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Financial Fairness Trust

ANNUAL REPORT AND ACCOUNTS

for the year ended 31 December 2024

Charity number, registered with OSCR: SC040877
Company limited by guarantee, registered in Scotland: SC359717

Contents

Chair’s statement

David Norgrove
Chair

2024 was billed as the mother-of-all election years, with around half of the world’s population voting on who formed their next national government. This included the UK, with the general election resulting in a Labour landslide.

In the run-up to the election our activity included funding the Institute for Fiscal Studies to provide detailed reviews of the main parties’ manifestos, as well as independent analysis of key policy issues. Against a background of stagnant living standards and constraints on public spending, the Trust supported work to pull together both shorter-term and longer-term policy ideas for a new government.

The government has moved swiftly in some areas, such as employment rights, climate change, housing and planning, and in the autumn Budget raised significant taxes and borrowing to support economic growth. However, the economic forecast remains uncertain, especially as a result of increased trade tariffs.

For millions this is likely to mean a continuation of incomes remaining fairly stagnant as well as cuts to public services outside of protected departments such as health and education. However, there remain opportunities to influence and the groups we are supporting are working hard to improve living standards for those on low-to-middle incomes.

During 2024 we awarded £2.4 million, focussed on our key priorities. Two substantial grants were made: one for work relating to social tariffs and one to establish the new Centre for the Analysis of Taxation.

Our work on the Pensions Review continued, in partnership with the Institute for Fiscal Studies, which is the most comprehensive review of living standards in retirement for over twenty years. The Review published a series of reports during the year. We hope this work will be of real value to the government’s own pensions review, which will focus on retirement adequacy. Final recommendations from the Review will be launched in July 2025.

Some significant work also concluded during 2024, including our Commission on the Future of Employment Support with the Institute for Employment Studies. We were pleased to see many of these recommendations taken up in the Government’s Get Britian Working White Paper and endorsed by the Employment Minister.

Details on these activities, along with other work funded in the year, is set out in the trustee report below.

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

David Norgrove, Chair

Trustees' report for the year ended 31 December 2024

Board of trustees

David Norgrove – Chair
Graeme McEwan – Vice-Chair
Kate Bell
James Daunt
Naomi Eisenstadt
David Hall
Wendy Loretto
Jenny Marra
Sarah Moody
Euan Stirling
Matthew Upton

Trustees are also directors for the purposes of company law. All trustees are independent apart from one, who is employed and nominated by Aberdeen Group plc. Further information can be found on page 26.

Committee membership

Finance, Investment and Risk

James Daunt – Chair
Jeffrey Hayes – Co-opted member
Wendy Loretto
David Norgrove
Euan Stirling

Nomination, Governance and Remuneration

Graeme McEwan – Chair
Naomi Eisenstadt
Euan Stirling

Research and Grants

David Hall – Chair
Kate Bell
Sharon Collard – Co-opted member
Naomi Eisenstadt
Wendy Loretto
Jenny Marra
Graeme McEwan
David Norgrove
Matthew Upton

We are very grateful to our co-opted members for bringing their valuable skills and experience to the Trust's Committees.

Staff and advisers

Senior staff

Mubin Haq – Chief Executive
Karen Barker – Head of Policy and Research
Jenny Charalambous – Head of Finance and Operations
Charlotte Morris – Head of Communications

Policy adviser

Donald Hirsch

Company secretary

Mubin Haq

Professional services firms

External auditor

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

Investment manager

LGT Wealth Management Limited
Capital Square
58 Morrison Street
Edinburgh, EH3 8BP

Custodian

FNZ UK (to 17.11.24)
1 Tanfield
Edinburgh, EH3 5DA

LGT Wealth Management UK LLP (from 18.11.24)
14 Cornhill
London, EC3V 3NR

Solicitors

Burness Paull LLP
50 Lothian Road
Edinburgh, EH3 9WJ

Bankers

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

Objectives and activities

Our mission is focussed on improving the living standards and addressing the financial problems facing those living on low-to-middle incomes.

There has been a slight improvement on the main indicator we use to measure financial well-being in our Financial Fairness Tracker, compared to the previous year. The poll of 6,000 households found that around four-in-ten are either struggling or facing serious financial difficulties. Whilst the situation has not deteriorated, it remains substantially higher than at the start of the pandemic when less than three-in-ten were facing significant financial pressures. That is nearly three million extra households. This is a huge challenge and extremely worrying for the ability of families to withstand future financial shocks.

Our activities are working on a number of fronts to make real differences to the lives of those on lower incomes.

Our key objectives are to:

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

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

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

Our work is UK wide. 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.

Activities

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	Assets
We fund work relating to wages, pensions, social security and income taxation.	We fund work relating to the cost of living, consumer spending, gambling harms, borrowing, payment problems and net zero.	We fund work relating to taxation, retirement saving, general saving and housing.

The Trust also commissions specific activities that fit within our funding programmes. We fund a range of strategic work including research, policy, 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 regularly updated and available at www.financialfairness.org.uk.

All projects report to us on a regular basis on their activities set against the outcomes which are outlined in their funding application. The impact of our funded work, as well as key research findings from the year, are set out in the 'achievements and performance' section below.

Charitable activities in 2024

23
projects funded

£2.4m
in funding

Smallest grant – £16k

Average grant – £138k

Largest grant – £660k

New grants only

Funding programmes

Income – **8 projects**

Spending – **10 projects**

Assets – **4 projects**

Cross-cutting – **1 project**

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

Activity

Research – **8 projects**

Policy – **8 projects**

Campaigning – **2 projects**

Cross-cutting – **5 projects**

Grant length

Up to 1 year – **14 projects**

Between 1 and 2 years – **3 projects**

2 years and over – **6 projects**

Organisation type

Voluntary group – **8 projects**

University – **7 projects**

Think tank – **7 projects**

Other – **1 project**

Reports published:
75

Press articles on Trust work:
26,030

Achievements and performance

The Trust funded 23 projects totalling £2.4m in the year with full detail on pages 10 and 11. There were two significant initiatives funded during the year:

Social tariffs

Social tariffs are discounted rates for people on low incomes and operate across essential markets such as energy, telecommunications and water.

This initiative is a partnership led by Citizens Advice, working alongside Policy in Practice and IPPR. It aims to reduce household expenditure costs at a time when many are struggling to afford essentials and when increases in social security are likely to be limited.

Social tariffs exist in several markets but largely at provider discretion – leading to significant variation between what consumers can get across sectors and locations. Awareness and uptake remain low or non-existent.

Our research found only 5% of eligible households had signed up for a broadband social tariff and we estimated that nearly £2bn of support was going unclaimed in water and broadband alone. Further analysis highlighted that households in the lowest income decile spend around 40% of their earnings - after housing costs - on water, energy, broadband and car insurance bills (compared to 11% on middle incomes and 5% for those in the top decile). If well-targeted social tariffs and bill support schemes were rolled out, families could save hundreds of pounds a year. For example, if social tariffs reduced these essential bills by 25%, for those in the lowest income decile, it could result in savings of around £680 a year.

Key aspects to the work include analysis of the harm caused to people who are priced out of essential markets; cost-benefit analyses of different approaches to social tariffs; and practical and pragmatic solutions on what approach could be taken by government and the industry.

In September a roundtable was held with the Minister for Energy Consumers, and the government added an amendment to the Water (Special Measures) Bill which covers key legislative asks from the initiative to enable water social tariffs. The initiative called for this to be built around a principle of ‘automation by design’, meaning using DWP data to automate eligibility assessments and awards for those in receipt of means-tested benefits; as well as having simple, streamlined processes to capture anyone eligible who is not receiving these benefits, accessible both online and over the phone.

For broadband, the initiative called on Ofcom and providers to work together to make social tariffs more prominent when customers engage with providers. This should ensure they are routinely offered at time of sign-up, mentioned in every customer service call related to billing or tariffs, and listed alongside main packages online.

