driven investments - unquoted	**46,988**	60,482
Debt instruments		
UK public sector quoted - fixed interest	**-**	227
UK non-public sector quoted - fixed interest	**69,651**	78,780
UK quoted - index-linked	**21,241**	24,806
	90,892	103,813
Derivative financial instruments - unquoted	**(588)**	851
Property	**41,984**	47,665
Other	**1,268**	1,719
	311,236	435,736

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

The actual return on pension plan assets was a loss of £111,030,000 (2021: gain of £40,338,000).

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

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

(c) Post-employment medical benefits

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

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

	2022	2021
	£000	£000
Present value of unfunded obligations and net obligations in the balance sheet	**4,960**	7,058
Movements in the net obligations recognised in the balance sheet are as follows:		
At 1 January	**7,058**	6,530
Total expense charged to net income/(expenditure)	**132**	83
Net actuarial (gains)/losses, recognised in actuarial gains/(losses) on retirement benefits	**(2,100)**	643
Benefits paid	**(130)**	(198)
At 31 December	**4,960**	7,058
The amounts recognised through net (expenditure)/income are as follows:		
Interest cost	**132**	83
Total, included in employee benefits expense	**132**	83

The weighted average duration of the net obligations at the end of the reporting period is 10.5 years (2021: 12.8 years).

An actuarial gain of £2,012,000 has been recognised in the current year due to the increase in the discount rate. A small actuarial gain has also been recognised due to changes in mortality assumptions.

The principal actuarial assumptions were as follows:	**2022**	2021
	%	%
Discount rate	**4.77**	1.90
Medical cost inflation	**7.30**	7.40

42 Summary of reserve movements

	Unrestricted funds General fund £000	Designated fund £000	Endowment fund £000	Revaluation reserve £000	Non-charitable trading reserve £000	Translation and hedging reserve £000	Total £000
Fund balance at 1 January 2022	14,612	6,346	115,827	268	506,256	17,540	660,849
Income	313	14	3,945	-	466,569	-	470,841
Gift aid paid to charity parent	15,000	-	5,000	-	(20,000)	-	-
Expenditure	(21,550)	(2,622)	(356)	-	(427,138)	-	(451,666)
Fair value losses on investments	-	-	(12,198)	-	(50,379)	-	(62,577)
Gain on disposal of subsidiary	-	-	-	-	34,944	-	34,944
Taxation	-	-	(112)	-	4,957	-	4,845
Net reserve transfers	3,306	(1,756)	(1,550)	(46)	46	-	-
Currency translation differences	-	-	-	-	-	5,410	5,410
Losses on net investment hedges	-	-	-	-	-	(4,514)	(4,514)
Actuarial losses on retirement benefit obligations	-	-	-	-	(6,876)	-	(6,876)
Tax attributable to other recognised (losses)/gains	-	-	-	-	1,719	826	2,545
Minority interests	-	-	-	-	(8,782)	-	(8,782)
Fund balance at 31 December 2022	11,681	1,982	110,556	222	501,316	19,262	645,019

	Unrestricted funds						
	General fund £000	Designated fund £000	Endowment fund £000	Revaluation reserve £000	Non-charitable trading reserve £000	Translation and hedging reserve £000	Total £000
Fund balance at 1 January 2021 (restated)*	5,585	6,946	104,089	624	434,720	18,169	570,133
Income	343	3,504	3,810	-	418,060	-	425,717
Gift aid paid to charity parent	21,000	-	-	-	(21,000)	-	-
Expenditure	(18,136)	(2,236)	(370)	-	(406,424)	-	(427,166)
Fair value gains on investments	-	-	12,332	-	71,915	-	84,247
Taxation	-	-	(82)	-	(15,482)	-	(15,564)
Net reserve transfers	5,820	(1,868)	(3,952)	(338)	338	-	-
Currency translation differences	-	-	-	-	-	(2,357)	(2,357)
Gains on net investment hedges	-	-	-	-	-	1,912	1,912
Actuarial gains on retirement benefit obligations	-	-	-	-	41,260	-	41,260
Tax attributable to other recognised (losses)/gains	-	-	-	(18)	(8,349)	(184)	(8,551)
Minority interests	-	-	-	-	(8,782)	-	(8,782)
Fund balance at 31 December 2021 (restated)*	14,612	6,346	115,827	268	506,256	17,540	660,849

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

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

The designated fund has been designated by the trustees for the furtherance of purposes or projects of or relating to the Methodist Church. The source of these funds is the donations that the charity receives from Methodist Insurance PLC (see note 3). During the current year, the trustees designated £258,000 (2021: £3,636,000) and transferred £2,000,000 (2021: £2,000,000) into the expendable endowment fund.

