



# Foundation Scotland

## Annual Report and Accounts For the Year ending 31 March 2019

Company Limited by Guarantee, Company No. SC152949 | Registered Charity, Scottish Charity No. SC022910



**Foundation  
Scotland**



## Contents

Report of the Board of Trustees	2
Chair and CEO's report	3
About Foundation Scotland	4
Reference and administrative details	5
Structure, governance and management	7
Strategic Report	9
Fund distribution	9
Our Work this year	10
Financial review	15
Plans for future periods	16
Reserves policy	17
Investment policy	18
Risks	19
Financial Statements	20
Disclosure of information to auditors	20
Statement of Trustees' Responsibilities	20
Independent auditors' report to the Trustees and members of Foundation Scotland	21
Statement of financial activities	24
Balance sheet	25
Cash flow statement	26
Notes forming part of the financial statements	27

## **Report of the Board of Trustees**

The Trustees, who are also directors of The Charity for the purpose of the Companies Act, present their annual report together with the financial statements for The Charity for the year ended 31 March 2019, which are prepared to meet the requirements for a directors' report and financial statements for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, and the Statement of Recommended Practice ['SORP'] applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK [FRS102] effective 1 January 2015 [Charity SORP].

## Chair and CEO's report

We helped bring some fantastic projects to life in Scotland over the past year, from encouraging children to read to helping stroke survivors return to exercise. Each represents an incredible range of human experience and showcases many of the ways we can help to build a stronger, more resilient, Scotland.

With projects in schools and prisons, cities and countryside, indoors and out, no part of Scotland was left untouched. We saw improved facilities and services, better access to education and employment, more independent and united communities.

Often, our funding served as a springboard for community projects, allowing them to secure further funds from other organisations. More than one recipient commented on how our belief in them gave them the confidence to trust in their ambitions.

We welcomed many new funding clients and programmes, including people taking their first steps into philanthropy, energy companies such as EDF Renewables and their Dorenell Community Fund, and other companies such as the Financial Provident and their Social Impact Fund.

We offered individual philanthropists a matched-donation scheme as an incentive to start their own long-term endowment funds, enabling us to turn £500,000 into £1,500,000 of new endowment funds for Scotland via ten new client funds. These include the Fountainhall Trust, with a focus on education, arts and heritage; the Cervus Trust, with a focus on food poverty, mental health and family support; and the Beatrice Foundation, with a focus on youth development via outdoor activities.

We helped revitalise charitable trusts that had become dormant, such as Victoria League Scotland, which we helped to wind-up and bring its financial assets under our roof, modernising it in the process. It's now active and flourishing again, supporting international visitors and building positive relationships between cultural groups.

And, of course, we continued our work with existing partners, such as Baillie Gifford Investment Managers and their range of community funding programmes, and Nationwide, whose pilot fund that tackled housing issues and homelessness is now continuing long-term.

We also worked closely with the Women's Fund for Scotland as it strode towards becoming an independent charity. We've been the proud parent organisation of the Women's Fund since its inception in 2002, as it achieved an impressive track record of funding that built skills, confidence and social networks that enable women to move on from violence, and so much more.

Overall, we distributed funds of around £11m, through nearly 3,000 funding awards, supporting many communities, charities and local grassroots projects along the way. Our Communities Team alone worked in over 300 communities - a quarter of all community council areas in Scotland. Our investment portfolio continued to grow boosted by the addition of £19m to the NF Endowment Trust, reaching £56m - up from £36m last year and helping to build a long-term endowment for charitable support in Scotland.

Between the stories communities have shared with us, and the new and existing clients we're excited to continue working with, we're more motivated than ever to serve Scotland and its people. Thank you to all involved, and in particular to the staff and Trustees whom this wouldn't be possible without. May there be many more stories to come.

Thomas Ward, Chair

Giles Ruck, Chief Executive

## About Foundation Scotland

We were established in 1992 as the Scottish Community Foundation before changing our name to Foundation Scotland in 2012. Throughout that time we have been committed to addressing the challenges faced by individuals and communities in Scotland. We bring donors and local communities together supporting people to direct their giving to issues and causes that are important to them and to where it is really needed.

We are recognised for our ability to combine knowledge, finance and the expertise to engage successfully with a community. This blend lies at the heart of our role. We enable funders to support the building blocks of a community – grassroots groups, charities, anchor organisations and enterprises. We focus on communities of place, and of interest.

We've been doing this for over twenty years. We are trusted by over 150 communities, from Shetland to Stranraer, from Portree to Dundee. Over 400 funders count on our services. From a standing start we have invested £85m into communities, and funding now reaches £10m each year, by means of 3,000 funding awards.

We are Scotland's Community Foundation. We are part of a movement of 50 such foundations in the UK, and of a global field of 2,000 foundations, each inspiring change in their community.

As an independent funder we have the privilege to think and act differently:

- we test new ideas and ways of working; we can take risks which state funding cannot
- we take the initiative, alongside responding to immediate and vital demands
- we have a long-term view, not limited by short-term cycles
- we enable citizens to gather around a common vision and provide the fuel to take action

We have built knowledge from our commitment to communities and funders. We have crafted expertise in strengthening community leadership and governance. We have generated know-how in guidance and support for funders, such as philanthropists. We enable them to develop their plans and to deliver the 'why, where, how and what'.

This year, on behalf of our donors, we distributed over £11m making us one of the largest funders of the voluntary sector in Scotland. Our knowledge of the sector allows us to find lesser known charities, including community groups, ensuring our awards make an impact and create lasting change.