Centre for the Analysis of Taxation (CenTax)

Led by Arun Advani (University of Warwick) and Andy Summers (London School of Economics), the new Centre for the Analysis of Taxation was established, and formally launched at a parliamentary event in November with the Exchequer Secretary to the Treasury, James Murray.

It is dedicated to improving public understanding of tax policy and helping to design a better tax system, by generating evidence that is rigorous and relevant to policymakers and the public. Its focus is on the characteristics, behaviours and economic impacts of top earners and the wealthy, and the design of taxes affecting this group. The Centre produced a series of tax briefings during the year ahead of the Budget, all of which are likely to have contributed to changes to these taxes.

Other significant grants we made during the year included: continuation funding for E3G towards research and policy work focussed on increasing home insulation and green energy investment, with an emphasis on improving delivery; Future Economy Scotland to explore how Scotland could design and reform its tax system to provide the investment needed to deliver its climate change goals; Nest Insights to undertake a review and analysis of how pension wealth could be used to help with housing security, including being utilised for rental deposits or towards home ownership; and the University of York to assess how the Scottish Child Payment has affected family finances and well-being.

We work closely with organisations that we fund, providing support, insight and connections where possible. In July we held a learning event with organisations we fund to look at ways to influence the new government. This was an opportunity to focus minds on post-election activity and groups sharing knowledge about their priorities, as well as networking with each other. We had excellent presentations from Gavin Kelly, Chief Executive of the Resolution Trust, and Paul Johnson, who heads up the Institute for Fiscal Studies, sharing their reflections on how to influence government and policy makers.

A number of the projects are supported by independent advisory groups and we have expert input from a wide range of key stakeholders. We are grateful for the engagement and expertise provided by a number of individuals and organisations to the research and policy projects we support.

Funding awarded in 2024

Organisation	Award	Duration	Project overview
Bright Blue	£23,610	3 months	Towards a conference exploring centre-right policies to improve living standards.
Child Poverty Action Group	£29,800	6 months	To identify the difficulties faced by claimants migrated onto Universal Credit from legacy benefits and related advocacy work.
Citizens Advice	£212,746	3 years	Towards the design and implementation of a suite of social tariffs across essential utilities, in partnership with Policy in Practice and the Institute for Public Policy Research.
E3G	£419,730	3 years	For research and policy work to ensure the net zero transition enhances the financial resilience of low to middle income households, focussing on housing and energy.
Families Outside	£15,270	6 months	Towards advocacy work related to the financial impact on prisoners' families.
Future Economy Scotland	£79,080	1 year	Towards research to explore how Scotland could raise revenue to meet its net zero ambitions.
Generation Rent	£80,560	1 year	For the development of a tenancy deposit protection system at UK and devolved level.
High Pay Centre	£20,150	4 months	For analysis of the pay ratios published by UK listed companies.
Institute for Fiscal Studies	£109,910	1 year	Towards research examining reforms to Universal Credit.
Institute for Public Policy Research	£68,271	3 years	Towards the design and implementation of a suite of social tariffs across essential utilities, in partnership with Citizens Advice and Policy in Practice.
Justice	£24,980	3 years	Towards advocacy work to create long-lasting, systemic change in the disability benefits application and appeals system.
Nest Insight	£110,270	1 year	For a review and analysis of innovative models for closer integration between pension wealth and housing security.
Policy in Practice	£108,683	3 years	Towards the design and implementation of a suite of social tariffs across essential utilities, in partnership with Citizens Advice and the Institute for Public Policy Research.

Funding awarded in 2024

Organisation	Award	Duration	Project overview
Queen Mary University of London	£28,310	15 months	For research and advocacy on the quality of financial guidance available on social media, and the experiences of low-to-middle income households.
Surviving Economic Abuse	£55,830	1 year	To accelerate change in financial services so victim-survivors of economic abuse receive consistently good responses and outcomes as customers.
University of Bristol	£29,710	13 months	Towards research to map energy consumption across neighbourhoods in Britain to ensure that geography is central to the design of policies in achieving an equitable transition to net zero.
University of Oxford	£24,600	1 year	For dissemination work to improve support available to migrants with no recourse to public funds at risk of poverty and destitution.
University of Strathclyde	£16,000	5 months	For research to understand under-reporting of Scottish Child Payment take-up, and policies that might better deliver child poverty targets.
University of Warwick	£660,000	3 years	Towards establishing the Centre for the Analysis of Taxation and building its policy capacity to influence income and wealth tax design and implementation.
University of York	£186,930	15 months	For research analysing the Scottish Child Payments impact on family finances and wellbeing.
University of York	£24,990	6 months	Towards the work of Changing Realities to influence the delivery of emerging government policy to address child poverty.
Women's Equality Network Wales	£47,660	1 year	For research and advocacy to influence early childhood education and childcare policy in Wales.
Total grants	**£2,377,090**		
Directly commissioned by the Trust	£10,956	6 months	For further public engagement for the comprehensive review of living standards in retirement with the IFS.
Total funding	**£2,388,046**		

Research and impact

We published a wide range of evidence from the work we funded, with some of the key findings highlighted on pages 17 and 18.

In total, 75 research reports were produced during 2024, all of which are available on our new website, which was updated during the year.

The reports provide a valuable source of evidence, ideas, solutions and recommendations on a range of financial issues from taxation, pensions, social security, the cost of living, wages and wealth. There was a considerable increase in research output, primarily due to activity in the run up to the UK general election in July. There was extensive coverage of the work in the media, with over 26,000 media mentions.

Highlights included:

The final report from the Commission on the Future of Employment Support was launched with main recommendations to reform of our system of publicly funded employment support and services.

This major initiative we supported the Institute for Employment Studies to undertake was the largest investigation into our system of employment support in at least a generation. Through the evidence gathering, the Commission came across many good practices in how services are working now, but also a range of fundamental problems. It found the UK has the least well-used employment service in Europe – often acting as an extension of the benefits system, with an over-reliance on compliance and sanctions, an 'any job' mindset, and often limited access to personalised support for those who are more disadvantaged in the labour market. This often pushed people away from support and disempowered and penalised those that do engage.

The Commission's main recommendations included a move towards a more universal and comprehensive package of support, combining jobs and careers; more devolution including new labour market partnerships; a move from compliance and sanctions; and creation of new bodies to focus on implementation, evaluation and quality. The event to launch the report included a keynote speech from the Minister for Employment, Alison McGovern. The Minister called for a root and branch overhaul of employment services, broadly endorsing many of the Commission's recommendations. A number of these were outlined in the Government's Get Britian Working White Paper in November, setting a long-term ambition to achieve an 80% employment rate and committing to transforming Jobcentre Plus. This would bring it together with the National Careers Service in England, making it digital, universal and fully inclusive. The government has also committed to increased employment support including for disabled people.

The Institute for Fiscal Studies (IFS) published 16 reports and over 50 briefings, comments and podcasts in the run up to the general election, which were supported by the Trust.

The publications focused on a number of areas of government policy, analysing past performance and spending patterns, as well as rapid responses to party announcements and manifesto pledges. The focus was on public finances, public sector spending, taxation, living standards and social security. An overarching theme running through the reports was the disconnect between the main political parties' ambitions and financial constraints. This situation would mean that either taxes would need to be raised and/or borrowing increased or public services would face deep cuts. However, these trade-offs were not being acknowledged. The IFS Director, Paul Johnson called this a "conspiracy of silence", a term which was widely used during the election by commentators.

The IFS work generated 61 national UK front pages and 100 broadcast interviews. It culminated in a manifesto analysis event in late June which over 9,000 viewed online. The work provided detailed analysis, highlighting key trends and options available for the next government and was also supported by the Nuffield Foundation.

Our policy deep dive, in partnership with Resolution Foundation, examined the role pensions savings could play prior to retirement.