The endowment fund is a restricted capital fund of expendable endowment that is retained to strengthen the charity's reserves and provide diversification of its assets. In the prior year, £5,000,000 was transferred into the general unrestricted fund in order to maintain liquidity and £4,000,000 excess reserves were transferred into the expendable endowment fund.

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

43 Translation and hedging reserve

	Translation reserve £000	Hedging reserve £000	Total £000
At 1 January 2022	**13,134**	**4,406**	**17,540**
Gains on currency translation differences	**5,410**	-	**5,410**
Losses on net investment hedges	-	**(4,514)**	**(4,514)**
Attributable tax	-	**826**	**826**
At 31 December 2022	**18,544**	**718**	**19,262**
At 1 January 2021	15,491	2,678	18,169
Losses on currency translation differences	(2,357)	-	(2,357)
Gains on net investment hedges	-	1,912	1,912
Attributable tax	-	(184)	(184)
At 31 December 2021	13,134	4,406	17,540

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

44 Minority interests

Minority interests comprise 95.6% (2021: 95.6%) of the 106,450,000 (2021: 106,450,000) 8.625% Non-cumulative Irredeemable Preference shares (NcIPs) in Ecclesiastical Insurance Office plc.

45 Financial commitments

Capital commitments

At the year end, the Benefact Trust group of companies had capital commitments of £76,000 (2021: nil) relating to development costs. The charity had no capital commitments in the current and prior year.

Operating lease commitments

Amounts receivable

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

	2022	2021
	£000	£000
Within 1 year	**8,124**	7,879
Between 1 & 5 years	**24,297**	25,718
After 5 years	**16,554**	20,217
	48,975	53,814

Amounts payable

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

	2022	2021
	£000	£000
Within 1 year	**4,375**	6,156
Between 1 & 5 years	**11,164**	14,755
After 5 years	**17,252**	19,118
	32,791	40,029
Operating lease rentals charged to net income/(expenditure) in the period	**5,817**	6,193
Total future minimum sublease payments expected to be received under non-cancellable subleases	**-**	244

46 Related undertakings

The charity's interest in related undertakings at 31 December 2022 is as follows:

Company	Company Registration Number	Share Capital	Holding of shares by Charity	Holding of shares by Subsidiary	Activity
Subsidiary undertakings					
Incorporated in the United Kingdom					
Benefact Group plc *	1718196	Ordinary	100%	-	Investment holding company
Benefact Broking & Advisory Holdings Limited *	14493617	Ordinary		100%	Investment holding company
Benefact Management Services Limited * ^	1811698	Ordinary	-	100%	Dormant company
Ecclesiastical Insurance Office plc *	24869	Ordinary	-	100%	Insurance
		Preference	-	4.4%	
Ecclesiastical Life Limited *	0243111	Ordinary	-	100%	Life insurance
Ecclesiastical Financial Advisory Services Limited *^^	2046087	Ordinary	-	100%	Independent financial advisory
Ecclesiastical Group Healthcare Trustees Limited *^^	10988127	Ordinary	-	100%	Trustee company
Ecclesiastical Planning Services Limited *	02644860	Ordinary	-	100%	Funeral plan administration
Ecclesiastical Underwriting Management Limited *	02368571	Ordinary	-	100%	Insurance management services
EdenTree Asset Management Limited *	11923964	Ordinary	-	100%	Investment management
EdenTree Holdings Limited *	14496067	Ordinary	-	100%	Investment holding company
EdenTree Investment Management Limited *	2519319	Ordinary	-	100%	Investment management
E.I.O. Trustees Limited * ^	0941199	Ordinary	-	100%	Trustee company
Farmers & Mercantile Insurance Brokers Limited **	03142714	Ordinary	-	100%	Insurance agents and brokers
G.D. Anderson & Co Limited **^^	00776446	Ordinary	-	100%	Insurance agents and brokers
Lycett, Browne-Swinburne & Douglass Limited **	00706042	Ordinary	-	100%	Insurance agents and brokers
Lycetts Financial Services Limited **	02057974	Ordinary	-	100%	Insurance agents and brokers
Lycetts Holdings Limited **	05866203	Ordinary	-	100%	Investment holding company
Lycetts Risk Management Services Limited ** ^^	10906990	Ordinary	-	100%	Risk management services
Robertson-McIsaac Limited ** ^^	03544899	Ordinary	-	100%	Insurance agents and brokers
Incorporated in Australia					
Ansvar Insurance Limited ***	007216506	Ordinary	-	100%	Insurance
Ansvar Risk Management Services Pty Limited ***	623695054	Ordinary	-	100%	Risk management services
Ansvar Insurance Services Pty Limited *** †	162612286	Ordinary	-	100%	Dormant company
Associated undertakings					
Incorporated in the United Kingdom					
Lloyd & Whyte Group Limited ****	01143899	Ordinary	-	40%	Insurance agents and brokers

