abrdn
Financial Fairness Trust

Annual report and accounts

for the year ended
31 December 2021

A registered Scottish charity: SC040877
A company limited by guarantee, registered in Scotland: SC359717

Contents

Reference and administrative details

abrdn Financial Fairness Trust (from 27th November 2021)

previously known as Standard Life Foundation (to 26th November 2021)

A company limited by guarantee, registered Scottish company number SC359717

Registered Scottish charity number SC040877

Board of Trustees

The Trustees of abrdn Financial Fairness Trust ("the Trust") are also its Directors for the purpose of the Companies Act 2006.

Please refer to structure, governance and management on pages 21 - 22 for further information on trustees' appointment terms and committee remits.

Trustee	Trustee Category	Committees
Alistair Darling (Chair)	Independent	Finance, Investment and Risk Nomination, Governance and Remuneration Research and Grants
James Daunt	Independent	Finance, Investment and Risk (Chair)
Naomi Eisenstadt	Independent	Research and Grants Nomination, Governance and Remuneration
Professor David Hall	Independent	Research and Grants (Chair)
Lucy Heller	Independent	Nomination, Governance and Remuneration (Chair)
Ella Hugh (appointed on 7th October 2021)	abrdn plc	Research and Grants
Professor Wendy Loretto	Independent	Research and Grants Finance, Investment and Risk
Graeme McEwan (Vice-Chair)	Independent	Nomination, Governance and Remuneration Research and Grants
Keith Skeoch	abrdn plc (to 30 June 2021) Independent (from 1 July 2021)	Research and Grants
Euan Stirling	abrdn plc (to 31 August 2021) Independent (from 1 Sept 2021)	Finance, Investment and Risk

Company Secretary

Mubin Haq

Chief Executive Officer

Mubin Haq

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

Registered office

1 George Street, Edinburgh, Scotland EH2 2LL

Administrative office

5th floor, 6 St. Andrews Square, Edinburgh, EH2 2AH

Website

www.financialfairness.org.uk

Professional Advisers

External Auditor

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

Solicitors

Burness Paull LLP
50 Lothian Road
Edinburgh
EH3 9WJ

Bankers

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

Investment Managers

abrdn Capital
(previously Aberdeen Standard Capital)

1 George Street
Edinburgh
EH2 2LL

Custodian

Platform Securities

25 Canada Square
London
E14 5LQ

Alistair Darling
Chair

Chair's Statement

At the end of 2021 we changed our name, moving from Standard Life Foundation to abrdn Financial Fairness Trust. This followed the change of name of Standard Life Aberdeen plc, our sole member, to abrdn plc. We took this opportunity to choose a name which reflects our purpose and highlight the financial fairness we are seeking to achieve.

The economic and social landscape is rapidly changing and continues to be challenging. We are focussed on our mission, ensuring that financial problems are addressed and living standards improve for those on low-to-middle incomes in the UK. We are already seeing some of our work bear fruit and will work towards securing improvements on a number of issues.

Over the past two decades there has been some progress towards building a fairer society. However, too many people still struggle to make ends meet and are unable to cope with financial shocks. It is essential to build a society where people have more control over their finances and are confident about their future. This year saw us invest further funds in work that aims to bring about a more financially fair society.

The pandemic continued to dominate our lives in 2021. Two years on and the worst may be behind us, with the end of social distancing, lockdowns and restrictions. However, the Omicron variant highlighted the unpredictability we face.

Globally we face a range of challenges. Continuing ones such as climate change and new ones such as the war in Ukraine, which will increase prices already affected by other inflationary pressures not seen for many years. Both will have long-term implications for all of us. The economic outlook remains uncertain which will affect the living standards and finances of people living on low-to-middle incomes.

There has been a chronic squeeze on living standards, something that has been apparent for some time now. Inflation is at its highest rate for four decades. The government has brought in some measures to help with rising costs, but it is likely support will be needed for some time.

The government has quite rightly said it wants to see a higher wage economy. Achieving that will be difficult. It has increased minimum wage rates, however, the reality is that real wages are stagnant. The Resolution Foundation projects real wage growth between the start of the economic downturn in 2008 and May 2024 as 2.4%. The preceding 16 years saw growth of 36%. Higher pay has a long way to go towards improving living standards, but on its own it is not enough.

During 2021 we continued to assess the effect of the pandemic on people's finances. Our financial impact tracker, using large-scale surveys by YouGov and analysed by a team of researchers from the University of Bristol, highlighted where support was most needed. This included those excluded from the government's income support schemes (furlough and self-employment grants). This group experienced significant financial distress and we called for a number of changes to UK government policy to provide further support. This did result in some improvements including access to self-employment grants for the newly self-employed, but fell short of what was needed.

During the pandemic the numbers facing financial difficulties remained fairly static. Government interventions as well as action from regulators, employers and mutual support made a big difference. However, as highlighted above, the cost of living crisis is highly likely to see negative changes for many. The fragility and inadequacy of our safety net and the depletion of personal savings will leave millions struggling to pay for food and every-day essentials.

During the year we published with our partners 30 reports on a range of topics related to financial well-being, including research on key workers, young adults living with their parents, the concentration of gambling venues in poorer areas, and capital gains accrued from home ownership. The findings were widely covered across mainstream media and there was engagement with a number of key stakeholders, including within government.

Our focus is not just on highlighting problems and gaps but also providing solutions. One which emerged from our partnership with the Resolution Foundation, was the proposal for the creation of a new health and social care levy, as part of a £40 billion tax plan to repair the public finances and meet the wider challenges facing Britain over the next decade. The Government did introduce a levy though not following the same design principles we had laid out. Nonetheless, this could be a positive step with much of the costs reduced for those on lower incomes as a result of changes to tax free allowances.

We welcome the Scottish Government's commitment towards a Minimum Income Guarantee, proposed by IPPR Scotland as part of an initiative funded by the Trust. The government has set up a cross-party steering group to progress the idea and an expert group, which the Trust has joined. The goal is to improve incomes through a variety of means such as social security, pay and universal basic services.

We awarded a number of new grants during the year highlighted on pages 12 - 14. This included a programme of research on options for reforming pensions taxation, greater understanding of public attitudes to inheritance, and continuing the influencing work of the Covid Realities project which engages with families on lower incomes and supports their voices to be better heard by policy makers and the media.

The Trust's investments made significant gains in 2021, with a net increase in funds of £10.1m. Whilst some of this increase was eroded in early 2022 because of the changing economic outlook at the time of writing, nonetheless, the Trust's assets remain in a healthy position to continue and expand our work.

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

Alistair Darling

Chair, abrdn Financial Fairness Trust

Trustees' report for the year ended 31 December 2021

The Board of Trustees, who are also the Directors for the purposes of company law, present the audited annual report and accounts of the abrdn Financial Fairness Trust ("the Trust") for the year ended 31 December 2021.

Reference and administrative details are provided on pages three to four.

Objectives and activities

Our mission is to contribute towards improving financial well-being in the UK for those living on low-to-middle incomes. We want everyone to have a decent standard of living and feel in control of their finances. The overall objectives of the Trust relate to the prevention or relief of poverty; advancement of education; and relief of those in need due to age, ill-health, disability, financial hardship or other disadvantage.