The research aimed to square the circle in relation to pensions under-saving as well as utilising these savings during working-age to cushion small cashflow shocks (the proverbial rainy day, large and unexpected income shocks, and to help with more big-ticket items such as housing deposits. The report outlined how the UK's savings policy architecture could be transformed to provide a joined-up solution to these interconnected problems. It recommended increasing auto-enrolment rates with some of this being available as liquid savings; and the ability to take out a loan facility. This work builds on sidecar savings pilots pioneered by Nest Insights and drew on behavioural insights and lessons from other countries navigating the same issues. The event included commentary from former Pensions Minister, Steve Webb. We were also pleased to see that some earlier work on the Help to Save scheme with Resolution Foundation contributed towards this initiative being extended to 2027. This helps those on Universal Credit save with match funding provided by the government.

As part of our partnership with Resolution Foundation we held a one-day conference on wealth in September. There was an impressive panel of speakers including leading academics, policy experts and media commentators. The subjects covered key trends in wealth, pension savings and taxation with over 700 joining the event on-line and in-person.

We published a series of reports from Demos examining public attitudes towards inheritance tax (IHT) and reviewing key reforms to the current system.

This included an analysis of international practice, highlighting the use of progressive rates of taxation which resulted in the wealthiest estates contributing a higher rate. It noted that the UK raised less in IHT and taxes on gifts than most other G7 countries and there was therefore room for raising increased revenue. The final report from Demos provided new analysis from a deliberative exercise with the public, economic modelling, and discussion with experts. The public panel supported introducing rate bands for inheritance tax – as we have for income tax; and limiting the tax relief offered for estates with business assets. Opinion polling showed significantly greater support for these reforms than the current system; and six times more support for the reforms than raising similar amounts via spending cuts or increased borrowing.

This work, together with reports we funded the IFS and CenTax to undertake, made an important contribution to changes to IHT in the autumn Budget. This included closing loopholes relating to business and agricultural reliefs and bringing unspent pension pots into scope. The latter policy alone was expected to raise £3.4bn in extra government revenue by 2030.

We supported the Trades Union Congress (TUC) to hold a one-day policy conference on the Employment Rights Bill.

This major event held in December covered key issues such as the new Fair Work Agency, zero-hour contracts and insecure work. Darren Jones, Chief Secretary to the Treasury, made a keynote speech and other speakers included: Sarah O'Connor, FT columnist; James Stephens, Deputy Director at the Department for Business and Trade; and Paul Nowak, TUC General Secretary. With over 150 in attendance the conference proved an excellent opportunity to discuss the Employment Rights Bill in-depth.

We were also pleased to see some key changes to Statutory Sick Pay (SSP) in the Bill, including payment from the first day of illness (rather than being ill for at least three days at present and abolishing the lower earnings limit. These are policy changes that a number of organisations have been advocating for, including two we have funded: the Centre for Progressive Change (CPC) and the Fabian Society. The move will benefit 1.3 million low-paid workers and is an important win. However, we have also supported the call from CPC for the rate of SSP to be set higher than it currently is.

Research from the Money and Mental Health Policy Institute showed local authorities often take rapid and aggressive escalation on council tax debt, impacting up to two million people with mental health problems.

Many local authorities in England and Wales demand that people pay the full year's council tax within three weeks of missing a first payment. Only six weeks after the first missed payment, councils can pass the debt to bailiffs. This practice sharply contrasts with credit card lenders, who are required to offer a much wider range of support and repayment options. Money and Mental Health's founder, Martin Lewis, has spearheaded the campaign advocating for changes to council tax practice.

Work with Surviving Economic Abuse found that one-in-eight UK women who held a joint mortgage over the last two years experienced joint mortgage economic abuse from a current or former partner.

The research found perpetrators were causing economic harm by refusing to pay their agreed share of the mortgage, agree to new terms, or sell up. Of those affected, around 80% felt unable to leave their partner or an unsafe living arrangement due to abuse through the joint mortgage; and half had cut back on utilities or went without essentials, such as food to cover monthly mortgage repayments. The report recommended the establishment of a cross-government task force on economic abuse with financial services, legal, and domestic abuse experts to strengthen protections for victim-survivors.

A collection of essays from Bright Blue offered a centre-right vision to support people on modest incomes build up and pass on wealth.

It included contributions from Sajid Javid MP (former Chancellor of the Exchequer), David Willetts (former Minister for Universities), Nicky Morgan (former Secretary of State for Education), John Penrose MP (Chair of the Conservative Policy Forum), John Stevenson MP (Vice-Chair of the APPG for Taxation), Steve Webb (former Minister for Pensions), and Tim Leunig (former Economic Adviser to the Chancellor of the Exchequer). A roundtable with key stakeholders discussed the range of options recommended to boost wealth amongst those on lower incomes.

Findings from the University of Oxford identified a 150% increase in destitute migrant families accessing local authority support, in less than a decade.

The research provided the first UK-wide baseline of those with No Recourse to Public Funds supported by local authorities, who are excluded from our mainstream social security safety net. It also provided the first UK-wide estimate of the number of destitute vulnerable adults with care needs who are supported by local authorities. The event was launched at an online event with Stephen Timms MP, who at the time chaired the Work and Pensions select committee and is now Minister of State for Social Security and Disability.

An investigation by Quaker Social Action found a postcode lottery in relation to council funerals.

Local authorities have a legal duty to carry out a funeral for someone who dies in their area where no one else is making arrangements. This includes when someone has no next of kin, or people on very low incomes who cannot afford funeral costs. However, many councils are not providing sufficient, accessible or accurate information, either on their websites or via phone enquiries. A third of councils surveyed had no information on their websites and two-thirds had inaccurate information. The report called on government to introduce statutory minimum standards for council funerals to ensure consistent practice.

Financial Fairness Tracker

We continued to publish results from our Financial Fairness Tracker, which surveys 6,000 households twice a year, in partnership with the Personal Finance Research Centre at the University of Bristol. The Tracker provides a rich source of data on a range of financial well-being indicators such as savings, access to credit, spending, borrowing and debt.

Our report in June had a focus on public attitudes towards taxation, given this was a key issue during the general election. Twice as many respondents agreed that spending on public services should be increased even if it meant tax rises for households like theirs; than agreed that taxes should be reduced for households like theirs, even if it meant less spending on public services.

A shorter deep dive report examining ethnicity and financial well-being found minority ethnic households fared worse across a range of financial indicators, impacting negatively on their financial security and health. Analysis found that White British householders were twice as likely to be financially secure as those from Black, Asian, mixed or other ethnic groups; and older people from minority ethnic groups were particularly likely to face financial difficulties.

We published several reports from the Tracker in autumn, which went into the field soon after the autumn Budget. We continued our theme on public attitudes to tax and found that whilst many of the Chancellor's tax rises were unpopular, the public supported them because of the need for greater investment in public services. Over half of households thought the Budget would leave them financially worse-off, with just one-in-ten feeling it would leave them better-off. However, households were twice as likely to say that the tax rises announced in the Budget were necessary than unnecessary for improving public services. We also asked how people would feel about future tax rises if they were needed to improve public services. Overall, eight-in-ten showed some willingness to support at least one of nine potential taxes asked about, with around half being in favour of three or more of the taxes. Media coverage of the Tracker reports has been positive, each of the main reports received coverage in the national media.

Pensions Review

The Pensions Review is a partnership with the IFS, and our biggest grant to date. Launched in April 2023, the Review's focus is on the challenges ahead for future generations of pensioners. It has already produced concrete policy recommendations to improve living standards and financial security in retirement. The initiative is led by a steering group, chaired by David Gauke, former Secretary of State for Work and Pensions. Other members include Baroness Jeannie Drake, former President of the TUC and one of the three members of the Pensions Commission; David Norgrove, Chair of the abrdn Financial Fairness Trust and former Chair of the Pensions Regulator; and Joanne Segars, former Chief Executive of the Pensions and Lifetime Savings Association.

We established the Review as it is 20 years since the last comprehensive analysis of pensions – the Pensions Commission. The latter's key recommendations were implemented: a more generous state pension; a higher state pension age; and automatic enrolment of most employees into workplace pensions. But the Pensions Commission did not foresee the triple lock, the new state pension, pension freedoms, and reductions to the generosity of the working-age benefit system, amongst other reforms.