### Our Ambitions

- Finance harnessed for investment into communities
- Recognised at the heart of transformative philanthropy
- Communities driving their future, with the capacity and resources to deliver it
- Knowledge gained from experience, to support funders, communities and policy

### Public Benefit

Foundation Scotland provides public benefit in a range of ways. Through a process of research and due diligence and using long-term expertise, we bring together deserving needs and opportunities across Scotland's communities with independent funders. We ensure that public benefit is targeted and has lasting impact.

## Reference and administrative details

### **Board of Trustees**

Thomas Ward	[Chair]	
Angus Tulloch	[Appointed 20 February 2019]	
Barry Sillers		
Ian Marr		
Isabella Simpson		
James Hilder		
James McCulloch		
John Naylor		
Samantha Fiander		
Sarah Whitley	[Appointed 8 May 2019]	
Sharon Fairweather	[Appointed 8 May 2019]	
Toby Anstruther		

### **Finance and Investment Committee**

James McCulloch	[Chair]	Trustee
Angus Tulloch	[Appointed 20 February 2019]	Trustee
John Naylor		Trustee
Sharon Fairweather	[Appointed 8 May 2019]	Trustee
Sarinder Singh		Co-opted member
Thomas Ward		Trustee
Graham Paterson		Co-opted member

### **Remuneration Committee**

Thomas Ward	[Chair]	Trustee
James McCulloch		Trustee

### **Senior Management**

Giles Ruck	Chief Executive
Liz Sams	Chief Finance and Operations Officer
Rachel Searle-Mbullu	Head of Communities
Charmaine Ferris	Head of Philanthropy
Helen Wray	Head of Programmes

### **Company Secretary**

Hamish McCall-Smith	Head of Finance
---------------------	-----------------

### **Registered office**

15 Calton Road, Edinburgh, EH8 8DL.

### **Auditors**

MHA Henderson Loggie	11 -15 Thistle Street, Edinburgh, EH2 1DF
----------------------	---

### **Bankers and Building Societies**

Royal Bank of Scotland plc	36 St Andrew Square, Edinburgh, EH2 2YB
Bank of Scotland	The Mound, Edinburgh, EH1 1YZ
Adam & Company	25 St Andrew Square, Edinburgh, EH2 1AF
Barclays Bank	10-15 Princes Street, Edinburgh, EH2 2AN
Nationwide	71 George Street, Edinburgh EH2 3EE
Scottish Widows	15 Dalkeith Road, Edinburgh, EH16 5BU

**Investment advisors**

Brewin Dolphin Ltd	Sixth Floor, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX
Charles Stanley & Co. Ltd	2 Multrees Walk, St Andrew Square, Edinburgh, EH1 3DQ
Newton Investment Management Ltd	160 Queen Victoria Street, London, EC4V 4LA
Rossie House Investment Management	50 Moray Place, Edinburgh, EH3 6BQ
Speirs & Jeffrey Ltd	George House, 50 George Square, Glasgow, G2 1EH
Standard Life Aberdeen plc	Standard Life House, 1 George Street, Edinburgh EH2 2LL

**Solicitors**

Shepherd & Wedderburn	1 Exchange Crescent, Conference Square, Edinburgh, EH3 8UL
-----------------------	--

**Offices**

**Edinburgh Office**

Tel: 0131 524 0300  
15 Calton Road  
Edinburgh  
EH8 8DL

**Glasgow Office**

Tel: 0141 341 4960  
Empire House  
131 West Nile Street  
Glasgow  
G1 2RX

**Gate House of Fleet Office**

Tel : 01557 814927  
The Kiosk  
Gate House of Fleet  
Dumfries and Galloway  
DG7 2HP

**Website**

[www.foundationscotland.org.uk](http://www.foundationscotland.org.uk)



## Structure, governance and management

### Legal and charitable status

Foundation Scotland is a charitable company limited by guarantee, registered as a charity in 1992 and incorporated in 1994. The organisation was established under a memorandum of association, which established the objects and powers of the organisation and is governed under its articles of association.

Whilst Foundation Scotland is a member of the UK Community Foundations network, the strategy, policies and decision making are determined by the Board of Foundation Scotland.

### Trustees

Members of the Board of Trustees are the directors of the company. The Trustees are responsible for establishing a vision and clear strategic priorities for the Foundation. These priorities, together with underlying objectives and performance indicators, are established on a five-year and annual basis, and the Chief Executive reports on them at Trustee meetings. According to their skills, experience and interests, most Trustees take responsibility for one or more areas of activity, including appointment to a committee and /or a working group.

Trustees are appointed by the Board and serve for three years, after which period they may put themselves forward for reappointment up to a nine-year total. The Trustees meet four times a year, including a full away day. Those in office during 2018/19 and at the date of this report are set out in the reference and administrative details section of this report.

On appointment, each Trustee subscribes to a code of conduct and completes a register of interests, which is renewed annually. New Trustees and committee members receive a role description and appropriate strategy documents. They each attend an induction programme, covering the key aspects of our services, and also visit grant funded projects in order to see the difference made on a grassroots, community basis.

### Committees

The Board of Trustees has two sub-committees which focus on specific areas and have relevant duties delegated to them via a Terms of Reference. The committees are:

- Finance and Investment
- Remuneration

### Management and staff

The Trustees consider the Board of Trustees as holding responsibility for directing, controlling, and discharging the purpose of the charity. A Scheme of Delegation and Reserved Matters outlines the decisions which can be taken by the CEO and those where the Board retains authority.

The Senior Management Team comprises the key management personnel of the charity in charge of running and operating the charity on a day to day basis. The Senior Management Team consists of the Chief Executive, the Chief Finance and Operations Officer, the Head of Communities, the Head of Philanthropy, and the Head of Programmes. At 31 March 2019, the Foundation employed 33 people, of whom 14 worked part-time.

