

THE SMALLPEICE TRUST

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
for the year ended 31 August 2022**

**Company Registration No. 882371
Registered Charity No. 313719**

THE SMALLPEICE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

31 August 2022

Charity Name: The Smallpeice Trust

Registered charity number: 313719

Company registered number: 882371

Directors (trustees): The Trustees who held office during the period, and at the date the Trustees' report was approved, were:

Dr Alan Begg - Chairman
Mr Paul Doble (resigned 8 September 2022)
Mr Ian Jess
Mr Trevor Gill
Prof Richard Folkson (resigned 8 September 2021)
Mr Gavin Thompson
Prof Alison Haltstead
Mrs Glynis Dean
Ms Jacqueline Newsome
Mr Abiram Ganeshanathan (appointed 8 September 2021)
Mr Graham Heaven (appointed 9 June 2022)

Principal members of staff: Dr Kevin P Stenson - Chief Executive
Ms Lisa Foster - Chief Operating Officer
Ms Caroline Broadway – Director of Engagement

Registered office: Holly House
74 Upper Holly Walk
Leamington Spa
CV32 4JL

Bankers: Lloyds TSB Bank Plc
73 The Parade
Leamington Spa
CV32 4BB

Solicitors: BPE Solicitors LLP
St James' House
St James' Square
Cheltenham
GL50 3PR

Auditors: Dains Audit Limited
15 Colmore Row
Birmingham
B3 2BH

Investment Managers: CCLA Investment Managers Limited
One Angel Lane
London
EC4R 3AB

THE SMALLPEICE TRUST

CHAIRMAN' S REPORT

31 August 2022

Engineering is the very cornerstone of civilisation. The cars we drive, the aircraft we fly in, our mobile phones, televisions, wind turbines and solar power, the internet and all the clever devices we rely on so much today were developed, designed, and made possible by engineers.

In my teenage years man landed on the moon, inspiring my generation to believe engineers could not just think out of the box: they could operate beyond our planet. I have spent my life as an engineer working in this country and overseas. Engineering opened opportunities beyond my wildest dreams. Yet, when I was at school, I barely knew what engineering was.

This is why I am so passionate about introducing young people to the subject; allowing them to grasp from an early age the challenges, the fun, and the reward of engineering. For nearly 60 years the Smallpeice Trust has been inspiring young people to take up a career in Engineering. I feel very proud to have been asked to chair this unique charity.

Our founder, Dr Cosby Smallpeice, was a notable engineering entrepreneur. His endowment still makes a significant contribution to our costs, so the money we raise goes to benefit our students. I must take this opportunity to thank our partners for their support through the difficult times we have all faced with COVID-19. Parents, teachers, universities, alumni, corporate partners, charities and, of course, our dedicated staff have all helped to make possible our goal of reaching nearly 56,000 young people to develop their life, leadership and engineering skills.

The UK has a recognised shortage of engineers. We need dare our young people to imagine what a difference they could make to the wealth and well-being of our nation. Whichever branch of technical subjects they might study at school the sciences, maths or computation there is a rich and rewarding role awaiting in engineering.

Dr Alan Begg FREng

THE SMALLPEICE TRUST

TRUSTEES REPORT

31 August 2022

The trustees, who are the directors of the charitable company, present their report and the financial statements for the year ended 31 August 2022 which are also prepared for the purpose of meeting the requirements for a directors report and accounts for Companies Act purposes. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

OBJECTIVES AND ACTIVITIES

The trustees have taken note of and acted upon the Charity Commission guidance on Public Benefit in determining the Policies, Aims and Objectives of the Trust, details of which are stated throughout the Trustees' Report.

The vision of The Smallpeice Trust is to inspire increasing numbers of young people to acquire life, leadership and engineering skills, in order to increase the number of engineers, to enable society.

We aim to increase the number of students entering professional engineering careers, which can be accessed by Level 3+ qualifications (Level 3 includes advanced apprenticeships and T Levels). The Trust's activities target students aged 8 – 18 years and are specifically designed to inspire, inform and influence them regarding engineering careers.

The outcomes we seek via our activities are young people that:

1. are enthusiastic in science and maths subjects
2. consider engineering as a career through additional research
3. seek extra-curricular opportunities to build the knowledge of engineering
4. investigate how the manufactured world works (are curious about how things work)
5. choose Science, Technology, Engineering and Mathematics (STEM) subjects post-16

We have three programmes of activities:

1. STEM Programmes, including:
 - a. STEM Challenge Days: Trust led full day or half day hands on activities, delivered face to face or virtually
 - b. Think Kits: teacher led STEM club in a box, supporting nine weeks of activity for up to 20 students
 - c. Bespoke programmes: using a mix of current products and bespoke elements to meet funder requirements, some programmes are fully bespoke e.g. the teacher led Coding Success.
2. Courses: Out of school week-long courses for 12 – 17-year olds that enable students to engage in hands-on challenges working alongside role model engineers in order to help them make informed decision about engineering as a career, and regarding potential pathways.
3. Arkwright Engineering Scholarships: a 2-year programme for 16-18 years old that have been identified by the Trust's rigorous selection process as being high potential future leaders in engineering.

The Trust constantly seeks new and additional partners to support its work.

STRUCTURE GOVERNANCE AND MANAGEMENT

Governing instrument

The charity is a company limited by guarantee and not having a share capital. As such it is governed by its Memorandum and Articles of Association. It was incorporated on 28 June 1966.

Members

The subscribers to the Memorandum of Association and other persons elected by the trustees shall, with their agreement be admitted to membership of the company. The number of members is generally limited to fifty but the trustees have the power to increase this number from time to time. The liability of members is Limited to £1 each.

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TRUSTEES REPORT

31 August 2022

STRUCTURE GOVERNANCE AND MANAGEMENT (CONTINUED)

Trustees

The trustees of the charity are the directors of the company. The first directors were nominated by the subscribers to the Memorandum of Association. The trustees have the power to appoint any person to be a director and remove any director from office. The minimum number of directors is two and the maximum is ten. The number of directors can be increased by agreement with the trustees.

There is a standing request for trustees to nominate, to the Chairman, people who are thought suitable to become trustees. If agreed appropriate, the Chairman then invites such people to apply to become a Trustee in line with the Trust's recruitment policy and procedure, including the appropriate safer recruitment checks for the role of Trustee.

The trustees seek a cross section of people with a good balance of skills and experience with a view to obtaining a Board of Trustees able to effectively govern the charity and particularly develop its activities and move it forward to meet changing needs.

The trustee appointment process includes a detailed introduction to the work of the Trust by the Executive Team and Senior Management Team; the role and responsibilities of a director and trustee are explained by the chair of the Board and an induction pack provided which information about the Trust and further guidance to support new trustees.

When appropriate the trustees consult with the charity's Solicitors, Auditors and Investment Advisers for professional advice. The charity's professional advisers provide regular newsletters and technical updates which are available for all trustees, as are all appropriate new publications appearing on the Charity Commission website.

The trustees who held office during the period and at the date of this report are shown in the legal and administrative information on page 1.