Given the scale of these changes, there has been a dangerous lack of strategic oversight of the retirement saving system since the Pensions Commission disbanded. There is a clear risk that much better outcomes for pensioner incomes in recent years compared with earlier decades could be fuelling complacency that future generations of pensioners will achieve similarly good – or even better – outcomes. It is in this context that we launched the Review in partnership with the IFS.

Throughout the project, a key cross-cutting theme has been the risks facing savers and pensioners regarding their standard of living in retirement. With the demise of private sector defined benefit arrangements and of annuities, individuals are increasingly bearing the risks associated with accumulating saving for retirement, and with decumulating their pension pots through retirement.

The Review has engaged a wide range of policymakers and stakeholders to better understand the key challenges and trade-offs. As well as the expert steering group, the Review has established three advisory groups with senior representation from government, think tanks, civil society, the pensions industry and employers. The Trust has commissioned Ignition House to undertake qualitative research into the public's perceptions relating to retirement and pensions, complemented by opinion polling that the Trust leads on.

The main research outputs for 2024 focussed on some key challenges:

- means-tested support for those approaching state pension age and beyond;
- the self-employed; and
- those working in the private sector and the future of auto-enrolment.

Recommendations on means-tested support for people approaching retirement age and during state pension age included enhancing Universal Credit; increasing Local Housing Allowance payments to address the additional costs faced by older people living in the private rented sector; ensuring a smoother transition from Universal Credit to Pension Credit; and reviewing the asset test for claiming benefits. Focus on social security at this stage in life and the impact on those on lower incomes has been under researched, so this work was of particular value and welcomed by stakeholders.

The report on the self-employed highlighted the significant fall in saving into a private pension for this group. Over the last 25 years pension saving has collapsed from 60% of the self-employed earning over £10,000 being in schemes to just 20%. The research also highlighted that among those self-employed saving in a private pension, many get stuck making the same cash contributions year after year, with inflation eroding the real value of these contributions over time. The Pensions Review recommended auto-enrolment options which could nudge the self-employed into pensions or Lifetime ISAs.

Our reports on improving private pension wealth highlighted a number of challenges. We found just 40% of private sector employees in the lowest earnings quartile on track to meet minimum pension living standards, and just 60% in the next quartile. Key recommendations relating to expanding the age eligibility for auto-enrolment (from 16 to 74) and making employer contributions non-contingent on employee contributions. This last policy alone would boost employer pension contributions by £4bn and be mainly directed to lower income workers.

The Review's reports on boosting saving amongst the self-employed and those working in the private sector were launched at an in-person event in September. We were pleased to have Emma Reynolds, then Pensions Minister, speak at the event. The Minister was broadly supportive of the work of the Review and how its findings could influence the second phase of the government's own pensions review. The latter is likely to be launched during 2025 and will focus on retirement adequacy, which has significant overlap with our work. Torsten Bell has since taken up the Pensions Minister post, who we worked with closely during his time leading the Resolution Foundation, and look forward to engaging with.

Key findings from research funded

The public are twice as likely to say the

Budget tax rises were necessary

than unnecessary to improve public services.

Financial Fairness Tracker: Public perceptions of the financial impacts of the 2024 Autumn Budget.

1.2 million unpaid carers in the UK are living in poverty.

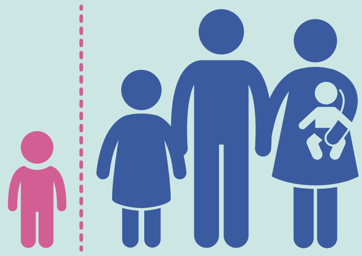
This is **50% higher** than those who do not provide unpaid care.

Poverty and financial hardship of unpaid carers in the UK, Carers UK.

Britain has a £74 billion savings shortfall.

If met, every working age family would have at least three month's income in rainy day savings

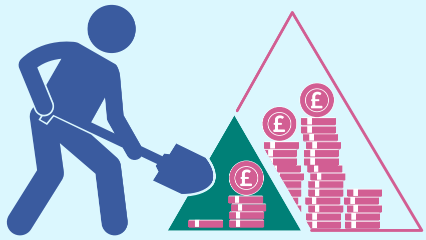
Precautionary Tales, Resolution Foundation.



The two-child limit currently affects around **2 million children**

This will increase to around **2.7 million** before 2029.

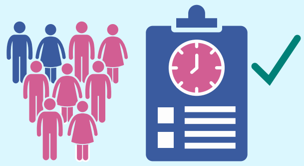
The two-child limit: poverty, incentives and cost, The Institute for Fiscal Studies.



Pension participation amongst the **self-employed** earning over £10,000 per year has declined dramatically over the past 25 years from **60% to 20%**

Private pensions for the self-employed: challenges and options for reform, The Institute for Fiscal Studies.

Key findings from research funded



Over 8 in 10 zero-hours contract workers want regular hours.

Half of zero-hours contract workers have had shifts cancelled at less than 24 hours' notice.

Two-thirds of zero-hours contract workers say they received no compensation for cancelled shifts.

TUC polling conducted by Opinium.

200

estates per year

claimed two-thirds of all Inheritance Tax Agricultural Relief.

Inheritance Tax reliefs: time for reform?, Centre for the Analysis of Taxation.

£2bn of support

with water and broadband bills remains unclaimed.

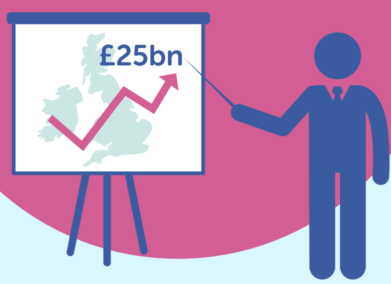
Low-income families miss out on **£350** a year.

Securing Life's Essentials: Building a plan for targeted bill support in regulated markets, Citizens Advice.

The UK has slipped from the 8th highest employment rate in the developed world to the 15th.

If the UK had maintained its workforce

the economy would be £25 billion a year larger.

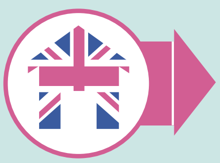


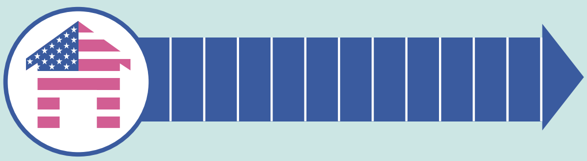
Commission on the Future of Employment Support, Institute for Employment Studies.

The wealthiest 1% in the UK

increased their share of wealth

by only one percentage point between 1980 and 2019, compared to a rise of 12 percentage points in the US.





Inequality control, Resolution Foundation.

Policy adviser

Our policy adviser Professor Donald Hirsch worked on several fronts, during the year, including analysing those not in poverty but facing some financial difficulties. This work found that the 'squeezed middle' had now become the 'precarious middle' with this group struggling to save and were more likely than before to be in insecure jobs and insecure homes. Donald, with Eleni Karagiannaki from the London School of Economics, produced a report highlighting the growing financial insecurity many in the middle face, in relation to jobs, housing and increased costs such as childcare and student loans.

Donald's work also focussed on those at the bottom of the income distribution. Briefings we published looked at poverty trends and the inadequacy of the safety net, noting the declining value of social security payments in relation to household costs and earnings. For example, we highlighted that a decade ago a single working-age adult would need to spend 73% of their weekly benefits just on food and energy costs. Now these costs were 22% more than the benefits actually received.

We made a submission to the Work and Pensions select committee inquiry on benefits adequacy, which included a briefing on whether we could reach consensus on a benefits floor and how that might be measured. One potential solution is to increase benefits in line with earnings. A problem with this is that earnings themselves have risen and are forecast to rise only slowly and intermittently in real terms. An alternative we proposed was to link benefits to inflation plus growth in GDP per capita as and when it occurred. This living standard escalator would ensure the worst-off households received a share in rising prosperity and would raise benefits when this was most affordable because of rising tax revenues in periods of growth.