### **Key management personnel remuneration**

The key management personal of the charity is comprised of the Board of Trustees and the Senior Management Team; with the trustees in charge of directing and controlling the charity, delegating authority and responsibility for the running and operation the charity on a day to day basis to the Senior Management Team. All Trustees give of their time freely and no Trustee remuneration was paid in the year.

Details of Trustee expenses and related party transactions are disclosed in notes 9 and 22 to the accounts.

In addition to disclosing all relevant interests annually and in accordance with the Foundation's policy, Trustees are required to withdraw from decisions where a conflict of interest arises.

The pay of the Senior Management team is reviewed annually and, along with all staff, is increased with regard to benchmark charity rates where funding allows.

### **Volunteers**

In addition to our Trustees, a further two individuals volunteered during this year as members of our Finance and Investment sub-committee, providing guidance and advice to support the effective governance and strategic management of the Foundation.

### **Trustees' indemnity insurance**

As permitted by Section 233 of the Companies Act 2006, the Company has purchased insurance cover on behalf of the Trustees indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

## Strategic Report

### Fund distribution

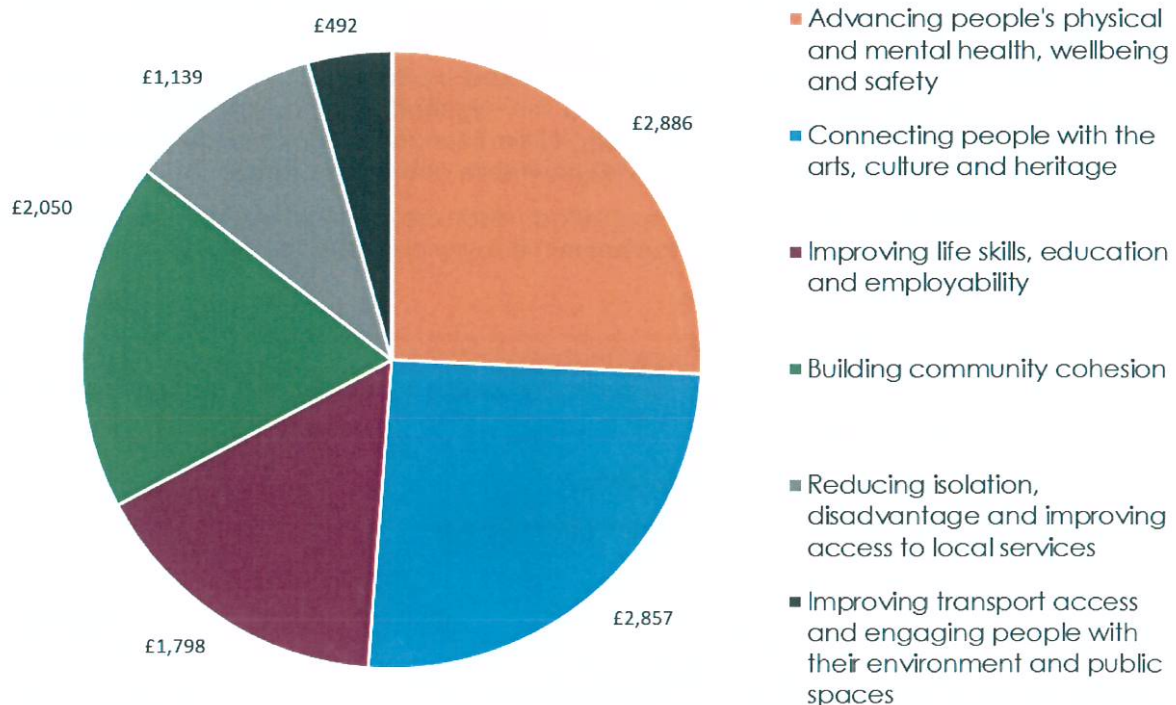
In total, the Foundation received 3,959 applications and made 2,890 awards totalling £11,220k on behalf of its clients during 2018/19:

Applications and awards summary	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Number of applications received for grants during year	2,453	2,287	2,987	2,412	2,774	2,822
Number of awards made in year	1,197	1,169	1,784	1,324	1,798	1,753
Value of awards made in year	£7,794k	£6,641k	£4,721k	£6,122k	£7,668k	£9,615k
Number of FS Charity Account applications / awards	1,167	1,049	1,027	1,088	1,080	1,137
Value of awards made in year	£554k	£809k	£1,132k	£1,230k	£1,912k	£1,605k
Total value of awards in year	£8,648k	£7,450k	£5,853k	£7,352k	£9,580k	£11,220k

The value and number of awards made varies from year to year depending on the funding received from donors and the type of grantmaking programmes being run.

Our awards were spread over the impact areas below. In addition to measuring the monies spent we also commission independent evaluations on the impact of our funding and feed-in any learning from this into the design of subsequent programmes.

Our Impact in 2018-19 (£'000s)



## Our Work this year

### Communities Team

During 2018 – 19 the breadth and depth of our work continued to grow as the team delivered a busy portfolio of place-based Community Benefit Funds of varying sizes and scales in 16 local authorities across Scotland.

By March 2019 the team was engaged with over 60 funds, about 30% of all Community Benefit Funds in Scotland linked to renewable energy schemes. This amounts to over £4m available annually, which benefits people in over 300 communities, defined by community council areas. This is over 25% of all community council areas in Scotland.

New funds were established in Aberdeenshire/Aberdeen City [AOWL] - linked to the world's first offshore floating wind farm - Caithness [Bad a Cheo and Achlachan], Dumfries & Galloway [Aries], Moray [Dorenell] and the Scottish Borders [Carcant].

The complexity and context of community benefit funds – where, for example, multiple funds are impacting on single communities or where a single fund is reaching across multiple communities – requires creative and innovative conceptual and administrative solutions. During the year, the team refined its typology of fund structures and developed its systems and infrastructure.