Our key objectives are to:

- Fund strategic work, including research, policy work and related campaigning activities, which has the potential to improve financial well-being on a national scale;
- Develop partnerships, encouraging collaborative working and a more joined-up approach, convening where we can add value;
- Share learning, knowledge and evidence widely, becoming a key organisation working in the field.

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

- Increase incomes for those on low-to-middle incomes;
- Ensure people have an adequate safety net, building savings and assets;
- Reduce the cost of living, making sure those on lower incomes are not paying more;
- Address issues related to spending and borrowing, particularly where it becomes problematic.

Overall our aim is to tackle financial problems and improve living standards.

Whilst it is vital to ensure that those facing financial hardship are supported, we also believe it is important to prevent people falling into financial difficulties. There is strong evidence on how people cycle in and out of poverty, and our work aims to address the dynamics of poverty.

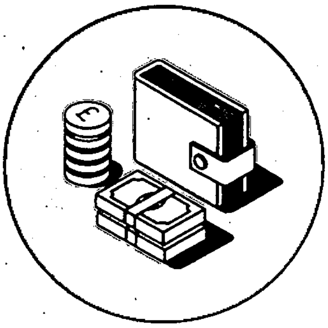
Our work is UK wide, and whilst the majority of our funding is of benefit to all those living and working in the UK, some of our work has a particular focus on Scotland, including UK-wide work which has a Scottish dimension to it. We are also aware that there are specific issues relating to geography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

Activities

Grant-making is the main means by which the Trust aims to contribute to the achievement of its aims and objectives. The grant-making activities carried out in the year are listed on pages 12 - 14.

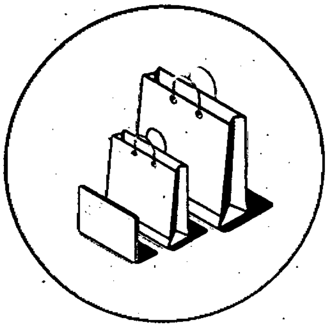
Our funding activities are primarily delivered through our open grants programme, which covers three inter-related funding programmes that influence financial well-being: income, spending and assets.

Income



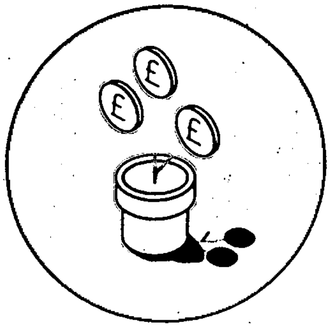
We fund work relating to wages, pensions, social security and income taxation

Spending



We fund work relating to the cost of living, spending, problem gambling, borrowing and payment problems

Assets



We fund work relating to general and retirement saving, housing and wealth taxation

In addition, we commission specific activities that fit within our funding programmes.

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

We aim to be an engaged funder. This entails a more strategic approach, with a greater focus on learning and sharing knowledge, and more engagement with the organisations we support, as well as key stakeholders.

A number of different approaches and activities are needed to achieve our mission and aims, and often support is needed over the long-term. The people who we are ultimately supporting are central to securing change, and it is vital they are engaged.

Measuring our success can be difficult. This is often the case for funders, who are one step removed from the delivery of the activities, and more so given the long-term strategic aims of the Trust. Many projects funded by the Trust do not come to fruition for some time after the funding is initially awarded. All projects report to us on a regular basis on their activities set against the outcomes which are outlined in their funding application. Further information is set out below on the Trust's activities and performance in these areas.

Achievements and performance

2021 continued to be dominated by the pandemic. The new year has seen more of a return to normality despite very high infection rates. For the first time in many years inflation has returned as a threat to living standards. As the cost of fuel, energy and other essentials continues to rise, this is leading to a living standards crisis particularly hitting those on lower incomes. The Trust will be working with others in highlighting the issues many will be facing, as well as steps that could make a difference.

Grant funding

The Trust increased grant making in the year, awarding 25 grants in 2021 totalling £2,112,700 (compared to 17 grants during 2020 totalling £1,312,805).

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

We published a wide-range of evidence from the work we funded, with some of the key findings highlighted on page 15. In total, 30 research reports were produced during 2021, all of which are available on our website. These provide a valuable source of evidence, ideas, solutions and recommendations on a range of financial issues from social security, taxation, wages, wealth and gambling harms.

Research highlights include:

- our second audit of household wealth with the Resolution Foundation highlighting the widening wealth inequality gap during the pandemic;
- a series of reports with the Fabian Society examining public attitudes to social security reform, finding significant backing for increased support;
- the completion of our work with Newcastle University and a number of partners providing more granular detail on the financial hardships faced in rural areas;
- the final report from Loughborough University on the growing trend of young adults living with their parents, highlighting key improvements to support this group;
- a timely report by Justice on reforming social security decision-making;
- the first of our reports with the University of Bristol examining gambling harms, finding a worrying concentration of gambling premises in poorer areas; and
- various reports with Surviving Economic Abuse, the IFS and the RSA on the financial impact of the pandemic.

Our work on Covid-19 also included us commissioning and publishing an evidence review of over 200 reports examining the financial impact of the pandemic. It examined the effects on key groups, identifying those who were most severely impacted financially; and reviewed measures taken by government and others to help reduce the financial pressures faced by millions. The review has been a valuable resource in providing an overview, synthesising numerous research reports, data and analysis.

This work and other activities contributed to a number of changes during the year. A significant development was the government's introduction of a new Health and Social Care Levy in April 2022. This was the major recommendation of our report with the Resolution Foundation on how the government might rebuild its finances post-pandemic, which we published in late 2020. The new tax does not follow the same design principles we had laid out, in particular that it should have been levied on all income sources. However, it is a positive step providing much needed funds for public services. What matters is how it is delivered.

Our work with IPPR Scotland on the development of a Minimum Income Guarantee (MIG) also had good success. The idea is that there should be a set income below which people should not fall. This would be guaranteed through either wages, tax allowances, social security and the provision of universal basic services to help reduce costs. In most cases people would need a combination of these to reach a living income. IPPR Scotland advocated the concept and this gained traction across the political spectrum. The Scottish government agreed to develop an action plan on the MIG within the first 100 days of the new administration and has established a cross-party steering group to take it forward. The Trust joined the expert group which started to meet in autumn 2021.

To a much lesser extent our work with partners such as the Fabians, the Resolution Foundation and our financial impact tracker also contributed in a minor way to changes in Universal Credit (UC). Although there was a concerted campaign by a large coalition of charities to keep the £20 per week uplift to UC this was not successful. However, some concessions were made with a reduction in the taper rate when individuals move into work, meaning claimants are able to keep more of their earnings. This will bring more people into the benefits system but did little for those households not in work, with three-quarters of UC claimants failing to gain from this change. It was a partial win but fell far short of what was needed by those on the lowest incomes.

Our work with IPPR Scotland also contributed in a small way to the doubling of the Scottish Child Payment to £20 per week. Again, there were a wide coalition of charities and other stakeholders working on this, many of whom contributed more to this achievement. However, our work on financial security provided a strong underpinning for further action by the government especially if it was to meet its child poverty targets.