Podcasts

We produced six podcast episodes over the year. This included episodes on how living standards might feature in the general election campaign with Torsten Bell, then leading the Resolution Foundation, and Claire Moriarty, Chief Executive of Citizens Advice; public spending with the Chief Economist at the Institute for Government, Gemma Tetlow; and a review on future pension policy ideas with David Gauke, former Work and Pensions Secretary. All are available to listen to here.

How we work

We took time this year as a full team to embark on a reflective journey on our culture, culminating in a *How We Work* statement.

As is clear from the above, our work is driven by a desire to create a more just society where everyone can have a decent standard of living and control over their finances. Financial difficulties can be made worse by multiple barriers beyond money matters alone, such as racism, disability and sexism.

Embracing diversity, striving for equity and fostering inclusion is therefore central to addressing this. We reflected on how these principles thread through our work and culture, and how best we can use and amplify our resources to achieve this ambition. An action plan has been devised to help drive forward progress and build on our existing work.

Along with publishing a *How We Work* statement, we have also updated our recruitment language to reflect the Trust's values more fully; as well as creating a staff handbook to signpost clearly to the various support resources available.

Plans for the future

Our major activity during 2025 will be the publication of the final report from the Pensions Review, which will be launched in July. Ahead of this will be some further reports including examining the consolidation of small pension pots. With the growth of auto-enrolment, millions of these pots have been created, but around 12 million have a value of under £1,000. This makes it difficult for many to keep track of their pensions and to make meaningful decisions. Research will also examine how people manage their pots in the run up to retirement and during retirement, the risks they face, and action that can be taken especially as people age and are more likely to experience cognitive decline.

The final report will bring together many of the recommendations made by the Review over the last two years and a timeline for implementation. With our partner, the IFS, we will engage with key stakeholders on the findings and conclusions from the Review, in particular government. To enhance our work on this issue we are pleased to welcome Andrew Harrop, former CEO of the Fabian Society, as a policy adviser focussed on pensions. Andrew will be leading on our stakeholder engagement, producing policy papers and providing comment on key issues relating to retirement.

Building on the Commission for the Future of Employment Support, we plan to support further work focussed on employment, in particular growing concerns related to the numbers claiming ill health benefits. The government's growth mission and its goal to raise employment participation to 80% will be dependent on successfully promoting the journey of people inactive due to disabilities and ill health into the labour market, as well as retaining people with these conditions in the workplace. As part of its strategy, government has committed to reform both employment support services and the administration of disability benefits. While these changes bring opportunities, such as a move away from conditionality and sanctioning, it also brings risks. The increase in people claiming incapacity benefits and projections for further growth is exerting significant fiscal pressure which risks undermining positive reform. We plan to support a range of work in this field to better understand the causes of this inactivity and what solutions need to be undertaken by government and employers.

Given fiscal constraints on public spending, driven by low economic growth, the government faces difficult choices: either cutting services and welfare spending or raising taxes. Due to commitments made during the general election and the raising of employer's NICs, the government is constrained in the options it can take. We will continue using our Financial Fairness Tracker to better understand public attitudes towards taxation and public spending and have also agreed further funding to Demos to undertake in-depth work with the public to assess which taxes have the greatest support. In particular, we aim to better understand what underpins attitudes towards certain taxes and how any changes to taxation might be best communicated.

Looking further ahead, we will be launching an election funding round to inform policy and public debate in the run-up to the Scottish Parliamentary elections scheduled to take place in May 2026. We will fund independent economic analysis, social research and policy work addressing the key challenges in relation to living standards in Scotland, as well as the opportunities, barriers and costs to doing so. Through this we aim to provide impartial and robust assessment of existing and proposed policies and improve understanding of key economic and social policy issues including public service performance among the public, media and other commentators, to support high-quality debate. Key areas we are interested in include public finances, taxation, public service spending, living standards, transition to net zero and social security. We plan to launch the fund in May 2025 with decisions in September.

Finally, our updated investment strategy will be issued during the upcoming year, and our investment portfolio will be transitioned to our newly appointed manager.

Financial review

Overview

The Trust's financial strategy is to use the income and capital return from our investment portfolio to support our grant making and other charitable activities.

The Trust's portfolio performed well in the year, with growth largely driven by gains in equities early in the year which rallied on the expectation that inflation was normalising. The overall investment gain was £5.1m (2023: £4.7m), with investment management fees in the year totalling £264k (2023: £258k). The portfolio achieved 7.3% returns against target of 7.2% for the year.

The performance of the portfolio was the driver behind the net surplus and increase in funds during the period of £4.4m (2023: £3.9m). The Trust recognised net gains on invested assets of £4.7m (2023: £4.7m) during the year. Investment income and donations in-kind totalled £3.3m (2023: £2.8m) with expenditure on charitable activities at £3.3m (2023: £3.4m) and expenditure on raising funds at £264k (2023: £258k).

During the year, the Trust awarded £2.4m (2023: £1.6m) in grants over two funding rounds. A further £11k was pledged during the year towards work which will be directly commissioned by the Trust (2023: £190k). Due to performance related or other obligations placed on various grant recipients who were awarded grant funding in previous years, £2.5m (2023: £2.7m) of pledged grants are retained off balance sheet.

Global markets experienced a downturn in 2025 following announcements of US trade tariffs, which caused initial uncertainty due to potential disruption in global supply chains. However, after subsequent discussions between the US and other countries, markets began to recover, reflecting renewed investor confidence. The Trust's investment is sitting at £98.5m at time of signing.

Review of investment strategy and investment manager

We conducted a review of the Trust's investment manager during 2024. This was led by a sub-panel of the Finance, Investment and Risk Committee. In the tender we asked for solutions to be presented considering both active and passive strategies, and ultimately shortlisted two active and two passive managers for interview. As part of our assessment, we tested a number of areas, including the manager's investment approach, how to ensure best stewardship of our funds and other ESG factors, the performance of the manager over the long-term, the extent of each firm's charity specialism and how important the Trust would be to the manager, as well as the level of fees.

The Trust consequently appointed Aberdeen Investments as its new manager, on a passively run mandate. Long-term data suggests passive holdings often outperform active holdings, whilst also reducing exposure to risk and added complexity.

As part of the new strategy, the Trust is able to maintain screening its portfolio to ensure that our ethical considerations are upheld. In addition, the Trust will be able to benefit from Aberdeen's stewardship activities covering both engagement and voting. Although the funds are passive, the stewardship team take an active ownership approach and seek to exercise voting rights in a manner consistent with expectations and in line with clients' best interests.

While Aberdeen Group plc is the sole member of the Trust - the passive solution presented to us, along with their strength of argument in a number of areas including their commitment to how important the Trust was to them as a client as well as their competitive fee structure, led to their appointment.

The portfolio is expected to transition from our current investment managers in 2025.

The information presented below reflects our investment position in 2024 under our active management mandate, although the investment objectives and much of the responsible investment section remain unchanged into 2025.

Investment policy

The main purpose of the Trust's investments is to provide a financial return to fund our charitable activities, including funding programmes.

The Trust's investment objectives are to:

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

It is the intention of the trustees to preserve the value of the initial donation in real terms, 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 Trust's investment managers during the year were LGT UK. The mandate is actively managed in order to maximise total investment return, and the managers are therefore responsible for the overall portfolio asset management, tactical asset allocation, individual stock selection, ethical screening and reporting and administration. The Aberdeen Investments global asset allocation team continues to assist LGT in some aspects of the Trust's portfolio management, including strategic allocation and the management of certain specialist asset pools. The Finance, Investment and Risk Committee reviews investments regularly and reports to the Board on performance.

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

Investing responsibly

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;
- taking a responsible approach to their impact on the environment, their employment practices and how their board operates; and
- investing in assets which seek to realise its aims.

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, subject to a minimum threshold:

- predatory lending, including high cost, short-term credit such as pay day lenders, rent-to-own schemes;
- gambling;
- armaments;
- tobacco;
- alcohol; and
- adult entertainment.

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.

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.