Consultancy services were provided to a small number of commercial and community clients. These consultancy opportunities enable the team to further promote good practice and high standards in community engagement and community fund administration.

116 Board/Panel meetings were serviced across the 70 Panels and Boards supported by the Team to set and review Fund strategies and make decisions on fund distribution. Our Annual Panel and Board member Survey continued to endorse the value of localised decision making whilst also being realistic about the challenges.

Of the 27% of Panel and Board members who responded to our Annual Survey representing over 30 different Panels and Boards, the vast majority described the experience of being involved with Fund decision making as "interesting" "rewarding" "positive" "enjoyable" "satisfying" "worthwhile" "informative" "pleasant" or "good / very good". However some qualified this with an explanation that although overall positive and rewarding, it can be quite challenging, for example, at times to work together as a team.

802 applications were received and assessed/considered by Panels. 655 grants were awarded during the year totalling £2,777,164. This included the Kilgallioch Community Benefit Company [KCBC], established in the previous year with support from Foundation Scotland, awarding £521,669 to 106 charities and community groups across Wigtownshire and South Carrick.

A diverse range of project types have been supported, which are contributing significantly to social, cultural, economic and environmental outcomes in the many communities they benefit such as:

- Improved public spaces and facilities
- Local environmental enhancements
- Community-led services and facilities for particular groups eg – older and younger people
- Income generating assets
- Community events that bring people together
- Maintenance / upgrades to existing community buildings
- Enhanced skills and qualifications.

In the Annual Panel/Board survey one respondent noted how community benefit funds have been a springboard for some key community projects, levering in "considerable amounts of extra funding by providing match". Another respondent spoke of the transformational nature of funding, underpinning further longer term income: "The fund has made a huge difference to our community both directly and indirectly. We have been able to repair and improve key community owned assets which in turn have helped us to generate income and become more sustainable."

In one instance the ability to pay for a development officer has been instrumental, "allowing organisers to focus on projects rather than fund raising". In another, their fund has brought a sense of empowerment for the community, and shown others what the community can do – "stimulated 'let us help ourselves' thinking."

There was praise for the ring-fencing of funds per community from one respondent: "Clyde is one of the few funds where the community allocation is ring-fenced and can be banked for future larger projects. We now have a modern village hall for the next generation of residents to use."

However, in one case the difference brought by the funding opportunity was seen as negative, in particular through groups becoming reliant on grants from the fund rather than conducting their own local fundraising.

We delivered the second year of contracted activity to the Scottish Government's CARES [Community and Renewable Energy Scheme] Programme, writing a Toolkit on Community Benefit, updating the online community benefit register and compiling a selection of in-depth case studies.

We were also a member of the Scottish Government's Advisory Group reviewing the Good Practice Principles on Community Benefit for Onshore and Offshore projects and also the Good Practice Principles Shared Ownership.

## Philanthropy Team

### Meet your Match Endowment Challenge

This new matched giving initiative was launched in June 2018 to encourage philanthropic, long-term giving. The initiative is open to new clients and existing clients with non-invested trusts who wish to establish a new named Foundation Scotland Trust.

We set-up 10 new endowment trusts and added Meet your Match funds to 2 existing client trusts attracting 12 clients who are new to philanthropy. They were incentivised on a 2:1 match, using £500,000 of donated match to attract a minimum of £1,000,000.

### New Trusts

The Fountainhall Trust is a Meet your Match invested trust supporting the advancement of education, the relief of those in need through disadvantage and the advancement of the arts, heritage culture or science. Trust value is £500k.

The Lochnagar Trust is a Meet your Match invested trust with a wide trust purpose. Priority will be given to charitable causes supporting veterans and military heritage. Regimental trusts linked to veterans are of particular interest. Trust value is £37k.

The Thistle and Rose Trust, Sophie Tulloch Trust and Geordie Tulloch Trust are Meet your Match invested trusts with a wide trust purpose. The combined trust value is £111k.

The Beatrice Foundation Trust is a Meet your Match invested trust with a wide trust purpose, priority is given to charitable organisations working in youth development who use outdoor activities to engage children and young people. The trust also gives priority to the area of Inverclyde with a specific focus on Gourock, Greenock and Port Glasgow. Trust value is £179k.

The Cervus Trust is a Meet your Match invested trust with a wide trust purpose. Priority is given to charitable organisations and social enterprises in Fife focussing on food poverty, mental health issues, the arts, education and disadvantage families and children. Trust value is £313k

Seed Change Trust is a Meet your Match invested trust with a wide trust purpose. Priority is given to support disadvantaged young people [aged up to 25 years old] in the UK. Trust value is £150k.

The Wee Green Trust is a Meet your Match invested trust with a wide trust purpose. Priority is given to charitable organisations working in Edinburgh and the Lothians. Trust value is £37k.

The RG Trust is a Meet your Match invested trust with a wide trust purpose. Trust value is £150k.

Victoria League Scotland is an OSCR wind up and transfer client. The Trust gives priority to charitable organisations who focus on and promote the advancement and development of the education, welfare, training and social needs of overseas students, international visitors and individuals or families who are studying in or visiting Scotland and those who help build positive relationships between different cultural groups, develop shared understanding of ethnic and cultural differences and, in particular, an appreciation of the culture and heritage of Scotland. Trust value is £185k.

#### Grant making Review, Express Grants and Baillie Gifford [BG] Community Awards

The Philanthropy and Programmes team conducted a grant making review during spring 2018 which resulted in Express Grants closing. We were delighted to launch the Baillie Gifford Community Awards, a new programme with 4 to 5 rounds per year, in its place.

BG Community Awards includes Grass Roots Sports and distributes awards to £2,000. A Multi Year programme awarding £2000 to £5,000 per annum, up to a maximum of three years, launched in 2019 and will have one round each year.