During 2021 we were pleased to start new initiatives including with: the University of Oxford to examine local authority support for migrants with No Recourse to Public Funds; the IFS to review potential reforms to pensions tax reliefs, including administrative barriers to change; and the University of York to continue its Covid Realities project which works with people living on low incomes.

Financial impact tracker

At the start of the pandemic we commissioned YouGov to survey up to 6,500 people on a regular basis to assess the impact of Covid-19 on personal and household finances. This analysis continued into 2021 with increased support from the Personal Finance Research Centre at the University of Bristol. The tracker pulled together data on incomes, payment of bills, borrowing, savings, access to advice and the ability to pay for essentials such as food. It uses composite measures to gauge people's financial well-being and their risk of falling into financial difficulties in the near future. This provided detailed analysis, including a wide range of demographic data on which population groups were most severely affected by the pandemic. A total of five survey rounds have been undertaken and this work will continue into 2022.

This fifth edition of the tracker took stock of how UK households had fared financially over the 18 months of the pandemic to October 2021. While four in ten enjoyed high levels of financial wellbeing and were financially secure, more than a quarter were either struggling to manage or were in serious financial difficulties. Importantly this picture was largely unchanged from April 2020 – strong evidence that a number of measures particularly by government had made a significant difference in helping millions of families weather the financial insecurity caused by the pandemic. This was coupled with support by regulators, local authorities, businesses providing payment holidays and employer action.

Although there was concerted action the financial impact tracker also highlighted that almost four million people were excluded from the government's pandemic income replacement schemes, with almost half of those losing a third or more of their total income. Overall the analysis highlighted that some people moved from financial security towards financial difficulties and vice versa, which explains why the broad headline numbers remained similar over the course of the pandemic.

This is set to change. Even most financially secure UK households said they were having to spend more because of the rising costs of essentials, highlighting the cost of living crisis which increasingly became apparent towards the end of the year. Inflationary pressures, especially the rising cost of energy, will hit those on the lowest incomes most severely and deepen the financial problems they are already facing.

Findings from the fifth financial impact tracker

Source - Bleak Expectations: The Ongoing Financial Impact of the Pandemic, October 2021.

7m

households struggling or in serious financial difficulties

38% vs 21%

For every household that saw their financial situation improve over the course of the pandemic, two households saw their finacial situation worsen.

The financial outlook was particularly bleak for some UK households:

66%

of those with a disabled householder

65%

of single parents

83%

of households receiving UC

91%

of workless households

The Trust disseminated the findings from each survey widely and our report in January on those excluded from the government's income replacement schemes was featured extensively by the BBC across its news platforms. We were therefore pleased to see there was some change in the spring Budget with support for the newly self-employed, benefitting 600,000 people who were granted access to self-employment grants and had been excluded from support. Whilst we were not the only ones working on this issue, we believe our independent evidence made some contribution to this change in policy. Unfortunately, the change was far from enough and many remained excluded from support.

Grant funding awarded in 2021

£2.1m

AWARDED IN GRANTS

FUNDING PROGRAMME

INCOME
13 GRANTS

SPENDING
4 GRANTS

ASSETS
6 GRANTS

CROSS CUTTING
2 GRANTS

ACTIVITY

RESEARCH
18 GRANTS

POLICY WORK
7 GRANTS

The grants have been allocated to the main method being used, however a number of projects utilise a range of methods and often combine research as well as policy work.

11
GRANTS
OF UP TO
ONE YEAR

14
GRANTS
OF BETWEEN ONE
AND TWO YEARS

25
PROJECTS
FUNDED

£174,300
LARGEST GRANT

£84,508
AVERAGE GRANT

£11,795
SMALLEST GRANT

ORGANISATION TYPE

VOLUNTARY GROUP – 6 GRANTS

UNIVERSITY – 11 GRANTS

THINK-TANK – 8 GRANTS

Grant funding awarded in 2021

Organisation	Grant	Duration	Project overview
Centrepoint	£60,139	1 year	To conduct research into homeless young people's (aged 16-25) experiences of food insecurity, and campaign for evidence-based policy solutions.
Coventry University	£59,845	15 months	For research exploring young people's (aged 18-24) lived experience of borrowing, their use of credit and perceptions of their current and future financial vulnerability.
Demos	£108,772	18 months	To undertake research to gain greater understanding of public attitudes to inheritance, and utilise this to build a coalition for inheritance reform including within parliament.
Fabian Society	£90,500	1 year	To develop and secure support for UK-wide and Scotland-only improvements to income replacement policies.
Families Outside	£99,371	20 months	To carry out research, produce resources for families, and make policy recommendations to ameliorate financial impacts for families of prisoners.
Gingerbread	£74,786	13 months	To help lower and medium income single parents impacted by the pandemic move back into sustainable work.
High Pay Centre	£80,000	1 year	To research pay ratio disclosures detailing pay distribution at major UK employers; and reviewing stakeholder voice mechanisms in corporate governance structures.
Institute for Fiscal Studies	£162,000	18 months	To research and conduct policy work on pensions taxation reform, through assessment of the distributional and incentive effects of practical options.
International Longevity Centre	£104,493	13 months	To understand and highlight the challenges people with dementia face as consumers and identifying policy, practice and product solutions.
IPPR Scotland	£174,300	2 years	For policy, research and advocacy work to realise a Minimum Income Guarantee, fair work recovery and Universal Basic Services approach that tackles financial insecurity in Scotland.
Nest Insight	£86,233	9 months	To explore opportunities for innovation and voluntary increases in employer contributions to pensions and other financial workplace benefits.
New Economics Foundation	£31,250	10 months	To design a post-furlough labour market policy addressing the twin challenges of levelling up and net zero, and related advocacy work.
Parenting NI	£76,973	18 months	To undertake collaborative research to examine the financial hardships of separated/single parents in Northern Ireland.
Resolution Foundation	£12,000	3 months	To undertake survey work to better understand the impact of the pandemic on wealth and assets.

Organisation	Grant	Duration	Project overview
Shelter Scotland	£139,516	18 months	To conduct research into the key issues that adults from specific minority ethnic groups face at key transition points in accessing advice and secure, affordable and suitable housing; and co-producing recommendations with those with lived experience to influence decision makers.
University of Bath	£124,108	18 months	To conduct research exploring how Universal Credit's systems for assessing entitlement, recovering debt and calculating payment, affect income security and financial well-being among working claimants.
University of Bristol	£30,815	1 year	To analyse and report on the Trust's financial impact tracker, outlining effects of the pandemic on household finances.
University of Bristol	£11,795	6 months	To conduct a rapid evidence review examining the impact of the pandemic on financial well-being and living standards.
University of Oxford	£123,000	2 years	For research to inform efforts to improve public support available to migrants with no recourse to public funds at risk of poverty and destitution.
University of Sheffield	£112,109	16 months	To research and gather data on the number of empty homes across the UK, combined with work in four localities to increase learning on how to address problems arising from this.
University of Southampton	£90,830	18 months	To research and identify ways to improve meaningful communication between households in housing debt and their housing provider, thereby reducing the likelihood of court proceedings and eviction.
University of Strathclyde	£73,708	6 months	Towards modelling work to develop an evidence base to inform the next Scottish Government's child poverty delivery plan.
University of Warwick	£38,950	6 months	To support Renewing Work Advisory Group of Experts (ReWAGE) to produce a series of evidence papers and policy briefs to government focussing on the hospitality and social care sectors and the gig economy.
University of York	£3,407	1 year	Additional funds awarded to a grant pledged in 2020, for research examining whether affordable home ownership schemes are more sustainable for lower-income homeowners than buying unassisted on the open market.
University of York	£143,800	1 year	Towards work which aims to create social policy change by enhancing and facilitating the engagement and influence of people with direct experience of poverty and social security in policy and parliamentary processes and in public and media debates on poverty.