We recognise that this approach is not always feasible for pooled funds so in this circumstance, would expect our investment managers to highlight any risks to the Trust, along with any possible action to mitigate ethical or responsible concerns.

We expect our investment managers to be signatories of the UN Principles of Responsible Investment.

Reserves policy

The Trust's charitable activities are funded exclusively from the income and capital growth generated from the portfolio of investments. The Trust therefore does not intend to raise income through any other form, such as fundraising.

At 31 December 2024 the Trust had total unrestricted funds of £98.1m (2023: £93.7m). Of this, £83.3m (2023: £83.3m) was held within the general unrestricted fund and £14.8m (2023: £10.4m) in the revaluation reserve. There are undrawn commitments of £0.7m at 31 December 2024 (2023: £5.2m). The Trust has no restricted funds.

As unrestricted funds are fully expendable, the risk associated with not having adequate reserve balances is deemed to be low. The Trust does however hold grant commitments off balance sheet, which are unrecognised due to performance related or other obligations placed on the grant recipient at the time of award. If such obligations are met, there is full expectation to pay out agreed grant instalments. The Trust therefore holds reserves of £3.2m, being the remaining grant commitments, along with running costs to monitor those grants over the remaining term of those grants awarded. The Trust holds readily accessible cash as well as an investment portfolio of largely liquid assets in order to meet both recognised and unrecognised liabilities.

Managing risk

The Trust holds a detailed risk management policy and framework which is reviewed annually. Individual risks are assessed against a heat map with a "traffic light system" of red, amber and green, based on a weighting of both impact and likelihood.

The exercise in reviewing the risk management policy and framework reflects 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.

The three key risks to the Trust, and associated mitigations for each of these, are outlined below. In addition, 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 the framework with mitigating actions and an owner attached to each.

Risk to the Trust	Mitigations in place
Significant investment loss, *impacting ability to fund charitable activity and potential reputational damage*	• detailed and regularly reviewed investment policy in place; • investment managers with charity sector expertise; • regular review meetings, including between manager and trustees; • regular reporting including market updates and portfolio performance; • appropriate level of skill and expertise in committee members.
Highly challenging external environment, including economic, political, social, health, *impacting progress on charitable objectives*	• funding programme covers a wide range of issues, which have the potential for progress - despite significant external change; • regular reviews of external changes and how to respond to these. This included a review and refresh of the Trust's funding strategy in 2022, and further strategy discussion during 2024; • online decision making and operations where required; • flexibility provided to funded partners where required; • development of new funding streams responding to changing environment (such as the general election in 2024); • additional capacity providing resource to deal with increased activities, such as policy adviser role.
Negative media coverage of the Trust, funded partners or others closely connected to the Trust, *leading to reputational damage*	• detailed funding assessment process in place, identifying key risks and mitigations, regularly reviewed by the Board; • regularly reviewed grant conditions in place which oblige grantees to inform us of potential negative media coverage and communication expectations around this; • regular contact with funded groups, enabling early identification of potential issues which might lead to reputational damage, and the mitigations put in place to prevent this; • funding updates provided to trustees regularly including a RAG rating; • agreement by the Trust and funded partners on media releases relating to the work. Both Aberdeen Group plc and trustees would be engaged where key risks were identified; • crisis communications plan in place.

Structure, governance and management

Administrative structure

abrdn Financial Fairness Trust is a Scottish charity, registered on 29 September 2009 with the Office of the Scottish Charity Regulator (OSCR) with registration number SC040877.

The Trust is also a private company, limited by guarantee with no share capital, incorporated on 15 May 2009 with company number SC357919, and governed by its Articles of Association.

Governance structure

The board of trustees meets at least three times a year to discuss areas of activity including progress, strategy and future plans, as well as all shortlisted grant applications which are above agreed delegated authority levels. The board also considers other areas of charitable activity including investment performance and the management of risk.

The board delegates duties to three committees:

- the Research and Grants committee which meets at least four times throughout the year;
- the Finance, Investment and Risk committee which meets at least three times per year; and
- the Nomination, Governance and Remuneration committee which meets at least twice a year.

The board delegates responsibility for operational management of the Trust to the Chief Executive, who leads the staff team, together developing the Trust's policies and processes following the board's advice and approval.

Trustees reviewed the Scottish Good Governance Code during the year and were satisfied that the five core principles - organisational purpose, leadership, board behaviour, control and effectiveness – were demonstrated through the governance procedures the Trust has in place.

Key management and remuneration

The key management 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, this comprises the trustees, who set the policy and strategic direction of the charity, and senior staff, who are tasked with the day-to-day operations and management. Trustees receive no remuneration for their role with the Trust. Staff are remunerated through a transparent pay policy which has been agreed by the board. Further information is set out in note seven to the accounts.

Recruitment and appointment of new trustees

New trustee roles are advertised to the open market with a transparent process in place. Appointments are recommended to the Board for approval by the Nomination, Governance and Remuneration Committee. The Trust's sole member also agrees appointments.

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 limit for trustees who are nominated by Aberdeen Group plc.

Each new trustee is provided with a comprehensive induction pack, as well as meetings with staff and the Chair of the board.

Related parties

The Trust's ultimate controlling party is Aberdeen Group plc, registered under company number SC286832 at 1 George Street, Edinburgh, EH2 2LL. Membership of the Trust is only open to Aberdeen Group 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.aberdeenplc.com. Aberdeen Group plc agrees to contribute £1 in the event of the Trust winding up.

There was one trustee who was also an employee of, and nominated by, Aberdeen Group plc in 2024. The Trust's Articles permit nominated trustees to vote in relation to matters that concern the 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. All trustees who acted during the year are listed on page four. Further information is available in notes six, seven and fourteen of the financial statements.

We are very grateful to Aberdeen Group plc for donated services of IT and communications support, along with office space, and to Google for the advertising grant donated to the Trust.

Aberdeen Group plc 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.

Conflicts of interest and outside appointments

All trustees disclose relevant interests and outside appointments, both in a personal and professional capacity. Where a trustee finds themselves in a position of conflict, the organisation is declared, and the trustee is excused from any further discussion. The same policy applies to co-opted members and staff. The declaring of interests by a trustee forms part of a wider code of behaviour expected of trustees in fulfilling their obligations which has been codified into the Director Code of Conduct.

Statement of trustees' responsibilities

The trustees, who are also the directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law, regulations, and UK accounting standards (UK Generally Accepted Accounting Practice and FRS 102).

Company law requires the trustees to prepare the financial statements for each period which give a true and fair view of the state of affairs of the Trust, of the incoming resources and the application of those resources including the income and expenditure of the charitable company in 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 (FRS 102);
- 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; and
- assess the Trust's ability to continue as a going concern, disclosing any matters related to the going concern status, and use the going concern basis of accounting unless incorrect to do so.

The trustees are responsible for:

- keeping adequate accounting records that are sufficient to show and explain the Trust's financial position and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended);
- safeguarding the assets of the Trust and preparing financial statements free from material misstatement and therefore for taking reasonable steps to prevent and detect fraud or other irregularities; and
- the maintenance and integrity of the corporate and financial information included on the Trust's website.

The trustees confirm that, so far as they are aware, at the time of approval:

- there is no relevant audit information of which the Trust's auditors are unaware; and
- all appropriate steps have been taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by order of the Board of Trustees on 16 June 2025 and signed on its behalf by:

David Norgrove

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David Norgrove, Chair

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 2024 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 2024 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 noncompliance 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 noncompliance 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 32, 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:
https://www.frc.org.uk/about-us/role-and-responsibilities/

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

This report is made solely to the charitable company's member 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 and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Archer

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

16th June 2025

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

Saltire Court
20 Castle Terrace
Edinburgh, EH1 2EG

Statement of Financial Activities*
for the year ended 31 December 2024

*(including income and expenditure account)

	Note	Unrestricted 2024 £	Unrestricted 2023 £
Income:			
Donations and legacies	1	210,316	222,881
Investment income	2	3,099,534	2,558,648
Total income and endowments		**3,309,850**	**2,781,529**
Expenditure on:			
Raising funds	3	263,592	258,459
Charitable activities	4	3,328,398	3,388,595
Total expenditure		**3,591,990**	**3,647,054**
Net gains on investments	8	4,662,492	4,742,909
Net income and net movement in funds		**4,380,352**	**3,877,384**
Reconciliation of funds:			
Total funds brought forward at 1 January		**93,748,838**	**89,871,454**
Total funds carried forward at 31 December	13	**98,129,190**	**93,748,838**

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 35 to 43 form an integral part of these financial statements.