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

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

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

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

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

^^ *Exempt from audit under s479A of the Companies Act 2006*

† *Exempt from audit*

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

The financial statements of Ecclesiastical Insurance Office plc and Benefact Group plc, the parent companies of the main trading groups, are publicly available, therefore a detailed analysis of their results is not presented here. Copies of the financial statements are available from the registered office as shown on page 132.

47 Related party transactions

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

	2022	Restated* 2021
	£000	£000
Income from transactions with other related parties	6,361	4,738
Expenditure arising from transactions with other related parties	55,345	10,500
Amounts owed by other related parties	81,107	25,010
Amounts due to other related parties	-	24

*The prior year has been restated to better reflect comparable balances.

Expenditure arising from transactions with other related parties consists of loan advances to related parties totalling £55,345,000 (2021: £10,500,000), of which £44,220,000 relates to the purchase of South Essex Insurance Holdings Limited and its wholly owned subsidiary, SEIB Insurance Brokers Limited (together SEIB) by Lloyd & Whyte.

Amounts owed by related parties includes £79,310,000 of loans disclosed in note 33, with £44,220,000 of the increase being due to the purchase of SEIB by Lloyd & Whyte.

48 Financial risk and insurance disclosures in respect of trading subsidiaries

I. Fair value hierarchy

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

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

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

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

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

Analysis of fair value measurement bases	**Fair value measurement at the end of the reporting period based on**			
	Level 1	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
At 31 December 2022				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	**268,296**	**-**	**100,196**	**368,492**
Debt securities	**458,421**	**1,299**	**-**	**459,720**
Structured notes	**-**	**56,138**	**-**	**56,138**
Funeral plan investments	**-**	**485,213**	**-**	**485,213**
Derivatives	**-**	**100**	**-**	**100**
	726,717	**542,750**	**100,196**	**1,369,663**
Financial assets at fair value through other recognised gains/(losses)				
Derivatives	**-**	**655**	**-**	**655**
	-	**655**	**-**	**655**
Total financial assets at fair value	**726,717**	**543,405**	**100,196**	**1,370,318**

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

In the current year the derivative liabilities of the trading subsidiaries were measured at fair value through profit or loss in the statement of financial activities. In the prior year the derivative liabilities of the trading subsidiaries were measured at fair value through other recognised gains/(losses) in the statement of financial activities. Derivative liabilities are categorised as level 2 (see note 34).

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

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

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

Non-exchange-traded derivative contracts (level 2)

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

Structured notes (level 2)

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

Funeral plan investments (level 2)

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

Unlisted equity securities (level 3)

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

The valuation is sensitive to the level of underlying net assets, the Euro exchange rate, the price-to-book ratio chosen, an illiquidity discount and a credit rating discount applied to the valuation to account for the risks associated with holding the asset. If the illiquidity discount and credit rating discount applied changes by +/-10%, the value of unlisted equity securities could move by +/-£11,041,000 (2021: +/-£8,871,000).

Unlisted debt (level 3)

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

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

II. Financial risk and capital management

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

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

(a) Credit risk

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

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

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

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

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

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

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

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

	At 31 December 2022				Restated* At 31 December 2021			
	Debt securities	**Reinsurance debtors**	**Other financial assets**	**Cash****	Debt securities	Reinsurance debtors	Other financial assets	Cash**
	£000	**£000**	**£000**	**£000**	£000	£000	-	£000
AAA	**182,349**	-	-	-	171,503	-	-	-
AA	**121,065**	**3,608**	-	**42,616**	122,895	2,651	-	42,719
A	**91,355**	**10,655**	-	**18,903**	129,795	9,424	-	21,351
BBB	**51,951**	-	-	**84,146**	72,653	3	-	79,934
Below BBB	**4,857**	-	-	-	7,895	-	-	-
Not rated	**8,143**	**1,009**	**256,089**	**206**	12,659	505	181,115	8
	459,720	**15,272**	**256,089**	**145,871**	517,400	12,583	181,115	144,012

*The prior year has been restated to better reflect comparable balances.