Key findings from research funded

For every UK household that saw its financial situation improve since the start of the pandemic (21% of families), two households saw their financial situation get a little or a lot worse (38%).

During the pandemic the richest tenth saw their wealth increase by over £50,000 per adult - more than 500 times what the poorest third gained (£86 per adult).

Source: (Wealth) Gap Year, July 2021, Resolution Foundation.

Nearly half of supermarket workers and 3 in 10 care workers are paid less than the real living wage.

Source: Key workers in the pandemic, September 2021, The RSA.

Women are nearly 50% more likely to face low pay than men in Scotland.

Gambling premises are ten times more likely to be located in the most deprived areas of the country than in the wealthiest areas.

Single parents were 50% more likely to have been furloughed (30%) than couple parents (21%) and around half worked in hard-hit sectors like hospitality and retail compared to couple parents (one quarter).

Source: Caring without sharing, May 2021, Gingerbread and Institute for Employment Studies

8 in 10 of domestic abuse victims said the perpetrator had tried to control their finances during the pandemic.

Source: The cost of Covid-19: Economic abuse throughout the pandemic, April 2021, Surviving Economic Abuse.

£3 trillion – the capital gains from home owners' main residence over the past two decades. £11bn a year could be raised by taxing this gain.

1.8 million people excluded from the government's pandemic income support schemes saw their household incomes fall by at least a third during the pandemic - five times greater than the rest of the UK population.

Half of those affected by the £20 cut to Universal Credit were in working households. Nearly 6 in 10 families affected by the cut included a disabled person.

Source. Who loses?, February 2021, Fabian Society.

Re-branding: from Standard Life Foundation to abrdn Financial Fairness Trust

During the year we changed our name from Standard Life Foundation to abrdn Financial Fairness Trust.

The change in name was necessitated by the sale of the Standard Life brand. Our sole member, Standard Life Aberdeen rebranded as abrdn plc. We took this opportunity to choose a name which better reflected what we aimed to achieve. After engaging a branding agency, as well as consulting with a range of our stakeholders, the name abrdn Financial Fairness Trust was selected. Our new name captures the charity's ambitions and aspirations, highlighting our mission to improve financial fairness in the UK.

Communications and events

Communications remains a key area of work for the Trust to increase the visibility of our activities and build our audience. The Trust continues to work to add value to our grant recipients through communications support, as well as promoting commissioned work. A particular highlight in 2021 has been the financial impact tracker, which has measured the impact of the pandemic at regular intervals since April 2020.

Work has continued with key stakeholders on a number of projects. We held a partnership event with Resolution Foundation in June on the wealth audit, which included Newsnight's economics editor on the panel. With Resolution Foundation we also held an event launching a deep dive policy report in December examining capital gains tax on main residences. Another notable event was the launch of our work with Newcastle University on the hardships facing rural communities. In addition, we promoted work from the University of Bristol on the geography of gambling in the UK, which saw widespread media coverage in August.

The Trust has supported a number of campaigns to improve the living standards of people on low-to-middle incomes in 2021, in particular, the campaign by Excluded UK, for which we provided data on the number and characteristics of those excluded from the government's income replacement schemes. We were also involved in a campaign to discourage the government from cutting the £20 uplift in Universal Credit. The Trust funded the Fabian Society to calculate the number of people who would be pushed into poverty by the cut. In addition, a number of our letters and comments were published in national newspapers on the issue.

The Trust saw a significant increase in traffic to the website from a Google Ad grant in 2021. We are grateful to Google for the grant which both enables us to promote the availability of our funding to a wide audience, and helps with the targeted dissemination of our findings.

The end of 2021 saw the development of the Financial Fairness podcast. Initial work started on this during December, and the first podcast was recorded early in 2022. To date, we have aired four episodes, focusing on varying issues of financial health, including the first with the Chair of our Board, Alistair Darling, on the financial impact of the pandemic. We are grateful to Alison Garnham from Child Poverty Action Group, Torsten Bell from the Resolution Foundation, and Paul Johnson from the IFS, who have participated in further episodes, and are looking forward to continuing our podcast series in 2022.

Finance and Operations

Operationally, the pandemic continued to affect the Trust in 2021 and our small staff team remained working remotely throughout much of the year. Two of our three Board meetings were also held remotely, although we were pleased to resume face-to-face meetings in November 2021, which we have been able to continue so far in 2022. Offices, both in Edinburgh and London, have gradually re-opened during the year in line with government guidance. Blended working remains the default, allowing us to combine the benefits of connecting in our offices with the flexibility of working remotely, thereby enabling our team to optimise their productivity as well as their work/life balance.

The Trust finalised its pay and benefits review in early 2021, ensuring that Trust staff are both aligned to charity sector remuneration, as well as ensuring we retain a clear pay and progression policy for employees. This has worked well over the first round of performance reviews to date, and has also allowed us to publish remuneration transparently during the three rounds of recruitment we have since held.

We welcomed a new Executive Officer during the year, as well as recruiting successfully for the new Head of Policy and Research position. The increased capacity within the team provides an opportunity for growth for the Trust, and will be aligned with our updated strategy, which we are looking to refresh during 2022.

During the year, the Trust reviewed its investment policy which resulted in an increased allocation to growth assets. Although the slightly higher level of volatility was discussed in depth, the Board felt it would be highly unlikely to negatively impact the Trust's grant making activities, given the sum of unrestricted funds as well as our grant making expenditure profile. Portfolio performance continued to be reviewed against tolerance levels regularly throughout the year. The changes in the portfolio mandate and allocation weightings were finalised by July 2021, and the value of the portfolio, including readily accessible cash, rose to £103.8m by year end. A fuller review of the performance of the Trust's investments over the year are assessed further below in the "Financial review" section of the trustee report.

We reported last year that we had reviewed ethical considerations in respect of investment decisions. The importance of considering climate change within investment decision making was however re-focused during the Glasgow COP 26 conference and it is anticipated that a further review on the Trust's carbon intensive holdings will take place during 2022.

Financial review

Overview

The Trust generated a net surplus and increase in funds during the period of £10,141,860 (2020: £5,697,260). Investment income and donations in-kind of £2,593,125 (2020: £2,179,421) was offset by expenditure on raising funds of £273,317 (2020: £236,724) and expenditure on charitable activities of £1,687,388 (2020: £1,413,350). The Trust recognised net gains on invested assets of £9,509,440 (2020: £5,167,913) during the year.