The Trust had during the period three sub-committees of trustees:

1. Finance and Audit
2. Human Resources and Remuneration
3. Strategic Implementation

These sub-committees have been established by the trustees and are appointed to make recommendations to the board.

Change in Trustees

Mr Abiram Ganeshanathan was appointed and Prof Richard Folkson resigned as a Trustee on 08 September 2021; Mr Graham Heaven was appointed as a Trustee on 09 June 2022, and Mr Paul Doble resigned as a Trustee on 08 September 2022.

Management

Day to day management of the charity is delegated to the Chief Executive and his staff who operate within plans and financial budgets agreed with the trustees. The Chief Executive also regularly consults with and takes advice from the charity's professional advisers.

Setting of Key Management Personnel Remuneration

The Smallpeice Trust's Human Resources and Remuneration subcommittee (a working group of trustees) oversees the remuneration of the Trust's executive team and establishes market rates consistent with our sector. The Trust's appraisal process establishes colleagues' aspirations for their career and how the Trust can support this achievement.

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TRUSTEES REPORT (continued)

31 August 2022

STRUCTURE GOVERNANCE AND MANAGEMENT (CONTINUED)

Principal risk and uncertainties

Working with The Smallpeice Trust's executive team, the Board of Trustees undertakes an annual review of strategic risks and these assessments are recorded in a register in decreasing order of impact. Systems and procedures have been established to manage those risks.

The principal risk for The Smallpeice Trust is Safeguarding the beneficiaries of our programmes. The Trust is committed to providing safe environments in which young people can explore and develop their potential as an engineer and has appointed Jacqui Newsome as the lead trustee for Safeguarding.

Furthermore, the Trust has a cross-organisation Safeguarding reference group with oversight of the annual review of the Trust's Safeguarding policy, and the Trust's comprehensive safeguarding policies and procedures, including recruitment and DBS/PVG checks. The Trust will not compromise on the Safeguarding of the beneficiaries of our programmes.

In common with all organisations, a principal risk for The Smallpeice Trust is reduced spending power resulting from reduced income (predominantly from charitable activities or investment income). During the course of 2021/22 this principal risk has continued to be in sharp focus as a result of the ongoing impact of the COVID-19 global pandemic, Brexit, the war in Ukraine, and its impact on the global economy.

Whilst the Trust mitigates against income reduction through the appointment of internal professional fundraisers (for income for charitable activities) and external professional investment managers (for investment income), the impact of COVID-19 is ongoing. The impact of Brexit on fundraising, and competition for funds is also noted.

Another principal risk for The Smallpeice Trust surrounds the safety of the data we hold regarding the beneficiaries of our programmes. In order to mitigate against this risk, the Trust constantly reviews its cyber security control measures.

Fundraising Standards Information

Whilst the Smallpeice Trust does not traditionally contract with third party fundraisers in August 2022 we did enter into a contract with a fundraiser. The trustees considered the ethical implications around this decision to ensure they remained compliant. The Trust employs a Fundraising and Business Development Team who initiate campaigns and support fundraising activities. We have received no fundraising complaints during the year.

The Trust only makes fundraising approaches to partners and funders who have given explicit consent to receive such campaign documentation under GDPR guidelines

Fundraising

Within this period, the Trust continued to be more active in fundraising to secure its underlying investment value and to ensure the future quality of its activities are not compromised.

Whilst recognising the last 12 months have been a challenging time in which to fundraise and deliver programmes, it has helped us, working with our partners, to find new ways to reach students and inspire them to be the engineers of the future. Our approach to fundraising with our partners continues to be informed by our shared commitment to evidence of need, and increasing impact,

The Trust constantly seeks new and additional partners to support its work.

Volunteers

As the provider of educational programmes for young people, the Trust is indebted to the volunteers that supported the delivery of our programmes during this year. As our programmes begin to recover to pre COVID-19 levels we welcome the opportunity to work with increasing numbers of volunteers, we acknowledge those who supported our work to inform, influence, and inspire young people either in secure face to face or virtual environments.

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TRUSTEES REPORT (continued)

31 August 2022

STRUCTURE GOVERNANCE AND MANAGEMENT (CONTINUED)

Indemnity insurance

Indemnity insurance, covering all trustees, was in place throughout the whole period.

ACHIEVEMENTS AND PERFORMANCE

Educational Activities

The strategic ambitions of The Smallpeice Trust that direct our educational activities are to:

1. increase the number of students aged 8 – 18 years taking part in the Trust's programmes
2. increase the quality of interactions with students (and their influencers) that take part in the programme

The Trust's achievement against these ambitions in 2021/22 are as follows:

1. 56,000 students benefited from the Trust's programmes
2. STEM programme:
 - a. Over 36,000 students, from over 1,000 schools, benefitted from a STEM event (compared to 20,000 the previous year)
 - i. 93% of students enjoyed their STEM event
 - ii. 88% of students learnt something new
 - iii. 56% of students would consider becoming an engineer following their STEM event
 - iv. 97% of teachers rated their STEM event as excellent or good
 - b. Over 15,000 students completed the first year of the Coding Success programme
 - i. 98% of teachers felt Coding Success supported them to teach coding and programming
 - ii. 91% of teachers felt Coding Success supported students' careers development
 - iii. 98% of teachers felt Coding Success supported students' development of key skills
 - iv. 32% of primary school students, and 61% of secondary school students would consider a career in computer science or STEM following Coding Success
 - c. Nearly 2,000 students benefitted from the pilot of the Trust funded 'STEM sessions'
3. Course programme:
 - a. 24 courses were delivered to over 1,000 students
 - b. 57% of which were female or non-binary students
 - c. 86% of student increased their interest in engineering
 - d. 91% of students increased their awareness of routes into engineering
 - e. 86% of students will consider studying engineering in the future
4. Arkwright Engineering Scholarship programme:
 - a. 597 Arkwright Engineering Scholarships were supported
 - b. 295 new Scholarships awarded, of which 43% were female or non-binary students
 - c. 96% of our last cohort of scholars have gone to study engineering or a related subject



THE SMALLPEICE TRUST

TRUSTEES REPORT (continued)

31 August 2022

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Educational Activities (continued)

2021/22 can be characterised by the move to a hybrid approach. This includes the teams' working pattern and our delivery model across our programmes. The year saw a return to face-to-face programme delivery, complemented by a virtual offering. This hybrid approach has allowed the Trust to increase the number and geographic distribution of schools we can reach, and to offer more flexibility to the students we work with.

We have seen the number of students benefiting from our STEM Programme nearly double to 36,000, reaching over 1,000 schools. The hybrid model has been central to this, with a significant growth in our Primary School Virtual STEM events, each for multiple schools; over 300 Primary Schools benefitted from Virtual STEM events delivered by the Trust's education team based at our Leamington Spa headquarters. 200 of these Primary Schools took part in the Road to RIAT (Royal International Air Tattoo) programme sponsored by the Royal Air Force Charitable Trust and Royal Air Force. Our secondary school STEM events finally returned to face-to-face delivery in schools, following two years impacted by COVID-19. Coding Success, a programme of teacher led coding lessons using LEGO robots in class, and funded by BAE Systems, the RAF and Royal Navy, continued to be a hybrid mix of virtual teacher training, followed by teacher led in school deliver. Consistent with our aim to increase the impact of our programmes, and help build science capital, we piloted our new Trust funded 'STEM Sessions' which offers schools multiple interventions again delivered virtually from Leamington Spa.