**Cash includes amounts held on deposit classified within financial investments and disclosed in note 37. Cash balances which are not rated include cash amounts in hand.

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

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

(b) Liquidity risk

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

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

	Maturing:			
	Within 1 year	**Between 1 & 5 years**	**After 5 years**	**Total**
	£000	**£000**	**£000**	**£000**
At 31 December 2022				
Life business provision	**46**	**146**	**310**	**502**
At 31 December 2021				
Life business provision	1,259	4,387	13,788	19,434

(c) Market risk

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

		Potential (decrease)/ increase in net income/(expenditure)		Potential changes in funds	
			*Restated**		*Restated**
Variable	**Change in variable**	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Interest rate risk	-100 basis points	**(4,618)**	(11,765)	**(8)**	54
	+100 basis points	**5,648**	9,475	**7**	(48)
Currency risk	-10%	**3,466**	5,192	**13,123**	10,845
	+10%	**(2,836)**	(4,248)	**(10,737)**	(8,873)
Equity price risk	+/- 10%	**29,848**	29,308	-	-

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

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

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

(i) Interest rate risk

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

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

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

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

(ii) Currency risk

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

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

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

- the operating results of the foreign branches and subsidiaries are translated at the average exchange rates prevailing during the period; and
- the equity investment in foreign branches and subsidiaries is translated into sterling using the exchange rate at the year-end date.

The forward foreign currency risk arising on translation of these foreign operations is hedged by the derivatives which are detailed in note 34. The trading subsidiaries have designated certain derivatives as a hedge of their net investments in Canada and Australia, which have Canadian and Australian dollars respectively as their functional currency.

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

			*Restated**
	2022		2021
	£000		£000
Aus $	**71,584**	Aus $	64,071
Euro	**41,246**	Euro	22,570
Can $	**74,188**	Can $	46,087
USD $	**2,399**	USD $	2,001
HKD $	**15**	HKD $	172

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

The figures in the table above, for the current and prior years, do not include currency risk that the trading subsidiaries are exposed to on a 'look through' basis in respect of collective investment schemes denominated in sterling. The trading subsidiaries enter into derivatives to hedge currency exposure, including exposures on a 'look through' basis. The open derivatives held by the trading subsidiaries at the year end to hedge currency exposures are detailed in note 34.

(iii) Equity price risk

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

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

	2022		2021
	£000		£000
UK	**269,117**	UK	281,792
Europe	**99,375**	Europe	79,848
Hong Kong	**-**	Hong Kong	186
Total	**368,492**	Total	361,826

(d) Capital management

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

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

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

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

Benefact Group's Solvency II Own Funds will be subject to a separate independent audit, as part of the process for Solvency II reporting to the PRA. Benefact Group expects to meet the PRA's deadline for submission to the PRA of 20 May 2023, and its SFCR will be made available on its website shortly after.

	2022	2021
	£000	£000
Solvency II Own Funds (unaudited)	**594,198**	603,714

III. Insurance risk

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

More detailed information relating to the insurance risk arising from the trading subsidiaries can be found in note 3 of the EIO plc annual report and accounts, which is available from the registered office on page 132.