During the year the Trust awarded £2,112,700 (2020: £1,312,805) in grants over two funding rounds in the year. Due to performance related or other obligations placed on various grant recipients who were awarded grant funding from 2019 onwards, £2,074,302 (2020: £1,180,177) of pledged grants are retained off balance sheet.

Reserves policy

The Trust's charitable activities are funded exclusively from the income and gains generated from the investment of the substantial donation received in 2017, from unclaimed assets arising as a result of the demutualisation of Standard Life in 2006. With adequate returns from the portfolio of investments, the Trust does not intend to raise income through any other form; such as fundraising. At 31 December 2021 the Trust had total unrestricted funds of £103,506,321 (2020: £93,364,461), holding £86,976,458 (2020: £86,112,196) within the unrestricted fund and £16,529,863 (2020: £7,252,265) within its revaluation reserve. The Trust has no restricted funds and no amounts were designated or otherwise committed at 31 December 2021 or 31 December 2020. As these unrestricted funds are fully expendable, the risk associated with not having adequate reserve balances is deemed to be low.

The Trust does however hold grant commitments off balance-sheet, which are unrecognised due to performance related or other obligations placed on the grant recipient at the time of award. If these are met, then there is full expectation to pay out future grant instalments as set out in the grant conditions. The Trust therefore holds reserves of £2.6m, being the remaining grant commitments, along with running costs to monitor those grants over the remaining term of those grants awarded. Alongside an investment portfolio of largely liquid assets, the Trust holds readily accessible cash, which at 31 December 2021 totalled £3.5m, in order to meet both recognised and unrecognised liabilities falling due.

Trustees recognise that investment values and associated returns can both rise and fall. However, as a long-term investor and with a detailed investment policy in place with tolerance levels which would trigger spending reviews, the trustees do not consider a separate reserve necessary for investment returns. The value of investments and spending levels are reviewed three times per year to ensure the furtherance of the charity's objects.

Investment policy

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

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

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

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

The Trust's investment managers are abrdn Capital (previously named Aberdeen Standard Capital), who were selected due to expertise in the charity sector. abrdn Capital actively manage the portfolio in order to maximise total investment return, and are responsible for the overall portfolio asset management, tactical asset allocation, individual stock selection, ethical screening and reporting and administration. The wider abrdn investments team assists the abrdn

Capital investment managers in some aspects of portfolio management, including strategic asset allocation and management of certain specialist asset pools. The Finance, Investment and Risk Committee reviews investments regularly and reports to the Board on performance.

The investment policy sets out an agreed asset allocation across various asset classes. This was amended during 2021 to allow our investment managers a greater degree of flexibility and reflect their delegated responsibility in this matter, albeit within the ranges agreed by the Board. Key asset classes remain global, UK and emerging markets equities; property and infrastructure; higher yielding and government fixed income bonds, loans, emerging market debt and private debt; cash and other. There are percentage limitations placed on both individual investments and pooled funds, as well as some particular markets.

Investment performance

Whilst recognising that the Trust is a long-term investor and there will be periods of both up-turn and down-turn, we are pleased to report that the investment portfolio has performed well over the 12 months to 31 December 2021, as set out below in the chart which reflects both upper and lower tolerance levels. The investment gain for the year ended 31 December 2021 was £9,509,440 (2020: £5,167,913), gross of investment management fees of £273,317 (2020: £236,724). In percentage terms, the investment objective of 11.85% (RPI + 4%) for the year to 31 December 2021 was met and exceeded through returns of 12.55% for the same period.

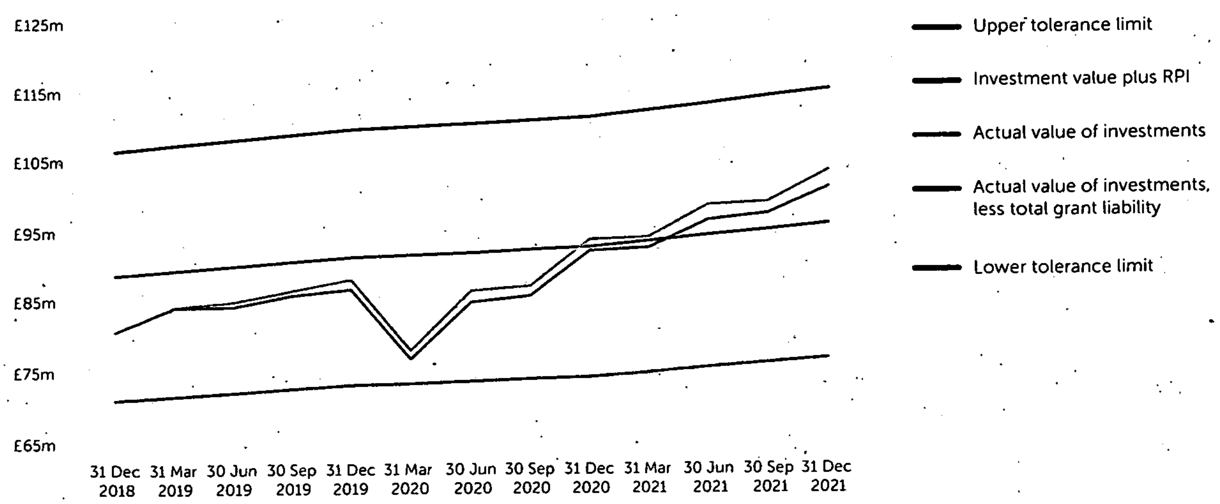
After the fall of global markets in 2020 as a result of the pandemic, the successful roll-out of the Covid-19 vaccine, both in the UK and further afield meant that markets rallied, notably in quarters two and four, leading to an overall increase in value, and surpassing the investment target.

Quarters one and three showed slower growth, reflecting in large part the uncertainty of the pandemic continuing, continued lockdowns, and the later introduction of the Delta variant of the virus.

The challenge in quarter four, which will be continued into 2022 and potentially longer, is of course the increase in inflation rates; important to the Trust both in relation to investment returns as well as recognising the significance of the cost of living crisis to people on low-to-middle incomes in the UK.

The value of the Trust's portfolio has decreased over the first quarter in 2022 to £98.8m, falling slightly under the RPI target, largely due to concern of the impact of protracted inflation as well as geopolitical uncertainty and continuing high energy costs.

abrdn Financial Fairness Trust
Value of investments at each quarter end over 3 years to 31 Dec 2021



Investing ethically

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

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

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

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

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

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

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

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

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

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

Ensuring that investment decisions pay due regard to ethical considerations remains a key objective of our investment policy and, in recognising the importance of this, a review of the Trust's carbon intensive holdings will be undertaken during 2022.