2021/22 saw the return of residential courses, as the Trust began to rebuild the programme following two years of disruption, working with our long-standing university partners. The team were delighted to be able to spend time with students face-to-face again at campuses up and down the country. It was particularly encouraging to see nearly 100 12 to 14-year-old students attend our Girls into Engineering Course, getting hands on with real world projects provided by GE and Leonardo. Seeing the students' enthusiasm, teamwork and range of skills was fantastic – and hearing how much they had all benefited from the chance to do the projects, meet other girls like them and hear about the range of careers on offer. The student feedback across the course programme shows how important this activity is to inspire our next generation of engineers.



We continued to run virtual events, to offer students across the UK the chance to attend one of our courses. The delivery team rose to the challenge of this hybrid model and provided a meaningful learning experience for hundreds of students.

The Arkwright Engineering Scholarships programme similarly demonstrated the hybrid model in action, with virtual Awards Ceremonies for our 2021 Scholars, and virtual interviews for our 2022 applicants (which offers greater accessibility for students). We returned to offering industry 'Connect Days' face-to-face, again complemented by virtual ones offering greater accessibility.

The importance of soft skills has been a theme that has emerged over the year, with the impact of COVID on students' development being noticeable. As a result we have embedded the use of the Skills Builder Universal Framework across all our programmes to help students gain vital life skills alongside learning about engineering.

THE SMALLPEICE TRUST

TRUSTEES REPORT (continued)

31 August 2022

The Trust was delighted to be a partner in a range of initiatives. We've seen many of these progress into a second year, including STEM Accord West Midlands Pilot, Playground Games Coding Clubs, McLaren Racing Engage and Coding Success. We've also seen the return of programmes that were halted due to the pandemic, like the Global Underwater Hub STEM Challenge. All the activities will help inspire more young people to think about careers in engineering and computer science.

These have been joined by new programmes and partnerships, including with the Virgin Atlantic Foundation, developing a new programme for the RAF and RAF Charitable Trust to provide a Road to RIAT and working with Birmingham City University on a series of courses to help widen participation. The Trust is delighted to be able to welcome new partners, to increase our shared impact, as well working with longstanding partners to produce new approaches to reach more young people.

The Trust set an ambitious budget for 2021/22 with a target income of £2.75 million (programme and rental/licence income) based on an anticipated bounce forward following two financial years impacted by COVID-19. The Trust achieved 80% of this ambitious budget. Whilst our STEM programme and Arkwright Engineering Scholarships programme achieved largely in line with budget, the re-establishment of our course programmes with universities proved more challenging following two years of disruption, whilst universities were in the main keen to work with the Trust again, a number were unable to commit resource within the required timeframe. It should also be noted that a Government funded programme that the Trust is a delivery partner in achieved ca. 60% of the budgeted income, following the Government's October 2021 spending review.



Feedback from teachers, parents and students regarding our programmes was very positive again in 2021/22.

Teachers have done an amazing job over the last year, and we're pleased to support them by providing STEM enrichment. **Jeannette Murch, a Science Teacher from Honiton Community College, Devon shares her experience of using our Powered Glider Think Kit:**

Since we received the Think Kit, we've been able to set up an all-girls STEM Club, and we've been steadily working our way through the activities in the pack. The members of the club come from Years 7, 8 and 9, and most joined after they heard about it from friends and became intrigued.

Running the club has been really refreshing actually, because the members aren't necessarily the students I thought would start their own STEM club. They've enjoyed it so much and it has definitely made them more enthusiastic about science, technology, maths and engineering.

The starter activity in particular was a great introduction, teaching the girls the principles of lift, and encouraging them to work together to solve problems. They really got stuck into the building stage, and the problem-solving has challenged them to do something outside of their comfort zone. Speaking of which, I've also found the Think Kit rewarding, as I've learnt new skills and focused more on design than I normally would in my daily activities as a Science Teacher.

We would thoroughly recommend the Think Kits to any interested schools, and we can't wait to see how the club members sustain their newfound passion for STEM subjects

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TRUSTEES REPORT (continued)

31 August 2022

2021 scholar shares her experience... Arwa Fathy

I applied for an Arkwright Engineering Scholarship having heard about it from older students and it was one of the best decisions I have ever made!

Being an Arkwright Scholar has definitely given me an advantage when I have applied for work experience. The name holds a value within the industry; as a result of my Scholarship, I have been lucky to have the opportunity to work at two very competitive placements - Jaguar Land Rover and BAE Systems.

My mentor, an engineer for the Defence Science and Technology Laboratory (DSTL), has been incredibly supportive. It has been great having someone who works in the industry be there for me and offer advice and an insight into what a career in engineering could look like. Alongside career advice, they also have been supporting me with my university applications - offering to proofread and refine my personal statement.

A highlight, so far, of my time as an Arkwright Scholar may be the two Connect Days I attended - one with Baker Hughes and the other with the Royal Air Force (RAF). On the Connect Days, I had the chance to tour Baker Hughes manufacturing plant. The RAF Connect Day was a week residential, completely free of charge. We were lucky enough to spend a day at RAF Odiham trying the flight simulators and seeing the Chinook helicopters! The Connect Days were good opportunities to meet fellow Scholars and make friends with people of similar interest.

So far, with my funding, I have bought textbooks, paid for my UCAS university application, and attended the UKESF Girls into Electronics event at the University of Liverpool. I also used it to buy electromagnets and springs for my A-level DT project.

My experience, so far, on the Scholarship has helped me understand which route I want to take in engineering - I have decided I want to study mechanical engineering at university. After university, I intend to pursue a career in Formula 1, specifically working on the precision engineering behind those high-performance vehicles – this is where my true passion for engineering lies



Road to RIAT

"The children loved testing their designs and then fixed the parts they thought were causing problems. Afterwards, I had to show them a Royal Air Force video as that excited them a lot!" Primary school teacher, Essex.

THE SMALLPEICE TRUST

TRUSTEES REPORT (continued)

31 August 2022

FINANCIAL REVIEW

Results and state of affairs

The Trust's total income increased by approx. £1.2m compared to 2020/21, of which approx. £1m related to a deed of gift from The Thomas Gerald Gray Charitable Trust. There have been small changes across all income areas with the largest being a 9% increase in course income on the prior year. It is also noted that the aftermath of COVID-19 continued to impact the Trust's ability to deliver programmes in 2021/22 to its intended beneficiaries and earn the associated income during the earlier part of the year.

Income from our investments decreased by 5% compared to 2020/21. This has clearly been a very difficult year for financial markets. It is the first full financial year that CCLA Investment Management Limited have been our advisers and although returns have fallen the investments continue to outperform our benchmark.