Thanks to a separate donation from Baillie Gifford, Foundation Scotland is delighted to be able to offer Room Hire Plus for small charities and community groups to have the opportunity to use our meeting rooms at no cost. Meeting rooms can be booked either for a full day or two half days.

#### Women's Fund for Scotland [WFS]

The Women's Fund for Scotland will become a separately registered charity in Scotland, rather than a constituent fund of the Foundation. This follows a long year period of development and growth. They achieved applied charitable status in 2019 as a SCIO. The WFS was also delighted to be awarded their third tranche of Tampon Tax funding [£200k] via UK Community Foundation's application to Department of Culture, Media and Sport [DCMS]. The Programmes team at Foundation Scotland will continue managing WFS grant making for the foreseeable future.

Foundation Scotland is proud to have been the parent organisation for the Women's Fund for Scotland since its inception in 2002, and during its growth to 2019. The Women's Fund has an impressive track record of raising funds and distributing grassroots funding to build skills and confidence; improve health and well-being; build social networks and allow women to move on from violence. We are delighted that the Women's Fund for Scotland has become an independent organisation, and will be able to pursue its charitable purposes via funding, advocacy and other activities. We wish the Women's Fund well on its continuing journey and will remain proud of our association over many years.

## Programmes

Over the year the team processed 890 applications and awarded £2,298,325 to 378 organisations. To support the assessment workload the team successfully recruited 6 new assessors this year giving us a pool of 10 trained assessors to work with going forward. The range of grants available from the Programmes team is from as £500 to up to £50,000

The Scotch Whisky Association [SWA] have committed to another 5 year programme of grantmaking with Foundation Scotland. Through the Scotch Whisky Action Fund, the SWA is committed to supporting innovative projects that provide people with the information they need to make informed and responsible choices about the consumption of alcohol; and to working to reduce the harms caused through excessive drinking. The Scotch Whisky Action Fund [SWAF], was set up in 2013 and so at the end of this new 5 year period will have awarded £1m in grants through the programme.

Nationwide Community Awards: Alongside UK Community Foundations we ran a successful pilot for Nationwide Building Society in 2018 to deliver their Community Awards programme which focused on tackling issues of housing and homelessness. Grants between £10,000 and £50,000 were available to charities working in the areas of prevention of homelessness and the provision of affordable housing options. Foundation Scotland managed the applications and assessment process along with support for a Community Board made up of Nationwide members to shortlist applications which then go to a public vote. The funding was administered through the Charities Trust but Foundation Scotland will carry out the monitoring and evaluation of the programme. We received 40 applications which we then shortlisted to 20 for the Community Board to discuss. After a public vote we allocated £268,372 to 6 charities in Scotland. This was £18,372 more than was originally allocated to the Scotland part of the UK-wide programme.

Transformation and Growth is a £250,000 programme, also via UK Community Foundations, which we are running on behalf of the Oak Foundation. The programme offers development grants to frontline groups engaging beneficiaries who are homeless, at risk of becoming homeless, struggling with other housing/tenure issues, or working with groups to develop skills and capacity for them to better manage their housing challenges.

The aim is to invest in the organisations themselves, their governance, their business model, rather than to fund their specific delivery. Scotland is one of 5 areas in the UK running the programme. The geographic area of the programme was restricted to the cities of Edinburgh and Glasgow only. In our first round of applications we received 30 applications and awarded £186,132 to 9 organisations. We will be running a final round in May to allocate the final £63,868.

Tampon Tax Community Fund: UK Community Foundations made a successful bid to the UK Government's Digital, Media Culture and Sport department to distribute funds raised through the levy on sanitary products in 2018. The amount allocated to Foundation Scotland was £263,200. Grants of between £5,000 and £1,000 were available for organisations supporting women in Scotland. In this single funding round the team processed 74 applications with awards being made to 32 organisations.

Financial Provident Social Impact Fund: The team successful bid to deliver the new fund for the Financial Provident Group. The £40,000 fund will support grants, of between £1,000 and £5,000 to support projects working in Glasgow and Paisley tackling financial, health and social inequalities.

UKCF IMPACT Framework Steering Group: Following the implementation of the IMPACT framework we now benefit from data relating to grants made. We have participated in a steering group to develop the framework, resulting in an enhanced more flexible model, will be a more useful tool and resource for all teams at Foundation Scotland.

We participate in a UKCF Programmes Design Taskforce, set up to allow early stage design input to UK-wide programmes prior to rollout. Additionally, we attend meetings of the forum set up to share best practice in funding and to share information on sector issues and areas of common interest and learning.

## **Finance and Operations, Human Resources and Governance**

The year was focused on the introduction and refreshing of internal systems and policies.

The largest project undertaken was the introduction of a new accounting system which now integrates with our grant management system. This integration has improved processing efficiency and has enabled the capture and reporting of impact and geographical information amongst other fund and grantee related information. In addition, Investments are now tracked within the accounting system allowing easier analysis of this significant asset across the large number of portfolios.

A review of the main non-salary costs was undertaken and Foundation Scotland joined the Scottish Government public sector procurement framework generating savings across the main cost areas. The drive towards having a cost neutral head office in Edinburgh progressed with lettings of our basement areas and meeting rooms increasing.

An HR system was introduced to replace a paper-based system and improve reporting. The main change resulting from this implementation was however the introduction of time recording and job costing to the organisation. This has allowed us to improve understanding of our costs and helped inform areas for future efficiency improvement projects.

GDPR became law in May 2018 and the lead up to its enactment saw Foundation Scotland review all its information processing areas, train staff and develop new systems and processes to aid compliance. The Foundation subsequently achieved Cyber Essentials accreditation.