(i) Risk mitigation

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

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

(ii) Concentrations of risk

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

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

		General insurance				Life insurance	
Territory		Property £000	Liability £000	Miscellaneous financial loss £000	Other £000	Whole-of-life £000	Total £000
2022							
United Kingdom and Ireland	Gross	**255,418**	**71,575**	**20,006**	**3,086**	**65**	**350,150**
	Net	**119,847**	**68,128**	**10,259**	**100**	**65**	**198,399**
Australia	Gross	**55,266**	**42,978**	**918**	**536**	-	**99,698**
	Net	**5,886**	**36,037**	**868**	**101**	-	**42,892**
Canada	Gross	**73,779**	**34,982**	-	-	-	**108,761**
	Net	**47,335**	**31,914**	-	-	-	**79,249**
Total	Gross	**384,463**	**149,535**	**20,924**	**3,622**	**65**	**558,609**
	Net	**173,068**	**136,079**	**11,127**	**201**	**65**	**320,540**
2021							
United Kingdom and Ireland	Gross	217,961	62,949	16,941	3,394	(2)	301,243
	Net	109,242	60,060	8,883	376	(2)	178,559
Australia	Gross	54,229	37,106	1,290	740	-	93,365
	Net	5,891	31,733	1,238	140	-	39,002
Canada	Gross	64,086	27,524	-	-	-	91,610
	Net	44,750	25,306	-	-	-	70,056
Total	Gross	336,276	127,579	18,231	4,134	(2)	486,218
	Net	159,883	117,099	10,121	516	(2)	287,617

IV. Net insurance premium income

	General insurance £000	Life insurance £000	Total £000
For the year ended 31 December 2022			
Gross written premiums	**558,544**	**65**	**558,609**
Outward reinsurance premiums	**(238,069)**	**-**	**(238,069)**
Net written premiums	**320,475**	**65**	**320,540**
Change in the gross provision for unearned premiums	**(30,619)**	**-**	**(30,619)**
Change in the provision for unearned premiums, reinsurers' share	**14,114**	**-**	**14,114**
Change in the net provision for unearned premiums	**(16,505)**	**-**	**(16,505)**
Earned premiums, net of reinsurance	**303,970**	**65**	**304,035**
For the year ended 31 December 2021			
Gross written premiums	486,220	(2)	486,218
Outward reinsurance premiums	(198,601)	-	(198,601)
Net written premiums	287,619	(2)	287,617
Change in the gross provision for unearned premiums	(24,504)	-	(24,504)
Change in the provision for unearned premiums, reinsurers' share	9,884	-	9,884
Change in the net provision for unearned premiums	(14,620)	-	(14,620)
Earned premiums, net of reinsurance	272,999	(2)	272,997

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

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

	2022 £000	2021 £000
Fees paid	**1,608**	2,361
Commission paid	**83,888**	72,149
Change in deferred acquisition costs	**(5,349)**	(4,376)
Other acquisition costs	**28,426**	26,805
Fees, commissions and other acquisition costs	**108,573**	96,939

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

VI. Deferred acquisition costs

	2022 £000	2021 £000
At 1 January	**46,027**	41,989
Increase in the period	**52,539**	46,122
Release in the period	**(47,190)**	(41,746)
Exchange differences	**1,150**	(338)
At 31 December	**52,526**	46,027

All balances are current.

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

VII. General insurance liabilities and reinsurance assets

	2022 £000	*Restated** 2021 £000
Gross		
Claims outstanding	**635,944**	612,002
Unearned premiums	**289,451**	253,158
Total gross insurance liabilities	**925,395**	865,160
Recoverable from reinsurers		
Claims outstanding	**203,148**	165,347
Unearned premiums	**103,814**	88,089
Total reinsurers' share of insurance liabilities	**306,962**	253,436
Net		
Claims outstanding	**432,796**	446,655
Unearned premiums	**185,637**	165,069
Total net insurance liabilities	**618,433**	611,724
Gross insurance liabilities		
Current	**505,773**	440,373
Non-current	**419,622**	424,787
Reinsurance assets		
Current	**206,339**	167,398
Non-current	**100,623**	86,038

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

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

(i) Reserving methodology

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

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

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

(ii) Uncertainty margin

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

(iii) Calculation of provisions for latent claims

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

(iv) Discounting

General insurance outstanding claims provisions have been discounted by applying currency and term specific discount rates.

	Discount rate		Mean term of discounted liabilities (years)	
		*Restated**		*Restated**
Geographical territory	**2022**	2021	**2022**	2021
UK and Ireland	**3.6% to 5.4%**	-0.5% to 2.1%	**7.5**	8.2
Canada	**4.5% to 5.2%**	1.2% to 2.1%	**4.3**	4.5
Australia	**3.8%**	1.5%	**3.9**	4.7

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

The above rates of interest are based on government bond yields of the relevant currency and term at the reporting date. Adjustments are made, where appropriate, to reflect portfolio assets held and to allow for future investment expenses. At the year end the undiscounted gross outstanding claims liability was £734,145,000 for the Group (2021: £652,666,000).

The impact of discount rate changes on the outstanding claims provision is presented within net gains/(losses) on investments (note 23).