Following the resizing and restructuring in the previous year the Trust has continued to monitor costs, whilst savings were made in certain areas, expenditure increased in others to support the increased promotion and delivery of our programmes. Overall expenditure increased by 4% which remained in line with our increased income.

Total fund balances of the Trust at 31 August 2022 amounted to £22,478,354 (2021: £22,245,676) after losses in the value of investment assets of £428,716 (2021: gains of £3,378,446).

Investment policy

Under the terms of the Trust's Memorandum, no limits are placed on the investment powers of the directors. However, the Trust does not undertake speculative investments but aims to maintain a balanced portfolio of reliable income producing assets combined with modest capital growth in the longer term.

The Trusts investments are invested by CCLA in their COIF Charities Investment Fund – Income Units and performance is benchmarked against a combined comparator comprising MSCI World Index, Markit iBoxx, MSCI UK Monthly Property Index and SONIA.

Principal funding sources

Our funding partners continue to represent the principal source of funding for the charity, these are mainly commercial or charitable entities that wish to support our objects. Funding can be towards our STEM days, residential courses or scholarship programme and often our partners fund a mixture of these.

Reserves policy

At 31 August 2022 total reserves of The Smallpeice Trust stood at £22,478,354.

These included:

- £940,646 of unrealised cumulative profits on the value of investments and investment property which are included in the Balance Sheet at market value.
- £1,088,912 of restricted funds, which are primarily to fund scholarships and university bursaries in accordance with restrictions imposed by the donor.
- £7,118 of designated funds, to be used to fund scholarships, attendance at Headstart courses and Cambridge University bursaries. It is expected that this fund will be fully expended by 31/08/2023.
- £991,663 of designated funds represented by tangible and intangible fixed assets
- £200,000 of designated funds to be used towards the upkeep of Smallpeice House. It is expected that most of these funds will be expended during 2022-23.
- £18,000,000 of designated funds, including the original endowment, being the amount the Trustees deem necessary to remain invested to generate income towards the core costs of the Trust

Free Reserves (including expendable endowment) being those reserves that are freely available to use towards meeting the charity's purposes stand at £1,250,015.

The Trust was incorporated in 1966 with a gift of £1.6 million from the late Dr Cosby D P Smallpeice, following the sale of his engineering company, Martonair. At today's values (based on RPI) this would equate to approximately £35 million.

THE SMALLPEICE TRUST

TRUSTEES REPORT (continued)

31 August 2022

Reserves policy (cont)

Although, under the terms of its Memorandum all funds may be spent, the Trust depends significantly on its income from investments to support its operation. The trustees therefore aim to retain a substantial sum as an endowment.

In the long term the Trust expects to spend only the income but in the short term, capital reserves may be expended to invest in new opportunities or to ensure continued operation during economic downturns.

The effects of the COVID-19 virus has had a substantial impact on the operation of the trust over the last two years. This has resulted in the need for some expenditure of capital reserves, in addition to the investment income, to subsidise the day to day operations of the Trust.

It is the trustees aim by 2023/4 to move to a position where a greater proportion of the ongoing operations can be funded from other sources, the endowment income can then be used to fund new initiatives that increase the impact of the Trust and to gradually increase the value of the reserves to a value comparable, after inflation, with the original gift.

Future Plans

The Trustees approved a 3 year strategy in June 2022, which set out the following strategic ambitions:

1. Increase the number of students aged 8-18 years taking part in The Smallpeice Trust's programmes
2. Increase the quality of interactions with students (and their influencers) that take part in programmes
3. Move towards a breakeven position on our core programmes in order to reduce the dependence on the Trust's endowment (which has been impacted by two years of COVID-19, and has reduced resource available for strategic development)
4. Seek new income streams to increase the number of young people choosing pathways that make engineering careers possible
5. Complete internal projects consistent with our post lockdown working practices.

It is noted that since June 2022, the global economic context has continued to be impacted by the ongoing war in Ukraine, with the UK facing increasing levels of uncertainty and a tightening economic outlook. Given this uncertainty and economic outlook, combined with our experiences in 2021/22, the Trust has set a prudent budget for 2022/23.

The Trust's income target for 2022/23 is £2m in support of Objectives 1, 2 and 3, which is broadly in line with the current year.

Some of the key activities that will be undertaken in support of achievement of these Objectives by programme.

STEM Programme:

1. Grow the Road to RIAT programme, with increased numbers of interventions during the academic year.
2. The Trust funded virtual 'STEM sessions' piloted in 2021/22 will be grown in terms of schools reached, this programme offers schools multiple interventions and builds science capital in young people.
3. STEM for Girls. We will be undertaking a desktop review of existing research into why girls are less likely to engage with STEM and then developing and piloting new activities, with the learnings integrated into the Trust's catalogue of STEM activities and available to other organisations.
4. We will increase signposting to additional resources and activities across the STEM programme.

Course Programme:

1. Following research with students and their influencers regarding their needs, The Smallpeice Trust will be piloting General Engineering courses for students in Years 8 and 9 (aged 12-14 years). These pilots will involve both face to face and virtual delivery building on learnings over the last 3 years and will be led by members of the Trust's Education team. These courses will offer speaking opportunities to both industry and Trust alumni to inspire, inform and influence the students.
2. Similarly, based on research, The Smallpeice Trust will be piloting General Engineering courses for students in Years 12 intended to give students a broader experience of engineering in a university setting.

THE SMALLPEICE TRUST

TRUSTEES REPORT (continued)

31 August 2022

Arkwright Engineering Scholarship programme:

1. Increase the number of EDI (Equality, Diversity & Inclusion) partnership schools engaging with the programme, along with more females and state school applicants.

As noted above, the Trust took receipt of a very generous gift of approx. £1m from The Thomas Gerald Gray Charitable Trust following their decision to wind up as Charity; the Trusts have enjoyed a strong partnership for many years. The Trustees of The Smallpeice Trust are indebted to the Trustees of The Thomas Gerald Gray Charitable Trust for this gift. Consistent with the shared aims of both Trusts, The Smallpeice Trust's first application of this gift is to fund the STEM for Girls research outlined above.

In support of strategic ambition 4, during 2022/23, the Trust will develop its strategy for how it plans to secure new income streams to increase the number of young people choosing pathways that make engineering careers possible.

In support of strategic ambition 5, key activities within 2022/23 include:

1. As a charity that operates increasingly in a virtual context (both in terms of how the team works, and how we deliver programmes), and that stores sensitive data regarding the beneficiaries of its programme, the Trust is investing capital from its reserves into the implementation of its IT strategy for the next 3 years, and to ensure we remain best in class. This includes ongoing investment in our Cyber Infrastructure, and the integration of our Arkwright Engineering Scholarship programme's student application process with the Trust's CRM system.
2. The proposed sale of Smallpeice House. Immediately after the year end the long-term tenant for the investment property, Smallpeice House, ended their lease. We have been actively pursuing the best alternative options but to date none have reached conclusions. Both the property letting and sales markets are volatile given the overall financial uncertainty therefore we may face some unfavourable consequences while the property remains on our books without a tenant. We have however designated funds we believe may be necessary while we realise a more positive solution.
3. Complete internal projects consistent with our post lockdown working practices. During the year we will go through a reaccreditation of our Investors In People (IIP) certification as part of our commitment to being a "best in class" employer. We will continue to monitor the economic climate and how this potentially impacts our colleagues in order to ensure that our total employment package continues to keep pace. This is consistent with the actions taken in 2021/22 such as our salary benchmarking exercise, and our cost-of-living adjustment.