Managing risk

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

The Trust holds a detailed risk management policy and framework which is reviewed annually. Individual risks are assessed against a heat map with a "traffic light system" of red, amber and green, based on a weighting of both impact and likelihood. During the annual review in 2021, the number of key risks to the Trust were increased – largely due to the ongoing nature of the pandemic. The three key risks to the Trust, and associated mitigations for each of these, are as follows:

Risk to the Trust	Mitigations in place
Significant investment losses, impacting on ability to fund charitable activities and possible reputational damage	• a detailed investment policy being in place with asset allocations and limitations agreed and reviewed in 2021; • appointed investment managers having appropriate expertise for the sector; • sufficient range being built into the asset allocation to allow the investment managers scope to increase or decrease asset holdings to take account of market conditions; • regular reviews being scheduled with the investment managers, including attendance at the Finance, Investment and Risk Committee and at the Board meetings annually; • the investment managers reporting regularly on investment performance, with on-going market updates; • sufficient and appropriate levels of skills and expertise amongst Finance, Investment and Risk Committee membership.
Highly difficult external (economic/political/social/health) environment, making it difficult to progress charitable objectives	• the Trust's funding programme includes a wide range of issues, which have the potential for progress - despite significant changes to the external environment; • regular reviews to take account of external changes and how to respond to these; • ability to change working patterns and decision-making processes to adapt to the pandemic; including working from home and virtual meetings, supported by the necessary IT infrastructure to do so; • flexibility provided to organisations funded to enable them to deliver their work; • development of new funding streams to respond to changing environment such as the pandemic and capacity to adapt decision-making processes, allowing for swifter decisions.
Negative media coverage of Trust - including groups funded or other bodies/individuals closely connected to the Trust, leading to reputational damage	• detailed funding assessment process in place, identifying key risks and mitigations, which is regularly reviewed by the Board. • grant conditions in place, which are regularly reviewed, oblige grantees to inform us of potential negative media coverage; • regular contact with funded groups, enabling early identification of potential issues which might lead to reputational damage, and funding updates provided to trustees twice per annum, highlighting any concerns; • agreement by the Trust and funded body on media releases relating to the work. Both abrdn plc and trustees would be engaged where key risks were identified; • crisis communications plan in place, outlining mechanisms and processes for dealing with negative media situations.

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

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

Structure, Governance and Management

Governing document

abrdn Financial Fairness Trust is a private company limited by guarantee with no share capital, governed by its Articles of Association. The Trust was incorporated on 15 May 2009 (under the original name of Standard Life Charitable Trust, and subsequently Standard Life Foundation, until our name change in 2021).

We are a Scottish charity, registered on 29 September 2009 by the Office of the Scottish Charity Regulator (OSCR), under registration number SC040877.

Organisational structure

The Board of Trustees meet at least three times in any calendar year and discuss progress, strategy and future plans. All key decisions affecting the Trust are agreed at these meetings but the Board has delegated a number of duties to its Committees.

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

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

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

Recruitment and appointment of new trustees

New trustee appointments are first considered by the Nomination, Governance and Remuneration Committee before being recommended to the Board for approval. All trustee appointments are also approved by abrdn plc. Independent trustees are appointed for a three-year term, and are eligible for a further three-year reappointment at the end of each term, to a maximum of ten years. There is no requirement for the trustees who are employees or directors of abrdn plc to retire by rotation and there is no limit to their term in office. The Trust maintains directors' and officers' liability insurance on behalf of the Board.

In October 2021, we welcomed Ella Hugh, the Group Chief of Staff at abrdn plc to the Board, as a non-independent trustee, having been nominated by abrdn plc. Ella joined the Research and Grants Committee.

Euan Stirling and Keith Skeoch were approved as independent directors to the Board during the year; both having been previously connected to abrdn plc.

A skills audit of the Board took place in early 2022 and at the time of writing, the Trust was in the process of seeking new trustees to join the Board. In the interim, the Board is satisfied that there remains sufficient and appropriate levels of skill and expertise amongst current trustees, whilst recognising areas for improvement. Newly appointed trustees will be given an in-depth introduction to the Trust by means of an induction pack as well as meetings with the Chair of the Board of Trustees and with Trust staff.

Related parties

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

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

The support that abrdn plc provides the Trust with includes the provision of office space, access to information systems and other services and facilities as required by the Trust. All staff working for the Trust are employees of Aberdeen Corporate Services Limited, a fully-owned subsidiary of abrdn plc, and whose costs are recharged to the Trust.

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

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

Conflicts of Interest

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

Plans for the future

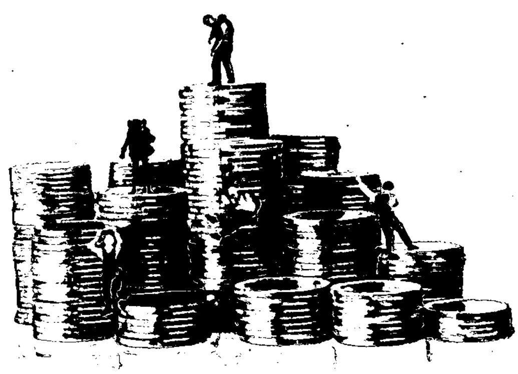
The Trust will refresh its current strategic plan in 2022. There are not expected to be significant changes to the overall funding programme but identification of key priority areas and development of new initiatives, including commissioning of work. We will also review the continuation of the financial impact tracker, including its frequency and structure.

We expect to fund some significant new projects during the year which will require additional staff resource. As usual we will also publish a wide range of research during 2022 including our third wealth audit with the Resolution Foundation; a series of reports on pensions with a number of partners including Nest Insights and the universities of Edinburgh and Birmingham; and a range of work on the cost of living. The latter will be a significant focus for the Trust, working alongside many others on how increased costs can be mitigated. During the year we will also complete the living pension employer pilots we have developed with the Living Wage Foundation.

We will develop our own policy and public affairs capacity, enhancing our engagement with key stakeholders on some specific issues related to the work we have supported. For example, we plan to input into the government's review of the Gambling Act using evidence we have funded with the University of Bristol and the Behavioural Insights Team. As society moves back to normality we will recommence face-to-face events and develop other activities such as the podcast series we have recently initiated.

The grants budget will increase to £3m per annum and we hope to continue this upward rise in future years as we expand the scale of our funding activities and the staff team. Whilst research will continue to be a key area, we plan to expand funding of policy work and related campaigning and advocacy activities.

2022 will also see the recruitment of additional trustees and we look forward to the new skills, experience and connections they are able to bring to the Trust.



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

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

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

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the Board of Trustees on 22 June 2022 and signed on its behalf by:

Alistair Darling

Chair, abrdn Financial Fairness Trust

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

Opinion

We have audited the financial statements of abrdn Financial Fairness Trust ("the charitable company") for the year ended 31 December 2021 which comprise the statement of financial activities (including income and expenditure account), balance sheet, statement of cash flows and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other information

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the charitable company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's member and the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its member as a body and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Archer

Grant Archer (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor Chartered Accountants.

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Saltire Court,
20 Castle Terrace,
Edinburgh, EH1 2EG.