(v) Assumptions

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

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

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

(vi) Claims development tables

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

Estimate of gross ultimate claims

	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	2022 £000	Total £000
At end of year	81,725	61,901	46,464	51,738	50,736	48,759	47,945	50,134	60,267	51,989	
One year later	80,027	50,571	43,582	46,073	46,885	40,461	42,467	42,044	58,774		
Two years later	69,860	48,327	40,337	41,041	41,883	34,680	39,859	41,655			
Three years later	66,192	45,495	33,804	38,468	38,648	33,362	41,600				
Four years later	60,174	37,064	29,436	37,044	40,177	34,355					
Five years later	56,912	34,606	28,211	34,649	39,801						
Six years later	54,901	34,962	31,738	35,261							
Seven years later	55,516	36,195	31,322								
Eight years later	55,252	37,091									
Nine years later	56,777										
Current estimate of ultimate claims	56,777	37,091	31,322	35,261	39,801	34,355	41,600	41,655	58,774	51,989	428,625
Cumulative payments to date	(48,759)	(29,819)	(21,970)	(23,914)	(21,679)	(15,699)	(14,187)	(9,642)	(4,832)	(1,402)	(191,903)
Outstanding liability	8,018	7,272	9,352	11,347	18,122	18,656	27,413	32,013	53,942	50,587	236,722
Effect of discounting											(37,571)
Present value											199,151
Discounted liability in respect of earlier years											151,714
Total discounted gross liability (for liability classes) included in provisions in the balance sheet											350,865

Estimate of net ultimate claims

	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	2022 £000	Total £000
At end of year	76,729	59,633	42,739	47,402	45,920	44,053	44,230	45,459	47,289	47,559	
One year later	66,475	47,690	40,397	41,631	41,706	37,456	39,842	37,509	47,102		
Two years later	60,075	47,428	37,740	37,740	37,797	32,867	37,243	36,193			
Three years later	55,710	41,494	32,297	36,337	34,818	31,647	39,164				
Four years later	51,482	35,164	28,506	35,217	36,431	32,884					
Five years later	49,196	33,233	27,418	32,993	36,550						
Six years later	47,518	33,309	30,544	33,896							
Seven years later	47,443	34,245	30,296								
Eight years later	47,338	35,233									
Nine years later	48,374										
Current estimate of ultimate claims	48,374	35,233	30,296	33,896	36,550	32,884	39,164	36,193	47,102	47,559	387,251
Cumulative payments to date	(41,072)	(28,448)	(21,472)	(23,543)	(21,588)	(15,689)	(14,130)	(9,550)	(4,804)	(1,371)	(181,667)
Outstanding liability	7,302	6,785	8,824	10,353	14,962	17,195	25,034	26,643	42,298	46,188	205,584
Effect of discounting											(35,352)
Present value											170,232
Discounted liability in respect of earlier years											128,615
Total discounted net liability (for liability classes) included in provisions in the balance sheet											298,847

VIII. Life business provision

	2022 £000	2021 £000
Gross life business provision	**502**	19,434
Net life business provision	**502**	19,434
Gross life business provision		
Current	**45**	430
Non-current	**457**	19,004

(i) Assumptions

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

Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. Where prudent, an allowance is made for future mortality improvements based on trends identified in population data. For both 2022 and 2021 the base tables used were ELF16F and ELT16M with a 1% improvement applied each year.

Investment returns

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

	2022 £000	2021 £000
UK and overseas government bonds: non-linked	-	-
UK and overseas government bonds: index-linked	**0.19%**	-2.71%
Corporate debt instruments: index-linked	**1.00%**	-2.28%

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

Funeral plans renewal expense level and inflation

Numbers of policies in force and both projected and actual expenses have been considered when setting the base renewal expense level. The unit renewal expense assumption for in-force business is £21.58 per annum (2021: £2.60 per annum). Previously, as a result of the business being in run-off a separate fixed expense reserve was held. However, as the company has now reopened to new business the need for that separate expense reserve has fallen away and this is why the unit renewal expense assumption has increased significantly from the level used last year end.

Expense inflation is set with reference to the index-linked UK government bond rates of return, and published figures for earnings inflation, and is assumed to be 4.30% per annum (2021: 4.96%).

Tax

It has been assumed that current tax legislation and rates applicable at 1 January 2023 will continue to apply. All in-force business is classed as protection business and is expected to be taxed on a profits basis.