Governance at Board and Committee level was reviewed. In December we finalised a Governance manual which brought together guidance on legislation and the regulatory framework under which the Foundation operates and setting out the roles and responsibilities of the Board Trustees in fulfilling their duties. Linked to this project, all of the main policies were reviewed during the year.

The Finance Committee refreshed its remit and became the Finance and Investment Committee. On behalf of the Board it trailed on-line self-assessment which highlighted areas it wished to improve on in the coming year.

In communications we introduced new performance tracking tools to gauge the impact of our social media activity. Internal communications was strengthened with the introduction of a monthly newsletter designed to share information, achievements and best practice.

The salary review project completed and a revised grading structure introduced for all staff. Moving forward, Foundation Scotland aims to pay its staff against external charity benchmarks.



## **Financial review**

The Statement of Financial Activities for the year is set out on page 24 and the Balance sheet on page 25.

### **Income**

Total income increased from £13.7m to £33.7m - the bulk of the increase being accounted for by the addition of £19.1m to the NF Trust. The Meet Your Match scheme also accounted for an increase in endowment income - as detailed in the Philanthropy report. Grants into Grant making restricted funds also increased – with growth particularly noticeable in on-line giving accounts. Donations to General funds also increased through the generosity of existing clients.

Removing the one-off dividend from Glengowrie Rubber [£1,061k] from the 2017-18 comparatives, investment income increased by £186k. Stock markets fell significantly in the final quarter of 2018 with the equity component of many portfolios down 10% with political uncertainty, the threat of increased interest rates and lower global growth forecasts all contributing to the fall. However, the first four months of 2019 staged a dramatic turnaround in performance with markets regaining much of the falls in the previous quarter helped by the likelihood of interest hikes decreasing, the Chinese authorities adopting more supportive economic policies and more constructive narrative in regard to US and Chinese trade relations though more recent announcements on tariffs may derail this going forward. Our investments are however made on the basis of total return – which includes the increase in the value as well as the income generated from holdings. For performance statistics see page 18.

Development costs reduced. In part this was due to the basis changing to actual time spent taken from time logs and also the reduction in activity this year with the focus on internal systems improvement.

### **Expenditure**

Total expenditure increased by £1.92 m from £11.2m to £13.2m with grants payable accounting for £1.6m of the increase. However included in the grants payable figure was one grant of £1.75m made to the Burrell renaissance project in Glasgow which skews the results from the previous year and also skews the geographical analysis this year. Removing this grant from the results reveals a decrease in grant activity of £110k.

Unrestricted expenditure increased as we improved our IT infrastructure, added two posts to the foundation, applied the results of a new pay structure and recruited and trained a new group of external assessors.

### **Balance Sheet**

The Balance Sheet strengthened by £21.5m mainly reflecting the increase in investments following the addition to the NF Trust. Debtors fell due to the timing of receipts from invoiced clients. Bank and Cash increased reflecting the increase in restricted funds received – which are held in bank accounts as opposed to being invested. On the back of a new Treasury Management Policy, a project was started to simplify banking arrangements with the aim of reducing both the number of banks the foundation deals with and the number of separate accounts held. The results of this project will be felt during 2019-20. Creditors increased due to a grant payment run straddling the year end and the grant accrual increasing reflecting the increased volume of activity. Lastly the provision in relation to the defined benefit pension scheme reduced largely due to a positive revision to the contribution schedule.

## **Plans for future periods**

Our full strategy for 2019-2024 will be launched in October. Whilst we will continue to undertake our grantmaking and work with donors we will be focusing on four new areas for development:-

### **The Power of Community Endowment**

We've provided an invested-trust service for philanthropists for well over fifteen years now. The annual returns these long-term funds reap are redistributed to the charitable causes chosen by the founding philanthropist. Managed well, these funds grow well above inflation over the years, allowing us to continue supporting the charitable funds.

We have begun supporting ten communities with a similar service, and plan to grow this area so that we can enable the communities to initiate their own community endowment. The goal is to create long-term investment vehicles, which will provide future funding that the communities can use to support new local ventures, or to underpin the costs of their community anchor organisation, or both.

### **Growing Invested Funds with Matched-donations**

The first year of our new matched-donation programme, which saw ten new philanthropists establish long-term invested funds with us, was a roaring success, turning £500,000 into £1,500,000 of new long-term funds for Scotland. We plan to build on this success with yet more philanthropists – both individuals and families – and with communities ready to establish an endowment fund.

### **Smart Fund Distribution for Greater Impact**

We'll continue to provide a broad range of funding awards, often through the well-established grantmaking practices we've made good use of through the years. On top of that, we've begun to widen our approach to funding distribution, and will continue to grow our expertise in this area. This will give us more inclusive ways to involve communities in funding decisions, including commissioning of projects, targeted grant funding, and participatory budgeting.

### **Loan Finance**

We know the value of using financial capital wisely, and our growing expertise of managing endowment funds is making us wiser still. Through well-targeted loans, we'll enable social and community enterprises to have a positive impact on local people, and finance to be 'recycled' for the use of other enterprises. This has already been successfully demonstrated by our sister organisation, Resilient Scotland. Throughout the year, we'll explore how to progress loan finance to ensure future offers add value to the social and community enterprise sector – and are of interest to philanthropists, our clients, and our supporters, of course.

## Reserves policy

Foundation Scotland (FS) wishes to ensure that it achieves a position of financial strength so that, in turn, it can fulfil its purpose of growing long-term independent funding, providing social investment and building financial capital to strengthen Scottish communities.

In order to achieve this, FS has revisited its reserves policy to ensure that reserve levels are set so that risks and liabilities are covered but equally that reserves work hard and investments and developments are undertaken in line with the strategic plan. Moving forward, the policy will be reviewed annually.

The level of reserves and designated funds is set by the Board, with advice from the Finance and Investment Committee, and is based on identified risks and the strategic plan.