These financial statements have been prepared in accordance with the special provisions applicable to small companies subject to the small companies' regime.

In approving the trustees' annual report, we also approve the strategic report therein, in our capacity as company directors.

This report was approved by the trustees and authorised to issue on 8 December 2022 and are signed on their behalf by:



Dr Alan Begg
Chairman

THE SMALLPEICE TRUST

TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law applicable in England & Wales requires the trustees to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

In so far as the trustees are aware:

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

THE SMALLPEICE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SMALLPEICE TRUST

Opinion

We have audited the financial statements of The Smallpeice Trust (the 'charitable company') for the period ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and directors' report) for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

THE SMALLPEICE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SMALLPEICE TRUST

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 directors' 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 prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for 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 the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act and report in accordance with regulations made under section 154 of that Act.

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

THE SMALLPEICE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SMALLPEICE TRUST

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Dains Audit Limited

Andrew Morris FCA (senior Statutory Auditor)

For and on behalf of
Dains Audit Limited

Statutory Auditor
Chartered Accountants
Birmingham

8 December 2022

THE SMALLPEICE TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account)
for the year ended 31 August 2022

Income from:	Note	Unrestricted		Restricted funds £	31 August 2022 £	31 August 2021 £
		General funds £	Designated funds £			
Donations and legacies	3	300,608	-	1,343,641	1,644,249	661,521
Charitable activities	4	1,408,982	-	-	1,408,982	1,225,096
Investments	5	514,770	-	-	514,770	518,364
Other	6	134,363	-	-	134,363	119,845
Total income		2,358,723	-	1,343,641	3,702,364	2,524,826
Expenditure on:						
Raising funds	7	299,292	-	-	299,292	328,022
Charitable activities	8	2,317,584	116,959	307,135	2,741,678	2,645,189
Total expenditure		2,616,876	116,959	307,135	3,040,970	2,973,211
Net Operating income / (expenditure)		(258,153)	(116,959)	1,036,506	661,394	(448,385)
Net gains / (losses) on investments	14	(428,716)	-	-	(428,716)	3,378,446
Net income / (expenditure)		(686,869)	(116,959)	1,036,506	232,678	2,930,061
Transfers between funds	19/20	(19,195,618)	19,241,122	(45,504)	-	-
Net movement in funds		(19,882,487)	19,124,163	991,002	232,678	2,930,061
Reconciliation of funds						
Total funds brought forward	19/20	22,073,148	74,618	97,910	22,245,676	19,315,615
Total funds carried forward		2,190,661	19,198,781	1,088,912	22,478,354	22,245,676

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised during the period.

THE SMALLPEICE TRUST
COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account)
for the year ended 31 August 2021

Income from:	Note	Unrestricted		Restricted funds £	31 August 2021 £
		General funds £	Designated funds £		
Donations and legacies	3	360,245	-	301,276	661,521
Charitable activities	4	1,225,096	-	-	1,225,096
Investments	5	518,364	-	-	518,364
Other	6	119,845	-	-	119,845
Total income		2,223,550	-	301,276	2,524,826
Expenditure on:					
Raising funds	7	319,122	-	8,900	328,022
Charitable activities	8	2,328,489	36,500	280,200	2,645,189
Total expenditure		2,647,611	36,500	289,100	2,973,211
Net Operating income / (expenditure)		(424,061)	(36,500)	12,176	(448,385)
Net gains / (losses) on investments	14	3,378,446	-	-	3,378,446
Net income / (expenditure)		2,954,385	(36,500)	12,176	2,930,061
Transfers between funds		-	-	-	-
Net movement in funds		2,954,385	(36,500)	12,176	2,930,061
Reconciliation of funds					
Total funds brought forward		19,118,763	111,118	85,734	19,315,615
Total funds carried forward		22,073,148	74,618	97,910	22,245,676

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised during the period.

THE SMALLPEICE TRUST

Company Registration No. 882371

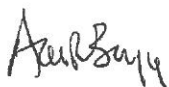
BALANCE SHEET at 31 August 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible Fixed Assets	12	126,733	-
Tangible assets	13	864,930	1,089,122
Investments			
- listed	14	17,866,177	18,075,110
- other	14	1,500,000	1,100,000
		<u>20,357,840</u>	<u>20,264,232</u>
Current assets			
Stocks	15	45,000	-
Debtors	16	1,577,677	386,206
Cash at bank and in hand		1,583,456	2,671,730
		<u>3,206,133</u>	<u>3,057,936</u>
Creditors: amounts falling due within one year	17	(968,469)	(960,992)
		<u>2,237,664</u>	<u>2,096,944</u>
Net current assets			
		<u>22,595,504</u>	<u>22,361,176</u>
Total assets less current liabilities			
Creditors: amounts falling due within one year	17	(117,150)	(115,500)
		<u>22,478,354</u>	<u>22,245,676</u>
Net Assets			
		<u>22,478,354</u>	<u>22,245,676</u>
Charity Funds			
Restricted funds	19	1,088,912	97,910
		<u>1,088,912</u>	<u>97,910</u>
General income funds		1,250,015	19,466,297
Revaluation reserves		940,646	2,606,851
Designated funds		19,198,781	74,618
		<u>21,389,442</u>	<u>22,147,766</u>
Total unrestricted income funds	20		
		<u>21,389,442</u>	<u>22,147,766</u>
Total Funds		<u>22,478,354</u>	<u>22,245,676</u>

These financial statements have been prepared in accordance with the special provisions applicable to small companies subject to the small companies' regime.

The financial statements were approved by the trustees and authorised to issue on 8 December 2022 and are signed on their behalf by:

Dr Alan Begg – Chairman



THE SMALLPEICE TRUST
STATEMENT OF CASHFLOWS
31 August 2022

		31 August 2022 £	31 August 2021 £
Cash flow from operating activities	22	(1,098,811)	(841,523)
Net cash flow from operating activities		(1,098,811)	(841,523)
Cash flow from investing activities			
Payments to acquire investments		(619,783)	(16,151,723)
Receipts from sales of investments		-	17,086,512
Interest received		4,198	390
Dividends received		510,573	517,974
Rents received		115,549	114,415
Net cash flow from investing activities		10,537	1,567,568
Net increase / (decrease) in cash and cash equivalents		(1,088,274)	726,045
Cash and cash equivalents at 1 September 2021		2,671,730	1,945,685
Cash and cash equivalents at 31 August 2022		1,583,456	2,671,730
Cash and cash equivalents consists of:			
Cash at bank and in hand		1,583,456	2,671,730
Cash and cash equivalents at 31 August 2022		1,583,456	2,671,730
Analysis of changes in net debt:			
		2021 £	Cashflow £
Cash and cash equivalents		2,671,730	(1,088,274)
		2022 £	2022 £
			1,583,456