(ii) Changes in assumptions

Projected investment returns have been revised in line with the changes in the actual yields of the underlying assets. As a result, liabilities have increased by £nil (2021: £200,000 increase).

The assumed future expenses of running the business have been revised based on expenses that are expected to be incurred by the long-term insurance business. The effect on insurance liabilities of the changes to renewal expense assumptions (described above) was a £2,900,000 decrease (2021: £200,000 increase).

(iii) Sensitivity analysis

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

	Change in variable	Potential increase/ (decrease) in net income/ (expenditure)	
		2022	2021
Variable		**£000**	£000
Deterioration in annuitant mortality	+10%	**40**	1,300
Improvement in annuitant mortality	-10%	**(50)**	(1,500)
Increase in fixed interest/cash yields	+1% pa	**(400)**	-
Decrease in fixed interest/cash yields	-1% pa	**400**	(400)
Worsening of base renewal expense level	+10%	**(300)**	(200)
Improvement in base renewal expense level	-10%	**300**	200
Increase in expense inflation	+1% pa	**(200)**	(600)
Decrease in expense inflation	-1% pa	**200**	500

IX. Movements in insurance liabilities and reinsurance assets

	Gross £000	Reinsurance £000	Net £000
Claims outstanding			
At 1 January 2022	**612,002**	**(165,347)**	**446,655**
Cash (paid)/received for claims settled in the year	**(214,032)**	**93,073**	**(120,959)**
Change in liabilities/reinsurance assets	**223,563**	**(126,319)**	**97,244**
Exchange differences	**14,411**	**(4,555)**	**9,856**
At 31 December 2022	**635,944**	**(203,148)**	**432,796**
Provision for unearned premiums			
At 1 January 2022	**253,158**	**(88,089)**	**165,069**
Increase in the period	**289,404**	**(103,664)**	**185,740**
Release in the period	**(258,785)**	**89,550**	**(169,235)**
Exchange differences	**5,674**	**(1,611)**	**4,063**
At 31 December 2022	**289,451**	**(103,814)**	**185,637**
Life business provision			
At 1 January 2022	**19,434**	-	**19,434**
Effect of claims during the year	**2,233**	-	**2,233**
Changes in assumptions	**(2,885)**	-	**(2,885)**
Change in intercompany provision**	**(8,944)**	-	**(8,944)**
Other movements	**(9,336)**	-	**(9,336)**
At 31 December 2022	**502**	-	**502**

**A transfer of the provision to BG Group

	Group	*Restated** Reinsurance	Net
	£000	£000	£000
Claims outstanding			
At 1 January 2021	560,255	(129,157)	431,098
Cash (paid)/received for claims settled in the year	(191,685)	83,235	(108,450)
Change in liabilities/reinsurance assets	250,770	(121,913)	128,857
Exchange differences	(7,338)	2,488	(4,850)
At 31 December 2021	612,002	(165,347)	446,655
Provision for unearned premiums			
At 1 January 2021	230,800	(79,394)	151,406
Increase in the period	253,759	(88,464)	165,295
Release in the period	(229,255)	78,580	(150,675)
Exchange differences	(2,146)	1,189	(957)
At 31 December 2021	253,158	(88,089)	165,069
Life business provision			
At 1 January 2021	19,434	-	19,434
Effect of claims during the year	(264)	-	(264)
Changes in assumptions	118	-	118
Change in discount rate	147	-	147
Other movements	(1)	-	(1)
At 31 December 2021	19,434	-	19,434

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

49 Prior year restatement

The Benefact Trust group of companies' accounting policy for general insurance outstanding claims provisions has previously been to apply discounting only to certain longer term liabilities. The accounting policy has been changed to include discounting of the general insurance liabilities that have not previously been discounted. This change in accounting policy resulted in a credit of £13,200,000 recognised in this financial year and a £2,600,000 in the prior year, both within net losses on investment.

The Benefact Trust group of companies considers this change in accounting policy to provide more reliable and relevant information. The change in discounting accounting policy ensures the effects of higher interest rates and high inflation are reflected across both short and longer term insurance liabilities. Furthermore, this change to accounting policy better reflects the impact of the Group's objective of matching assets with insurance liabilities when managing exposure to interest rate risk.