22 June 2022

Statement of Financial Activities* for the year ended 31 December 2021

*(including income and expenditure account)

	Note	Unrestricted 2021 £	Unrestricted 2020 £
Income:			
Donations and legacies	1	157,282	92,968
Investment income	2	2,435,843	2,086,453
Total income and endowments		2,593,125	2,179,421
Expenditure on:			
Raising funds	3	273,317	236,724
Charitable activities	4	1,687,388	1,413,350
Total expenditure		1,960,705	1,650,074
Net gains on investments	8	9,509,440	5,167,913
Net income and net movement in funds for the year		10,141,860	5,697,260
Reconciliation of funds:			
Total funds brought forward at 1 January		93,364,461	87,667,201
Total funds carried forward at 31 December	13	103,506,321	93,364,461

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

The accounting policies and notes on pages 31 to 40 form an integral part of these financial statements

Balance Sheet
as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	8	100,556,969	91,442,237
Total fixed assets		100,556,969	91,442,237
Current assets			
Debtors	9	3,354	1,406,569
Cash at bank and in hand		3,448,633	1,169,535
Total current assets		3,451,987	2,576,104
Liabilities			
Creditors: amounts falling due within one year	10	502,635	640,880
Net current assets		2,949,352	1,935,224
Creditors: amounts falling due after more than one year	11	-	13,000
Total net assets		103,506,321	93,364,461
Total funds of charity:			
Unrestricted funds	13	86,976,458	86,112,196
Revaluation reserve	13	16,529,863	7,252,265
Total unrestricted income funds	13	103,506,321	93,364,461

The accounting policies and notes on pages 31 to 40 form an integral part of these financial statements

Approved by order of the Board of Trustees on 22 June 2022 and signed on its behalf by:

Alistair Darling
Chair
abrdn Financial Fairness Trust

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

Statement of Cash Flows for the year ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities:			
Net cash used in operating activities		(1,955,250)	(1,513,961)
Cash flows from investing activities:			
Proceeds from sale of investments	8	30,967,579	18,911,615
Purchase of investments	8	(30,572,871)	(17,607,393)
Dividends and interest income from investment	2	2,435,843	2,086,453
Decrease / (increase) in other debtors	9	1,403,797	(1,403,797)
Net cash provided by investment activities		4,234,348	1,986,878
Change in cash and cash equivalents in the year		2,279,098	472,917
Cash and cash equivalents at the beginning of the year		1,169,535	696,618
Cash and cash equivalents at the end of the year		3,448,633	1,169,535

Notes to the Statement of Cash Flows for the year ended 31 December 2021

Reconciliation of net income to net cash flow from operating activities

	2021 £	2020 £
Net income for the year (as per the statement of financial activities)	10,141,860	5,697,260
Adjustments for:		
Gains on investments	(9,509,440)	(5,167,913)
Dividends and interest income from investment	(2,435,843)	(2,086,453)
Increase in trade debtors	(582)	(2,686)
Increase / (decrease) in creditors	(151,245)	45,831
Net cash used in operating activities	**(1,955,250)**	**(1,513,961)**

Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank	3,448,633	1,169,535
Total cash and cash equivalents	**3,448,633**	**1,169,535**

The accounting policies and notes on pages 31 to 40 form an integral part of these financial statements

Notes to the financial statements

Accounting policies

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

(a) Basis of preparation

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

(b) Going concern

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern, including from the ongoing impact of Covid-19, and that the Trust has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements are approved. Consequently, trustees have prepared the financial statements on the going concern basis.

(c) Income

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

(d) Expenditure

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

(e) Grants

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

(f) Funds

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

(g) Investments

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

Applying the provisions of Section 11, the charity includes listed equities and pooled investment funds at fair value in the balance sheet. As permitted under Section 11, the charity has designated its debt securities as at fair value through profit or loss as these instruments are managed and performance evaluated on a fair value basis. Investments held at fair value are stated at the bid price where available, or mid-price where the investment manager is unable to provide the bid price. Under Section 11, cash and cash equivalents are subsequently valued at initial cost less impairment in the balance sheet.

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

Any investment income arising from underlying investments of pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Net gains/(losses) on investments' in the SOFA.

Other investment income, including dividends or interest, is recognised in the SOFA when it is receivable and the amount can be measured reliably.

(h) Taxation

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

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

(i) Debtors

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

(j) Creditors

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

1. Donations and legacies

	2021 £	2020 £
Donated services and facilities	157,282	92,968
Total donations and legacies	157,282	92,968

Donated services and facilities in both 2021 and 2020 relate largely to the provision of facilities and services donated to the Trust by abrdn plc. The donated facilities relate to office space provided for the Trust's staff which was valued at £23,835 (2020: £23,431). Donated services include IT support costs of £57,258 (2020: £55,668) and support from the abrdn plc communications team valued at £7,348 (2020: £9,268). Work on the Trust's name change to the value of £35,216 (2020: nil) was paid by abrdn plc on behalf of the Trust..Donated services were also received from external parties (Google) relating to communications totalling £33,625 in 2021 (2020: £4,601).

2. Investment income

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

	2021 £	2020 £
Dividend income	2,384,712	1,965,985
Interest income	51,131	120,468
Total income from investments	2,435,843	2,086,453

3. Expenditure on raising funds

		2021 £	2020 £
Investment management fees	14	273,317	236,724
Total expenditure on raising funds		273,317	236,724

4. Charitable activities

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

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

The comparative for 2020 was:

Funding programme	Note	Non-contingent grants pledged £	Contingent payments and transfers £	Support Costs £	Total 2020 £
Income		276,470	219,000	63,433	558,903
Spending		130,293	153,405	21,144	304,842
Assets		112,460	135,000	21,145	268,605
Total grants awarded		519,223	507,405	105,722	**1,132,350**
Other support costs		–	–	281,000	281,000
Total charitable activities	5	519,223	507,405	386,722	1,413,350

Support costs of £112,446 (2020: £105,722) have been allocated to specific grants made in the year. During the year additional costs of £366,687 (2020: £281,000) were incurred in relation to other support activities furthering the charitable aims of the organisation, including significant time with other grant applicants; development of networks in the sector and communication of charitable activity.

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

The following tables set out the Trust's total grant pledges of £2,112,700 (2020: £1,312,805) and payments of £1,347,228 (2020: £968,523) during the year, split between recognised and unrecognised commitments.

If the performance related or other obligations are met by the grant recipient, there is full expectation to pay out future grant instalments as set out in grant contracts, and there are sufficient unrestricted funds and readily accessible cash to cover the contingent grant liabilities. All grants awarded since 2019 have a maximum three year timeframe.

Movement in recognised grant commitments

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

Movement in unrecognised grant commitments

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

Prior year movement in recognised grant commitments

Funding programme	Grant commitments at 01.01.20 £	Total grants awarded in period £	Grants paid out in period £	Transfers £	Grant commitments at 31.12.20 £
Income	260,000	276,470	(356,023)	-	180,447
Spending	63,000	130,293	(125,500)	87,405	155,198
Assets	67,000	112,460	(67,000)	-	112,460
Totals	390,000	519,223	(548,523)	87,405	448,105

Prior year movement in unrecognised grant commitments

Funding programme	Grant commitments at 01.01.20 £	Total grants awarded in period £	Grants paid out in period £	Transfers £	Grant commitments at 31.12.20 £
Income	361,000	306,563	(219,000)	-	448,563
Spending	313,000	180,905	(66,000)	(87,405)	340,500
Assets	220,000	306,114	(135,000)	-	391,114
Totals	894,000	793,582	(420,000)	(87,405)	1,180,177

5. Support costs

	Note	Total 2021 £	Total 2020 £
Staff costs	7	254,078	241,435
Staff training and recruitment		2,711	-
Donated services and facilities	1	157,283	88,367
Governance costs		56,732	43,383
Consultancy costs		1,200	2,000
Travel and accommodation- staff		3,409	4,446
Marketing and communications		3,044	6,435
Office costs and other		676	656
Total support costs		**479,133**	**386,722**

In both 2021 and 2020, all support costs relate to charitable activities. The breakdown of governance costs in the year is as follows:

	Note	2021 £	2020 £
Legal fees		1,920	-
Auditor remuneration		12,000	5,160
Trustees' indemnity insurance		6,126	5,844
Staff costs	7	35,085	32,311
Trustee expenses		401	68
Trustee training		1,200	-
Total governance costs		**56,732**	**43,383**

6. Trustees' remuneration

No trustee received any emoluments or benefits in kind during the year (2020: £nil) in respect of their services.