THE SMALLPEICE TRUST

NOTES ON FINANCIAL STATEMENTS

31 August 2022

1 General information and basis for preparation

The Smallpeice Trust is an incorporated charity in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the legal and administrative information on page 1 of these financial statements. The nature of the charity's operations and principal activities are to promote engineering in all its branches as a career to young people.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in pound sterling (£) which is the functional currency of the charity and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

2 Accounting policies

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income; the amount can be quantified with reasonable accuracy and receipt is probable. The following specific policies are applied to particular categories of income:

- Income from donations and legacies, includes grants, donations and gifts. Where entitlement is conditional on specific deliverables or performance by the charity, income is recognised when the charity becomes unconditionally entitled to the monies.
- Incoming resources from charitable activities are accounted for when earned which also reflects the timing of when activities are scheduled to commence.
- Investment income is included when receivable.
- Grant income received from the UK's Coronavirus Job Retention Scheme has been recognised in the period in which the related staff expense was incurred. This income has been recognised in other income.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

- Costs of generating funds are those costs incurred in attracting voluntary income.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, administrative payroll costs, training and depreciation. These costs are incurred directly in support of expenditure on the objects of the charity and have been allocated to expenditure on charitable activities being most consistent with use of the resources.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

THE SMALLPEICE TRUST

NOTES ON FINANCIAL STATEMENTS (continued)

31 August 2022

2 Accounting policies (continued)

Irrecoverable VAT

Irrecoverable VAT is included in the expense heading to which the invoice relates.

Volunteers

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees Annual Report.

Pension contributions

The charity operates a defined contribution pension scheme for the benefit of its employees. Contributions are charged in the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

Operating leases

Rentals payable under operating leases are charged as expenditure on a straight line basis over the period of the lease.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Fund accounting

- Restricted funds are those subjected to restrictions on their expenditure imposed by the donor.
- Designated funds are unrestricted funds set aside by the trustees for a specific purpose.
- General funds are unrestricted funds available for use at the discretion of the trustees in furtherance of the charitable objectives of the charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market values.

Going Concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

Tangible fixed assets

Tangible fixed assets are recognised at cost and subsequently measured under the historical cost model, being cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes any direct expenditure incurred to bring the asset to its current location and condition necessary for the asset to work as intended by management.

Individual items costing less than £1,000 are written off as incurred whilst those costing this amount or more are capitalised as tangible fixed assets.

Repairs and maintenance costs are charged to expenditure in the period in which they are incurred.

Depreciation commencing in the year of acquisition, is calculated to write off the cost of tangible fixed assets over their estimated useful lives at the following rates:

Freehold land	Nil
Freehold buildings	over 50 years
Motor vehicles	over 4 years
Educational equipment	over 3 years
Furniture and office equipment	over 5 years

THE SMALLPEICE TRUST

NOTES ON FINANCIAL STATEMENTS (continued)

31 August 2022

2 Accounting policies (continued)

Tangible fixed assets (continued)

Any gains and losses on the disposal of tangible fixed assets are recognised in the Statement of Financial Activities in the period that the disposal takes place.

Intangible fixed assets

Intangible assets are amortised on a straight line basis over their useful lives. The useful lives of intangible assets are as follows:

Client Relationship Management System	over 5 years
Website	over 5 years

Investments

Investments are recognised initially at fair value which is normally transaction price excluding transaction costs. Subsequently they are measured at fair value as valued by the Trust's investment advisers. Income arising on investments is accounted for as it accrues. Movements in the fair value of investments are shown in net gains and losses on investments in the Statement of Financial Activities.

The main form of financial risk faced by the charity's investments is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Investment property

Investment properties are measured at fair value at each reporting date with any movements in fair value being shown in net gains and losses on investments in the Statement of Financial Activities and transferred to a revaluation reserve.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are recognised at transaction price.

Other financial assets, including investments in equity instruments and which are not subsidiaries, associates or joint ventures, are initially measured at fair value which is normally transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit and loss.

Financial liabilities

Basic financial liabilities, including trade and other payables, and bank loans that are classified as debt are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and underlying assumptions are continually reviewed.

THE SMALLPEICE TRUST

NOTES ON FINANCIAL STATEMENTS (continued)

31 August 2022

2 Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of these assets are assessed annually and may vary depending in a number of factors.
- The value of fixed asset investment property is estimated formally, on a cyclical basis, by experienced professional valuers commissioned by the Trustees. The Trustees consider the value annually and may impair or revalue the property to reflect prevailing market conditions.

3 Income from donations and legacies	2022 £	2021 £
Donations	631,249	661,521
The T G Gray Charitable Trust	1,013,000	-
	<u>1,644,249</u>	<u>661,521</u>

Income from donations and legacies was £1,644,249 (2021: £661,521) of which £1,343,641 (2021: £301,276) was attributable to restricted funds and £300,608 (2021: £360,245) attributable to general unrestricted funds.

4 Income from charitable activities	2022 £	2021 £
Course income	1,347,702	1,177,897
Aptitude test fees and sundry income	61,280	47,199
	<u>1,408,982</u>	<u>1,225,096</u>

Income from charitable activities was £1,408,982 (2021: £1,225,096) which was entirely attributable to general unrestricted funds.

5 Investment income	2022 £	2021 £
Income from listed investments	510,573	517,974
Bank and deposit interest	4,197	390
	<u>514,770</u>	<u>518,364</u>

Investment income was £514,770 (2021: £518,364) which was entirely attributable to general unrestricted funds.

THE SMALLPEICE TRUST
NOTES ON FINANCIAL STATEMENTS (continued)
31 August 2022

6	Other income	2022	2021
		£	£
	Rent receivable	95,549	94,415
	Licence fees and related income	20,000	20,000
	Sundry income	18,814	-
	Furlough grants: UK Coronavirus Job Retention Scheme	-	5,430
		<u>134,363</u>	<u>119,845</u>

Other income was £134,363 (2021: £119,845) which was entirely attributable to general unrestricted funds.

7	Cost of raising funds	2022	2021
		£	£
	Publicity, fundraising and charity development	294,242	260,858
	Investment management fees	-	49,112
	Investment property costs	5,050	18,052
		<u>299,292</u>	<u>328,022</u>

The cost of raising funds was £299,292 (2021: £328,022) of which £nil (2021: £8,900) was attributable to restricted funds and £299,292 (2021: £319,122) attributable to general unrestricted funds.

8 Analysis of expenditure on charitable activities

Activities undertaken directly	Grant funding activities	Support costs	2022 Total	2021 Total
£	£	£	£	£
1,542,197	283,900	915,581	2,741,678	2,645,189
<u>1,542,197</u>	<u>283,900</u>	<u>915,581</u>	<u>2,741,678</u>	<u>2,645,189</u>

Activities undertaken directly represent the direct costs of running courses and educational events. The cost of charitable activities was £2,741,678 (2021: £2,645,189) of which £307,135 (2021: £280,200) was attributable to restricted funds, £116,959 (2021: £36,500) attributable to designated unrestricted funds and £2,317,584 (2021: £2,328,489) attributable to general unrestricted funds.