Under FRS102 a retrospective restatement of the prior year results is required. The effect of the restatement are detailed in this note, and are included throughout the financial statement comparatives, where appropriate. As a result of the restatement, as at 1 January 2021 the Benefact Trust group of companies recognised an increase in non-charitable trading reserves of £494,000.

2021	As reported Unrestricted funds £000	Restatement £000	As restated Unrestricted funds £000	As reported Endowment funds £000	As restated Total funds £000
Income from:					
Donations	3,500	-	3,500	-	3,500
Other trading activities					
Income arising from trading activities	385,342	-	385,342	-	385,342
Investments					
Dividend, interest and rental income	33,065	-	33,065	3,810	36,875
Total income	421,907	-	421,907	3,810	425,717
Expenditure on:					
Raising funds	-	-	-	(370)	(370)
Charitable activities					
Grants	(19,329)	-	(19,329)	-	(19,329)
Other expenditure on charitable activities	(702)	-	(702)	-	(702)
Other					
Charitable donations paid by trading subsidiaries	(2,548)	-	(2,548)	-	(2,548)
Expenditure arising from trading activities	(404,217)	-	(404,217)	-	(404,217)
Total expenditure	(426,796)	-	(426,796)	(370)	(427,166)
Net losses on investments	69,315	2,600	71,915	12,332	84,247
Taxation	(14,988)	(494)	(15,482)	(82)	(15,564)
	49,438	2,106	51,544	15,690	67,234
Net income/(expenditure) in the year					
a. arising from the charity	(16,526)	-	(16,526)	15,690	(836)
b. arising from trading activities	65,964	2,106	68,070	-	68,070
	49,438	2,106	51,544	15,690	67,234

	As reported Total funds 2021 £000	Restatement Total funds £000	As restated Total funds 2021 £000
Fixed assets			
Intangible assets	33,627	-	33,627
Tangible assets	14,613	-	14,613
Investment property	163,355	-	163,355
Investments	1,229,029	-	1,229,029
Investment in associate	12,148	-	12,148
Total fixed assets	1,452,772	-	1,452,772
Current assets			
Debtors	489,318	(1,013)	488,305
Investments	-	-	-
Cash at bank and in hand	174,779	-	174,779
Total current assets	664,097	(1,013)	663,084
Liabilities			
Creditors: amounts falling due within one year	(146,467)	-	(146,467)
Net current assets	517,630	(1,013)	516,617
Total assets less current liabilities	1,970,402	(1,013)	1,969,389
Creditors: amounts falling due after one year	(2,477)	-	(2,477)
Provisions for liabilities	(1,200,949)	3,613	(1,197,336)
Subordinated liabilities	(24,433)	-	(24,433)
Net assets excluding retirement benefit obligations	742,543	2,600	745,143
Net pension deficit	24,579	-	24,579
Other retirement benefit obligations	(7,058)	-	(7,058)
Total net assets including retirement benefit obligations	760,064	2,600	762,664
The funds of the charity:			
Unrestricted funds			
General funds	14,612	-	14,612
Designated funds	6,346	-	6,346
Revaluation reserve	268	-	268
Non-charitable trading reserves	503,656	2,600	506,256
Translation and hedging reserve	17,540	-	17,540
	542,422	2,600	545,022
Restricted funds			
Endowment funds	115,827	-	115,827
Total funds (excluding minority interests)	658,249	2,600	660,849
Minority interests	101,815	-	101,815
Total funds	760,064	2,600	762,664

Reference and administrative details

Board of trustees	Timothy Carroll, BA, MBA, FCII *Chair* Caroline Banszky, BA, FCA Revd Paul Davis, BA The Very Revd Jane Hedges, BA Stephen C. Hudson BA (Hons), FCA Sir Stephen Lamport, GCVO DL The Venerable Karen Lund, BA (Hons) Chris Moulder, MA, FCA David Paterson, BA
Company Secretary	Mrs Rachael J. Hall FCIS
Registered and Head Office	Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester GL3 4AW
Company Registration Number	1043742
Charity Registration Number	263960
Independent Auditor	PricewaterhouseCoopers LLP, 2 Glass Wharf, Bristol, Avon, BS2 0FR
Bankers	National Westminster Bank plc, 21 Eastgate Street, Gloucester GL1 1NH
Solicitors	Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3LH
Investment Managers	EdenTree Asset Management Limited, 24 Monument Street, London, EC3R 8AJ Rathbones Investment Management Limited, 8 Finsbury Circus, London, EC2M 7A2