Balance Sheet
as at 31 December 2024

	Note	2024 £	2023 £
Fixed assets			
Investments	8	97,664,352	93,329,588
Total fixed assets		**97,664,352**	**93,329,588**
Current assets			
Debtors	9	3,029	4,159
Cash at bank and in hand		1,418,220	1,215,023
Total current assets		**1,421,249**	**1,219,182**
Liabilites			
Creditors: amounts falling due within one year	10	730,815	717,432
Net current assets		**690,434**	**501,750**
Creditors: amounts falling due after more than one year	11	225,596	82,500
Total net assets		**98,129,190**	**93,748,838**
Total funds of charity			
Unrestricted funds	13	83,301,457	83,330,149
Revaluation reserve	13	14,827,733	10,418,689
Total unrestricted income funds	13	**98,129,190**	**93,748,838**

The accounting policies and notes on pages 35 to 43 form an integral part of these financial statements.

Approved by order of the Board of Trustees on 16 June 2025 and signed on its behalf by:

David Norgrove
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 2024

Cash flows from operating activities	Note	2024 £	2023 £
Net cash used in operating activities		**(3,224,065)**	**(2,986,583)**
Cash flows from investing activities:			
Proceeds from sale of investments	8	12,804,601	16,553,495
Purchase of investments	8	(12,476,873)	(17,549,614)
Dividends and interest income from investments		3,099,534	2,558,648
Net cash provided by investment activities		**3,427,262**	**1,562,529**
Change in cash and cash equivalents in the year		**203,197**	**(1,424,054)**
Cash and cash equivalents at the beginning of the year		**1,215,023**	**2,639,077**
Cash and cash equivalents at the end of the year		**1,418,220**	**1,215,023**

Reconciliation of net income / (expenditure) to net cash flow from operating activities	2024 £	2023 £
Net income / (expenditure) for the year (as per the statement of financial activities)	**4,380,352**	**3,877,384**
Adjustments for:		
(Gains)/losses on investments	(4,662,492)	(4,742,909)
Dividends and interest income from investments	(3,099,534)	(2,558,648)
Increase in debtors	1,130	(637)
Increase / (decrease) in creditors	156,479	438,227
Net cash used in operating activities	**(3,224,065)**	**(2,986,583)**

Analysis of cash and cash equivalents	2024 £	2023 £
Cash at bank	1,418,220	1,215,023
Total cash and cash equivalents	**1,418,220**	**1,215,023**

The accounting policies and notes on pages 35 to 43 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

As part of the going concern assessment, the impact to the market arising from the announcement of US trade tariffs was considered, including reasonably possible downside scenarios. The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern, given that the Trust has significant net assets and sufficient liquidity 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 Aberdeen Group plc are included as income and measured at the value to the Trust; measurement is consistent with other intra-group recharges for similar services and facilities, or at cash value where payment has been made on behalf of the Trust.

(d) Expenditure

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

(e) Grants

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

(f) Funds

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

(g) Investments

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

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

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

Dividend and interest income is recognised in the SOFA when it is receivable and the amount can be measured reliably.

(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 Aberdeen Group 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

	2024 £	2023 £
Office space	48,926	43,089
IT provision	82,738	83,978
Communications support	6,522	8,653
Advertising grant	72,130	87,161
Total donated services and facilities	**210,316**	**222,881**

2. Investment income

	2024	2023 £
Dividend income	2,843,379	2,440,201
Interest income	256,155	118,447
Total income from investments	**3,099,534**	**2,558,648**

3. Expenditure on raising funds

	2024 £	2023 £
Investment management fees	263,592	258,459
Total expenditure on raising funds	**263,592**	**258,459**

4. Charitable activities

Grants awarded in the year were all to organisations undertaking charitable activity, disclosed below by funding programme. For full details on the amount of the award and the organisations funded, please see pages 10 and 11.

2024 Funding programme	Note	Non-contingent funding £	Contingent payments £	Support costs £	Total 2024 £
Income		131,764	617,601	89,110	838,475
Spending		662,552	339,594	61,691	1,063,837
Assets		36,757	526,836	34,273	597,866
Cross cutting		11,805	205,263	13,709	230,777
Total grants awarded		**842,878**	**1,689,294**	**198,783**	**2,730,955**
Other support costs		–	–	597,443	597,443
Total charitable activities	**5**	**842,878**	**1,689,294**	**796,226**	**3,328,398**

2023 Funding programme	Note	Non-contingent funding £	Contingent payments £	Support costs £	Total 2023 £
Income		169,453	730,555	80,517	980,525
Spending		70,850	559,051	48,310	678,211
Assets		101,286	806,772	32,207	940,265
Cross cutting		27,055	143,543	22,545	193,143
Total grants awarded		**368,644**	**2,239,921**	**183,579**	**2,792,144**
Other support costs		–	–	596,451	596,451
Total charitable activities	**5**	**368,644**	**2,239,921**	**780,030**	**3,388,595**

Other support costs relate to furthering the charitable aims of the organisation, including significant time with other grant applicants, development of networks in the sector, policy work, and communication of charitable activity.

A number of grants awarded have performance related or other obligations included as part of their grant conditions, and therefore all, or part, of their grant award has been treated as a contingent liability. There is full expectation to pay out future grant instalments as set out in grant contracts once obligations are met by the recipient. The following tables set out the Trust's recognised and unrecognised commitments.

Movement in recognised funding commitments

Programme	at 01.01.24 £	Funding awarded £	Funding paid £	Transfers and un-needed £	at 31.12.24 £
Income	114,840	111,465	(153,382)	20,300	93,223
Spending	178,885	639,312	(423,384)	23,240	418,053
Assets	233,000	36,757	(160,500)		109,257
Cross-cutting	36,364	11,805	(36,364)		11,805
Totals	**563,089**	**799,339**	**(773,630)**	**43,540**	**632,338**

Movement in unrecognised funding commitments

Programme	at 01.01.24 £	Funding awarded £	Funding paid £	Transfers and un-needed £	at 31.12.24 £
Income	920,433	325,895	(617,601)	(20,300)	608,427
Spending	430,594	427,458	(339,594)	(23,240)	495,218
Assets	983,080	823,549	(528,100)		1,278,529
Cross-cutting	293,653	11,805	(205,263)		100,195
Totals	**2,627,760**	**1,588,707**	**(1,690,558)**	**(43,540)**	**2,482,369**

Prior year movement in recognised funding commitments

Programme	at 01.01.23 £	Funding awarded £	Funding paid £	Transfers and un-needed £	at 31.12.23 £
Income	104,300	169,453	(131,458)	(27,455)	114,840
Spending	58,000	70,850	(106,550)	156,585	178,885
Assets	–	101,286	(63,786)	195,500	233,000
Cross-cutting	–	27,055	(57,055)	66,364	36,364
Totals	**162,300**	**368,644**	**(358,849)**	**390,994**	**563,089**

Prior year movement in unrecognised funding commitments

Programme	at 01.01.23 £	Funding awarded £	Funding paid £	Transfers and un-needed £	at 31.12.23 £
Income	895,298	755,690	(758,010)	27,455	920,433
Spending	753,381	250,104	(402,471)	(170,420)	430,594
Assets	1,572,772	217,080	(611,272)	(195,500)	983,080
Cross-cutting	68,196	369,000	(77,179)	(66,364)	293,653
Totals	**3,289,647**	**1,591,874**	**(1,848,932)**	**(404,829)**	**2,627,760**

5. Support and governance costs

	Note	Charitable activity Support	Charitable activity Governance	2024 Total £	2023 Total £
Staff costs	6	451,051	52,985	**504,036**	438,335
Staff training and recruitment		3,408	–	**3,408**	4,431
Policy consultant		22,878	–	**22,878**	26,125
Donated services and facilities	1	210,315	–	**210,315**	222,881
Travel and accommodation – staff		13,156	–	**13,156**	6,935
Marketing and communications		7,243	–	**7,243**	16,359
Office costs and other		2,517	–	**2,517**	3,140
Professional fees		–	20,400	**20,400**	19,331
Trustee insurance		–	6,058	**6,058**	6,550
Trustee expenses	14	–	6,215	**6,215**	8,523
Trustee recruitment		–	–	–	27,420
Total support and governance costs		**710,568**	**85,658**	**796,226**	**780,030**

6. Staff costs

Staff working for the Trust have employment contracts through Aberdeen Corporate Services Limited (ACSL). Staff costs, including contributions to a defined contribution pension scheme, are recharged to the Trust from ACSL. ACSL is a related party of the Trust (see note 14).