Trustees are reimbursed for travel, accommodation and subsistence costs incurred in carrying out their duties that are permitted by the Trust's expenses policy. The Trust also pays for travel and accommodation directly on behalf of some trustees. The total sum expended during 2021 in respect of trustee expenses was £401 (2020: £68) and is included within governance costs – see note five. The number of trustees reimbursed during the year was eight (2020: one).

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

a) Staff Costs

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

	2021 £	2020 £
Wages and salaries	222,754	208,927
Social security costs	21,936	18,942
Pension contributions	42,365	41,120
Other employee benefits	2,108	4,757
Total staff costs	**289,163**	**273,746**

The Trust has a small staff team. At 31 December 2021 there were five staff, three of whom worked part-time (4.1 FTE). The comparison for 2020 was: four staff, two of whom worked part-time (3.4 FTE). One employee received a full-time equivalent salary of more than £60,000 per annum (2020: one).

	Number of employees	
Salary band	**2021**	**2020**
£90,000-£100,000	1	1

b) Remuneration of key management personnel

The key management personnel of the Trust are those persons having authority and responsibilities for planning, directing and controlling the activities of the Trust; directly or indirectly. The key management personnel of the Trust comprise the Chief Executive Officer and the Board of Trustees. The trustees receive no remuneration in respect of their services. The remuneration of the Chief Executive Officer is set by the Nomination, Governance and Remuneration Committee. Total employee benefits paid to key management personnel (including pension contributions and employers national insurance contributions) totalled £122,305 during 2021 (2020: £116,792).

8. Investments

	2021 £	2020 £
Market value at beginning of year	91,442,237	87,578,547
Acquisitions	30,572,871	17,607,393
Distributions from investments	216,698	222,328
Disposal proceeds	(30,967,579)	(18,911,615)
Net gains on investments	9,292,742	4,945,584
Market value at end of year	**100,556,969**	**91,442,237**

Represented by	2021 £	2020 £
Equity	68,641,445	52,590,745
Investment funds	30,930,671	34,682,910
Debt securities	984,853	4,168,582
Market value at end of year	**100,556,969**	**91,442,237**

All investments held by the Trust are classed as listed, being traded either on recognised exchanges or over the counter, with pooled investment funds having an OEIC or unit trust structure.

Investments in equity securities and government bonds totalled £69,626,298 at 31 December 2021 (2020: £54,376,044) and these investments are classed as level 1 investments. Level 1 investments are measured during quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market exists where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Investments in pooled investment funds and corporate bonds total £30,930,671 at 31 December 2021 (2020: £37,066,193) and these are classed as level 2 investments. Level 2 investments are measured using inputs other than quotes 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).

The Trust has limited exposure to all investment risks as set out within FRS 102, including credit risk, currency risk, interest rate risk, other price risk and to a lesser extent, liquidity. Risks have been considered and mitigated through the construction of a diverse portfolio of investments, and by retaining expert advisers to manage the investment portfolio. Risk parameters are considered by the investment managers as part of the investment mandate and reviewed regularly. The Trust's investment policy, which sets out agreed asset allocations across various asset classes along with percentage limitations on both individual investments and pooled funds, was reviewed during 2021. The Trust also reviews the performance of the portfolio against risk tolerance levels on a regular basis.

Net gains on investments includes both unrealised and realised gains/losses arising on the holdings in the funds. Net gains on investments of £9,292,742 (2020: £4,945,584) relates to unrealised gains on investment during the year of £9,277,598 (2020: £5,003,279) and realised gains on sale of investments during the year of £15,144 (2020: realised losses of £57,695).

Distributions from investments of £216,698 (2020: £222,328) consist of accumulation dividends received during the year. The accumulation dividends have been presented within 'Net gains on investments' in the SOFA and aggregated with the sum of net realised and unrealised gains on investment of £9,509,440 (2020: £5,167,913).

9. Debtors: amounts falling due within a year

	2021 £	2020 £
Prepayments	3,354	2,772
Other debtors	-	1,403,797
Total debtors	**3,354**	**1,406,569**

Other debtors of £1,403,797 in 2020 relates to the sale of an investment fund on 31 December 2020. The cash was unsettled and due from the broker and subsequently settled in January 2021.

10. Creditors: amounts falling due within a year

	Note	2021 £	2020 £
Grants awarded and payable		309,132	435,105
Other creditors – accruals		14,155	5,160
Due to related parties	14	179,348	200,615
Total creditors due within a year		**502,635**	**640,880**

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

	2021 £	2020 £
Grants awarded and payable	-	13,000
Total creditors due after more than one year	**-**	**13,000**

12. Auditor remuneration

	2021 £	2020 £
Accrued fees payable to the Trust's auditor	12,000	5,160
Auditor remuneration	**12,000**	**5,160**

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

13. Movements in funds during the year

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

	Unrestricted funds £	Revaluation reserve £	Total unrestricted funds £
1 January 2020	85,418,216	2,248,985	87,667,201
Additions at cost	17,607,393		17,607,393
Distributions from investments	222,328		222,328
Sale of investments	(18,911,615)		(18,911,615)
Net gains on investments	(57,695)	5,003,280	4,945,585
Increase in debtors	1,406,483		1,406,483
Increase in creditors	(45,831)		(45,831)
Increase in cash and cash equivalents	472,917		472,917
31 December 2020	**86,112,196**	**7,252,265**	**93,364,461**

14. Related party transactions

The majority of the Trust's purchases are paid for by Aberdeen Corporate Services Limited (ACSL), a fully-owned subsidiary of abrdn plc, as the Trust uses their accounts payable system. These costs of £341,574 (2020: £323,661), including staff costs of £289,163 (2020: £273,746) for the year were then invoiced quarterly to the Trust. The amount owed to ACSL on 31 December 2021 was £106,449 (2020: £136,292).

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

The Trust's investment managers are abrdn Capital Limited, a subsidiary of abrdn Investments (Holdings) Limited; in turn a subsidiary of abrdn plc. Investment management fees incurred during the year in total were £273,317 (2020: £236,724). abrdn Capital invests on behalf of the Trust under a discretionary mandate, and are therefore responsible for stock selection. The Trust holds £24,500,135 of abrdn owned pooled investment funds as at 31 December 2021 (2020: £30,616,841) and received dividend income from these investment during the year of £554,886 (2020: £704,359). At the end of the period, amounts owed to abrdn Capital were £72,899 (2020: £64,323) in respect of investment management fees.