Included in expenditure on charitable activities was £283,900 (2021: £330,600) of grants made during the period in the form of scholarships and bursaries to individuals and their respective schools, colleges or educational institutions.

THE SMALLPEICE TRUST
NOTES ON FINANCIAL STATEMENTS (continued)
31 August 2022

8 Analysis of expenditure on charitable activities (continued)	2022	2021
	£	£
Support costs		
Staff costs	331,399	382,208
Hotel and travel	29,270	1,768
Stationery and course development	27,061	27,117
Printing, artwork & brochures	7,378	48,696
Property and utility costs	113,112	81,207
Training and recruitment	31,670	45,334
Depreciation	97,458	114,383
Equipment and IT costs	214,703	189,784
Other sundry costs	19,979	21,240
Governance costs (note 9)	43,551	59,170
	<u>915,581</u>	<u>970,907</u>
	<u><u>915,581</u></u>	<u><u>970,907</u></u>
As stated per the accounting policies, support costs are allocated entirely to the Trust's one charitable activity.		
9 Governance costs	2022	2021
	£	£
Auditors' remuneration	10,643	10,500
Trustees' and meeting expenses	5,864	889
Trustees' indemnity insurance	5,992	5,913
Legal and professional fees	21,052	41,868
	<u>43,551</u>	<u>59,170</u>
	<u><u>43,551</u></u>	<u><u>59,170</u></u>
10 Net income / (expenditure) for the period	2022	2021
	£	£
Total resources expended is stated after charging / (crediting):		
Depreciation	97,459	114,383
Operating lease rentals	17,759	18,426
Auditors' remuneration - audit	11,365	10,500
- other services	-	10,655
	<u>136,583</u>	<u>153,964</u>
	<u><u>136,583</u></u>	<u><u>153,964</u></u>
11 Employee costs and benefits	2022	2021
	£	£
Salaries	1,268,591	1,208,180
Social security costs	134,487	124,804
Other pension costs	131,910	124,829
Compensation for loss of office	-	28,064
Life assurances	3,300	4,247
Private health insurance	15,415	12,375
	<u>1,553,703</u>	<u>1,502,499</u>
	<u><u>1,553,703</u></u>	<u><u>1,502,499</u></u>

THE SMALLPEICE TRUST

NOTES ON FINANCIAL STATEMENTS (continued)

31 August 2022

11 Employee costs and benefits (continued)

Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Trust in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £131,910 (2021: £124,829). Amounts payable at the year end were £nil.

The number of employees earning over £60,000 per year (including benefits) in the period was as follows:

	2022 Number	2021 Number
£70,001 - £80,000	2	1
£120,001 - £130,000	1	1
	<u> </u>	<u> </u>

Key Management Personnel

The total amount of employee compensation (including employers NI) received by key management personnel was £289,983 (2021: £265,019). Key management personnel are considered to be the Trustees and principal members of staff as noted in the legal and administrative information on page 1.

Trustees

The average number of employees during the period (excluding directors) was:

	2022 Number	2021 Number
Education team staff	19	23
Partner engagement	10	8
Administrative and support staff	10	9
	<u> </u>	<u> </u>
	39	40
	<u> </u>	<u> </u>
Full time equivalent staff	38	39
	<u> </u>	<u> </u>

No emoluments were paid during the period to any trustee. During the period 6 (2021:10) trustees received reimbursement for the cost of travel to and from meetings and accommodation where necessary in the sum of £2,298 (2021: £889). The cost of providing trustees and officers insurance during the period amounted to £5,992 (2021: £5,913).

THE SMALLPEICE TRUST
NOTES ON FINANCIAL STATEMENTS (continued)
31 August 2022

12 Intangible fixed assets

	Computer Software £	Website £	Total £
Cost			
Transfer	266,457	48,000	314,457
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
31 August 2022	266,457	48,000	314,457
Depreciation			
Transfer	106,432	18,400	124,832
Charge for the period	53,292	9,600	62,892
	<hr/>	<hr/>	<hr/>
31 August 2022	159,724	28,000	187,724
Net book value			
31 August 2022	106,733	20,000	126,733
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13 Tangible fixed assets

	Freehold property £	Office furniture and equipment £	Motor vehicles £	Total £
Cost				
1 September 2021	1,357,406	501,073	20,798	1,879,277
Additions	-	-	-	-
Disposals / Transfer	-	(314,457)	-	(314,457)
	<hr/>	<hr/>	<hr/>	<hr/>
31 August 2022	1,357,406	186,616	20,798	1,564,820
Depreciation				
1 September 2021	472,311	297,046	20,798	790,155
Transfer	-	(124,832)	-	(124,832)
Charge for the period	23,148	11,419	-	34,567
	<hr/>	<hr/>	<hr/>	<hr/>
31 August 2022	495,459	183,633	20,798	699,890
Net book value				
31 August 2022	861,947	2,983	-	864,930
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
31 August 2021	885,095	204,027	-	1,089,122
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE SMALLPEICE TRUST
NOTES ON FINANCIAL STATEMENTS (continued)
31 August 2022

14	Fixed asset investments	2022	
		£	
	Listed investments		
	Market value at 31 August 2021	18,075,110	
	Additions during the period	619,783	
	Disposal proceeds	0	
	Net investment gains / (losses)	(828,716)	
		<hr/>	
	Market value at 31 August 2022	17,866,177	
		<hr/>	
	Historical cost at 31 August 2022	18,194,435	
		<hr/>	
	UK listed investments are represented by: Investment trusts and unit trusts	17,866,177	
		<hr/>	
		17,866,177	
		<hr/>	
		<hr/>	
		£	
	Investment property		
	Market value 31 August 2021	1,100,000	
	Revaluation gain / (loss)	400,000	
		<hr/>	
	Market value 31 August 2022	1,500,000	
		<hr/>	
		<hr/>	

The property was valued by the trustees at 31 August 2022 and increased by £400,000 to £1,500,000 conservatively based on offers received to purchase the property during the year and taking account of current market conditions affecting property sales. The last formal external professional valuation was undertaken in November 2021 when the property was professionally valued by ehB Reeves, Loveitts, Wareing & Co., and Fine and Country respectively.