The main areas with the potential to impact or requiring use of reserves have been identified and are noted below:-

FS's operating income arises throughout the year however there are two peaks in the year – April and October. In order to provide for lags in income and to ensure positive cash flow three months of operating costs will be held – in liquid form – in General Unrestricted Reserves. The sum required to cover this is £470k.

As FS undertakes investment in its infrastructure and operating systems and in line with the strategic plan it will be operating in-year deficit budgets in 2019-20 and 2020-21. The unrestricted reserves necessary to support these deficits have been calculated as £80k.

In order that developments are undertaken in line with the strategic plan the Board has designated the following unrestricted funds:-

Investment in new finance and HR software was made in 2018-19. Further investment in new technologies, improving the website and adapting systems to accommodate new financial products has been identified as critical in the next phase of the strategic plan. The reserves necessary to support this activity have been calculated as £150k which will be held in a designated fund.

In accordance with its objective of increasing its endowment funds to support communities, FS is extending its successful pilot programme and committing £400k to match fund endowment building activity over the next two years which will be held in a designated fund.

The current business model requires dividend income from an invested fund to contribute to FS's operating income each year. The investment amount currently required to generate this annual income is £1.4m. The long-term aim is to increase operating income and hence negate the requirement to hold this capital sum as a designated fund.

FS participates in a multi-employer defined benefit pension scheme which has been frozen to new entrants since 2010. The scheme is currently in deficit and the scheme actuary has estimated that if FS ceased to participate the crystallised liability would be £1.82m. It is not the Trustees' intention to crystallise this liability but they wish to ensure that should the liability arise that this could be discharged. FS own their office building in Edinburgh which was funded by unrestricted funds and the value is currently sufficient to discharge the pension fund liability.

The Finance and Investment committee reviews the level of reserves held against this policy at quarterly intervals throughout the year and reports on reserves coverage to the Board.

As at 31 March 2019 the required level of reserves is £4.32m and the actual level of unrestricted reserves held is £5.46m. The Board has agreed that the excess sum will be used to accelerate the investments arising from the 2019-2024 Strategic Plan.

## Investment policy

Foundation Scotland (FS) has a detailed investment policy which is available upon request. Relevant extracts of the policy have been extracted below:-

Through its discretionary managed portfolios FS pursues an investment objective of maximising total return from income and capital growth whilst seeking to maintain the real value of its investments taking into account any withdrawals for grant making. The portfolios have a medium risk profile and seek diversity across a range of asset classes with the bulk predominantly invested in pooled funds. Income is either re-invested or held as cash for distribution. Where FS is entrusted with a fund whose donor has a finite time-frame to utilise their donation, FS may adjust the investment objective specific to these funds to reflect the donor's ultimate objectives.

The Board agrees a level of cash to be withdrawn from the funds on an annual basis from capital (excluding Matched Endowments which are permanent in nature) and income. The level is reviewed annually to try and achieve long term sustainability. In setting the withdrawal rate the FIC will consider a range of issues including but not exclusively: investment performance, inflation, needs of beneficiaries and also the needs of FS. The current level of withdrawal is 4% for the benefit of the grant making programme and its associated support costs unless a donor has specifically requested a higher drawdown.

With the exception of cash deposits, FS does not undertake any investments directly and relies on a number of Investment Managers with whom it has discretionary mandates. The mandates with these managers are reviewed at the time of their presentation to the Finance and Investment Committee and their insurance coverage is checked annually.

It is the policy of FS to be as helpful as possible to potential donors. It will accept donations of investments as a transfer from a donor's personal investment portfolio and allow them to remain invested with the donor's investment manager subject to a minimum level of £500k. Where a donor doesn't have a sufficiently large fund to create a distinct portfolio, usually between £10,000 and £500,000, their monies will be invested in a pooled fund currently with Newton Investment Management Ltd. Their investment will purchase a precise number of units in one of their funds with further additions, sales and dividend reinvestments altering that number. The current market price will generate a value for their fund.

There are no specific environmental, social or governance (ESG) restrictions on the majority of our investment portfolios. Where they exist, donors are advised to invest in a separate fund - currently the Newton SRI Fund for Charities. The ethical policy for this fund is defined by Newton's Investment Oversight Committee in consultation with investing clients. The ethical exclusions are available from Newton Investment Management. Notwithstanding the foregoing, the Trustees consider that both fund managers and Board directors of invested companies have an increasing stewardship responsibility to all their stakeholders. They also believe that funds and companies which ignore ESG issues may be more at risk of reputational, and consequently financial damage.

The Board have delegated the review and monitoring of investment performance to the Finance and Investment Committee (FIC). The FIC reviews the performance of the portfolios against agreed benchmarks on a quarterly basis and the minutes of these meetings are reviewed in turn by the Board. The returns achieved by each fund manager for the portfolios they manage on a discretionary basis for the year ended 31<sup>st</sup> March 2019 was as follows:

Investment manager	Return %	Benchmark return %	Benchmark
Brewin Dolphin Ltd	9.0	6.9	*1
Charles Stanley & Co Ltd	5.9	6.8	WMA Balanced
Newton Investment Management Ltd	10.4	7.1	*2
Rossie House Investment Management	7.8	6.8	WMA Balanced
Speirs & Jeffrey Ltd	8.4	6.8	WMA Balanced

Tailored Benchmark constructed by investment managers

\*1 17% Fixed income, 68.5% equities, 12% Alternatives, 2.5% cash

\*2 50% FTSE All Share, 25% FTSE World ex UK, 20% FTA All Stocks, 5% Cash.

## Risks

The Board revised the Risk Management policy during the year and, as part of this process, the format of the risk register was updated to reflect the strength of the underlying controls and mitigating measures. Risks are scored in terms of their impact and their likelihood. Whilst not included in any score of risk, the velocity of risk is also assessed and used as an indication of whether formal contingency plans need to be established – with those of a high impact and high risk score requiring a plan.