	2024 £	2023 £
Wages and salaries	391,621	339,180
Social security costs	37,449	33,566
Pension contributions	74,053	64,328
Other employee benefits	913	1,261
Total staff costs	**504,036**	**438,335**

The Trust has a small staff team: seven staff with a full-time equivalent of 5.8 at year end. (2023: seven staff, 5.7 FTE).

Four employees received a full-time equivalent salary of more than £60,000 per annum (2023: four). Three employees were in the range of £60,000 - £70,000 per year (2023: three) and one employee was in the range of £110,000 to £120,000 per year (2023: one).

7. Remuneration of key management

The key management of the Trust are the trustees, who set the policy and strategic direction of the charity, and senior staff, who are tasked with the day-to-day operations and management. The trustees receive no remuneration in respect of their role at the Trust. One trustee was nominated by Aberdeen Group plc and therefore received remuneration arising from her employment with the plc. Expenses reimbursed or costs paid for while carrying out trustee duties are set out in note 14.

Senior staff are the Chief Executive Officer, Head of Policy and Research, Head of Finance and Operations, and Head of Communications. Remuneration of all staff is set by the Nomination, Governance and Remuneration Committee through a transparent pay policy and scaling system. Total employee benefits paid to key management personnel (including pension contributions and employers' national insurance contributions) totalled £356,130 during 2024 (2023: £336,364).

8. Investments

	2024 £	2023 £
Market value at beginning of year	93,329,588	87,590,560
Acquisitions	12,000,641	17,549,614
Distributions from investments	476,232	208,620
Disposal proceeds	(12,804,601)	(16,553,495)
Net gains on investments	4,662,492	4,534,289
Market value at end of year	**97,664,352**	**93,329,588**

Represented by	Fair Value hierarchy level	2024 £	2023 £
Listed equity	1	67,274,566	64,072,068
Unlisted equity	3	4,621,832	9,463
Investment funds	2	21,278,942	21,963,401
Debt securities	1	4,489,012	7,284,656
Market value at end of year		**97,664,352**	**93,329,588**

95.3% of the Trust's investments 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. The remaining 4.7% refers to the unlisted infrastructure fund in which the Trust is invested and for which there are undrawn commitments of £728,711 at year end (2023: £5,157,325).

Net gains on investments includes both unrealised and realised gains/losses arising in the investment portfolio. Unrealised gains during the year totals £4,409,044 (2023: £5,399,119) and there were realised losses on the sale of investments of £253,448 (2023: £864,830). Distributions from investments of £476,232 (2023: £208,620) consist of accumulation dividends received during the year.

Fair value hierarchy

In determining fair value, the following fair value hierarchy categorisation has been used:

Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets. An active market exists where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Fair values measured using inputs other than quoted prices included within level one that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Fair values measured using inputs that are not based on observable market data (unobservable inputs).

Investment risk

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

9. Debtors: amounts falling due within a year

	2024 £	2023 £
Prepayments	3,029	4,159
Total debtors	**3,029**	**4,159**

10. Creditors: amounts falling due within a year

	Note	2024 £	2023 £
Funding awarded and payable		406,741	480,589
Other creditors – accruals		90,273	88,750
Due to related parties	14	233,801	148,093
Total creditors due within a year		**730,815**	**717,432**

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

	2024 £	2023 £
Funding awarded and payable	225,596	82,500
Total creditors due after more than one year	**225,596**	**82,500**

12. Auditor remuneration

	2024 £	2023 £
Accrued fees payable to the Trust's auditor	20,400	16,200
Auditor remuneration	**20,400**	**16,200**

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

13. Movements in funds during the year

	Unrestricted funds £	Designated funds £	Revaluation reserve £	Total unrestricted funds £
1 January 2024	83,330,149	–	10,418,689	93,748,838
Additions at cost	12,000,641	–	–	12,000,641
Distributions from investments	476,232	–	–	476,232
Sale of investments	(12,804,601)	–	–	(12,804,601)
Net gains/(losses) on investments	253,448	–	4,409,044	4,662,492
Decrease in debtors	(1,130)	–	–	(1,130)
Increase in creditors	(156,479)	–	–	(156,479)
Increase in cash and equivalents	203,197	–	–	203,197
31 December 2024	**83,301,457**	**–**	**14,827,733**	**98,129,190**

Prior year movement in funds	Unrestricted funds £	Designated funds £	Revaluation reserve £	Total unrestricted funds £
1 January 2023	84,701,884	150,000	5,019,570	89,871,454
Additions at cost	17,549,614	–	–	17,549,614
Distributions from investments	208,620	–	–	208,620
Sale of investments	(16,553,495)	–	–	(16,553,495)
Net gains/(losses) on investments	(864,830)	–	5,399,119	4,534,289
Increase in debtors	637	–	–	637
Increase in creditors	(438,227)	–	–	(438,227)
Decrease in cash and equivalents	(1,424,054)	–	–	(1,424,054)
Transfers between funds	150,000	(150,000)	–	–
31 December 2023	**83,330,149**	**–**	**10,418,689**	**93,748,838**

14. Related party transactions

The majority of the Trust's purchases are paid for by Aberdeen Corporate Services Limited (ACSL), a wholly owned subsidiary of Aberdeen Group plc, as the Trust uses their payroll and accounts payable systems. Costs are then recharged to the Trust quarterly. These totalled £746,314 for the year (2023: £637,651), with £233,773 (2023: £148,093) remaining due to ACSL on 31 December 2024.

LGT, the Trust's external investment manager, invests under a discretionary mandate and is therefore responsible for stock selection. The Trust held £20,422,012 of Aberdeen Group plc owned pooled investment funds and related equities at 31 December 2024 (2023: £16,918,617) and received dividend income from these investments during the year of £582,277 (2023: £486,413). The Trust also has a remaining undrawn commitment to the Aberdeen Standard Core Infrastructure III fund of £728,711 (2023: £5,157,325).

No trustee received any remuneration for their role at the Trust. One trustee received remuneration as a result of their employment with Aberdeen Group plc.

The Trust pays for any expenses arising either directly or through reimbursement to trustees for carrying out their duties. During 2024 this totalled £6,215 for ten trustees (2023: £8,523 for ten trustees) which have been included under governance costs in note five.

The following grants were made where conflicts of interest arose. Conflicted trustees or co-opted members did not take part in any discussion or decision making involving the grant:

- Kate Bell is a trustee and also the Assistant General Secretary at the Trade Union Congress (TUC), to which grant payments were made during 2024.
- Sharon Collard is a co-opted member of the Research and Grants Committee and also employed by the University of Bristol, to which grant payments were made during 2024, along with a further grant that was awarded to the University of Bristol in 2024 for £29,710.
- Jeffrey Hayes is a co-opted member of the Finance, Investment and Risk Committee, and also sits as a co-opted member of the Finance and Risk Committee at Carers UK, to which grant payments were made during 2024.

abrdn
Financial Fairness Trust

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

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