15	Stocks	2022		2021
		£		£
	Goods for resale	45,000		-
		<hr/>		<hr/>
16	Debtors	2022		2021
		£		£
	Trade debtors	422,152		309,887
	Prepayments	129,284		44,800
	Accrued income	1,023,385		30,002
	Other debtors	2,856		1,517
		<hr/>		<hr/>
		1,577,677		386,206
		<hr/>		<hr/>

THE SMALLPEICE TRUST
NOTES ON FINANCIAL STATEMENTS (continued)
31 August 2022

17	Creditors: amounts falling due within one year	2022 £	2021 £
	Trade creditors	284,302	149,300
	Taxation and social security	43,143	28,758
	Accruals	199,737	223,129
	Deferred income	433,899	558,305
	Rent deposit	1,500	1,500
	Other creditors	5,888	-
		<hr/>	<hr/>
		968,469	960,992
		<hr/>	<hr/>
	Creditors: amounts falling due after more than one year	2022 £	2021 £
	Deferred income	117,150	115,500
		<hr/>	<hr/>
18	Deferred income	2022 £	2021 £
	Brought forward	673,805	712,115
	Released to SoFA	(550,275)	(633,273)
	Deferred income received this period	427,519	594,963
		<hr/>	<hr/>
	Carried forward	551,049	673,805
		<hr/>	<hr/>

Deferred income represents £120,149 (2021: £239,793) of course sponsorships, and activity and events income received in advance and £430,900 (2021: £434,012) of donations received in advance in respect to scholarships.

THE SMALLPEICE TRUST
NOTES ON FINANCIAL STATEMENTS (continued)
31 August 2022

19 Restricted Funds

The funds of the charitable company include restricted funds used for specific purposes as follows:

	Balance 31 August 2021 £	Incoming resources £	Expenditure £	Transfers £	Gains/(Losses) on Assets £	Balance 31 August 2022 £
Scholarships Fund	-	281,500	(281,500)	-	-	-
Bursaries	14,500	-	(6,500)	(5,000)	-	3,000
Rise Project	35,059	-	-	(10,829)	-	24,230
Benefactors Fund	48,351	8,966	(11,100)	(29,675)	-	16,542
The Mercers Company	-	40,175	(8,035)	-	-	32,140
T G Gray Charitable Trust	-	1,013,000	-	-	-	1,013,000
	97,910	1,343,641	(307,135)	(45,504)	-	1,088,912

	Balance 31 August 2020 £	Incoming resources £	Expenditure £	Transfers £	Gains/(Losses) on Assets £	Balance 31 August 2021 £
Scholarships Fund	-	273,700	(273,700)	-	-	-
Bursaries	21,000	-	(6,500)	-	-	14,500
Rise Project	35,059	-	-	-	-	35,059
Benefactors Fund	29,675	18,676	-	-	-	48,351
Liaison officers	-	8,900	(8,900)	-	-	-
	85,734	301,276	(289,100)	-	-	97,910

The Restricted Funds are used to fund scholarships and university bursaries in accordance with restrictions imposed by the donor.

THE SMALLPEICE TRUST

NOTES ON FINANCIAL STATEMENTS (continued)

31 August 2022

20 Unrestricted funds

	Balance 31 August 2021 £	Incoming resources £	Expenditure £	Transfers £	Gains/(Losses) on Assets £	Balance 31 August 2022 £
General funds	19,466,297	2,358,723	(2,616,876)	(17,958,129)	-	1,250,015
Revaluation reserve	2,606,851	-	-	(1,237,489)	(428,716)	940,646
Designated funds:						
2011 Fund	74,618	-	(19,500)	(48,000)	-	7,118
Fixed Asset Fund	-	-	(97,459)	1,089,122	-	991,663
SPH Maintenance	-	-	-	200,000	-	200,000
Investment Fund	-	-	-	18,000,000	-	18,000,000
	<u>22,147,766</u>	<u>2,358,723</u>	<u>(2,733,835)</u>	<u>45,504</u>	<u>(428,716)</u>	<u>21,389,442</u>

	Balance 31 August 2020 £	Incoming resources £	Expenditure £	Transfers £	Gains/(Losses) on Assets £	Balance 31 August 2021 £
General funds	14,894,123	2,223,550	(2,647,611)	-	4,996,226	19,466,297
Revaluation reserve	4,224,631	-	-	-	(1,617,780)	2,606,851
Designated funds:						
2011 Fund	111,118	-	(36,500)	-	-	74,618
	<u>19,229,881</u>	<u>2,223,550</u>	<u>(2,684,111)</u>	<u>-</u>	<u>3,378,446</u>	<u>22,147,766</u>

General funds which includes the revaluation reserve are unrestricted funds available for use at the discretion of the trustees in furtherance of the charitable objectives of the charity.

Designated funds are made up of:

- the 2011 fund which was set up using a donation received to fund scholarships, attendance on Headstart courses and Cambridge University bursaries.
- the Fixed Asset Fund is the value of unrestricted funds represented by tangible and intangible fixed assets owned by the charity.
- the Smallpeice House Maintenance Fund, which comprises funds earmarked towards the maintenance and upkeep of the Investment property, and
- the Investment Fund represents the amount of original endowment and accumulated unrestricted reserves that the Trustees consider should be invested to generate income towards the core costs of the Trust

THE SMALLPEICE TRUST
NOTES ON FINANCIAL STATEMENTS (continued)
31 August 2022

21 Net assets between funds

	Fixed Assets £	Net Current Assets £	Non-Current Liabilities £	Total 31 Aug 2022 £
Unrestricted Fund	1,366,177	893,614	(69,130)	2,190,661
Unrestricted funds at 31 August 2022	1,366,177	893,614	(69,130)	2,190,661
Designated Fund	18,991,663	207,118	-	19,198,781
Designated funds at 31 August 2022	18,991,663	207,118	-	19,198,781
Restricted Fund	-	1,136,932	(48,020)	1,088,912
Restricted funds at 31 August 2022	-	1,136,932	(48,020)	1,088,912
Total funds at 31 August 2022	20,357,840	2,237,664	(117,150)	22,478,354

22 Reconciliation of net income to net cash flow from operating activities

	2022 £	2021 £
Net income / (expenditure) for the period	232,678	2,930,061
Dividends received	(510,573)	(517,974)
Rents from investment properties	(115,549)	(114,415)
Interest receivable	(4,197)	(390)
Depreciation of fixed assets	97,459	114,383
(Gains) / losses on investments	428,716	(3,378,447)
(Increase) / decrease in stock	(45,000)	-
(Increase) / decrease in debtors	(1,191,471)	20,219
Increase / (decrease) in creditors	9,126	105,040
Net cash flow from operating activities	(1,098,811)	(841,523)

THE SMALLPEICE TRUST
NOTES ON FINANCIAL STATEMENTS (continued)
31 August 2022

23 Commitments under operating leases

	2022	2021
	£	£
Total future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than one year	9,135	11,983
Later than one and not later than five years	10,579	3,936
	<hr/>	<hr/>
	19,714	15,919
	<hr/>	<hr/>
Total future minimum lease payments receivable under non-cancellable operating leases are as follows:		
Not later than one year	20,417	95,584
Later than one and not later than five years	20,376	34,450
	<hr/>	<hr/>
	40,793	130,034
	<hr/>	<hr/>

The trust lets its investment property, Smallpeice House, under a lease expiring September 2022; and also office space comprising a room at its operating premises.

24 Capital commitments

At the 31 August 2022 the charity has committed a total of £47,000 (2021: £Nil).

25 Ultimate Controlling Party

The board of Trustees control the charity.

26 Related Party transactions

During the year the Trust received £27,500 from organisations the Trustees were connected with.