Responsibilities for risk management are outlined below:-

Staff	Report near misses and assist in identifying risks
Team Heads	Build a risk management culture in their team, ensures controls are carried out and identify and report changed risks
Chief Finance and Operations Officer	Develop the risk management policy, co-ordinate the risk management and controls activity, update the register and compile reports for the Chief Executive.
Chief Executive	Understand the most significant risk and review the risk register.
Finance and Investment Committee	Review and monitor the financial risks and progress against mitigating actions. Review the risk statements in the Annual Report and Accounts.
Board	Review the Risk Register annually, approve the risk statements in the Annual report and Accounts and approve the Risk Management Policy.

The key controls of the Foundation include:

- Formal structure and agendas for the Board and sub-committees governed in line with detailed terms of reference.
- Comprehensive business planning, budgeting and management accounting.
- Established organisational structure and lines of reporting.
- Formal written policies including authorisation and approval procedures.

Risk	Mitigating actions:
Loss of significant funder	Focus on key strategic partners and quality of our work to ensure funder's expectations are met.
Change of government policy, particularly in relation to subsidies for renewable energy and its impact on community benefit funds	Remain connected to decision makers / influencers.
Competition from other providers of similar charitable services	Regular review of market place and competitor analysis.
Crystallisation of the defined benefit pension scheme liability	Maintenance of reserves

Through the risk management policies and procedures of the Foundation, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable assurance that major risks have been adequately managed.

## Financial Statements

### Disclosure of information to auditors

The Trustees who held office at the date of approval of this directors' report confirm that, so far as they each are aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Trustees report including the Strategic report was approved by the Board and signed on their behalf by;



Thomas Ward  
Chair

11 July 2019

### Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and regulations.

Law applicable to incorporated charities in Scotland requires the Trustees to prepare an annual report and financial statements for each financial year in accordance with applicable law and regulations. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice [United Kingdom Accounting Standards and applicable law]. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity at the end of the year and of its financial activities including its income and expenditure during the year then ended.

In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- 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
- 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 proper and adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are also responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the UK, governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

## Independent auditors' report to the Trustees and members of Foundation Scotland

We have audited the financial statements of Foundation Scotland [the 'charitable company'] for the period ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 FRS 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 March 2019 and of 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, the Charities and Trustee Investment [Scotland] Act 2005 and Regulation 8 of the Charities Accounts [Scotland] Regulations 2006 [as amended]

### Basis of 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs [UK] require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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.

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

We have nothing to report 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 our audit:

- the information given in the Trustees' Report which includes the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report which includes the Directors' Report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report which includes the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities and Trustee Investment [Scotland] Act 2005 and the Charities Accounts [Scotland] Regulations 2006 [as amended] require 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors [who are also the Trustees of the charitable company for the purposes of charitable 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



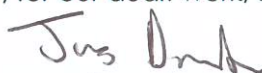
### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as 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 the Acts and relevant regulations made or having effect thereunder

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.

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

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, 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 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's directors 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 charity, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.



James Davidson (Senior statutory Auditor)  
For and on behalf of MHA Henderson Loggie  
Chartered Accountants & Statutory Auditor  
Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

18 July 2019

11-15 Thistle Street  
Edinburgh  
EH2 1DF

MHA Henderson Loggie is a trading name of Henderson Loggie LLP

## Statement of financial activities

(Incorporating the income and expenditure account - For the year ended 31 March 2019)

	Note	Unrestricted 2019 £000	Restricted 2019 £000	Endowment 2019 £000	Total Funds 2019 £000	Total Funds 2018 £000
<b>Income and Endowments from:</b>						
Donations and Legacies	2	1,179	-	-	1,179	960
Investments	3	97	7	630	734	1,609
Charitable activities						
Income for grant making	4	1,064	9,306	21,280	31,650	11,070
Other		116	1	-	117	132
<b>Total Income</b>		<b>2,456</b>	<b>9,314</b>	<b>21,910</b>	<b>33,680</b>	<b>13,771</b>
<b>Expenditure on:</b>						
Raising Funds						
Development costs	5	335	-	-	335	319
Charitable activities						
Grants payable in furtherance of charitable objectives	6	-	11,176	44	11,220	9,580
Grant and loan making services	7	1,524	43	41	1,608	1,346
<b>Total Expenditure</b>		<b>1,859</b>	<b>11,219</b>	<b>85</b>	<b>13,163</b>	<b>11,245</b>
Net gains / [losses] on investments		118	-	708	826	2,774
<b>Net Income / [expenditure]</b>		<b>715</b>	<b>[1,905]</b>	<b>22,533</b>	<b>21,343</b>	<b>5,300</b>
Transfers between funds		133	3,042	[3,175]	-	-
<b>Net Income / [expenditure] after transfers between funds</b>		<b>848</b>	<b>1,137</b>	<b>19,358</b>	<b>21,343</b>	<b>5,330</b>
Actuarial gains on defined benefit pension scheme		115	-	-	115	5
<b>Net movement in funds</b>		<b>963</b>	<b>1,137</b>	<b>19,358</b>	<b>21,458</b>	<b>5,305</b>
Total funds brought forward		4,498	6,954	33,345	44,797	39,492
<b>Total funds carried forward</b>		<b>5,461</b>	<b>8,091</b>	<b>52,703</b>	<b>66,255</b>	<b>44,797</b>

All of the charity's activities are continuing

## Balance sheet

at 31 March 2019

	Notes	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	11	1,414	1,486
Investment property	11	718	718
Other investments	12	56,018	36,256
		<u>58,150</u>	<u>38,460</u>
<b>Current assets</b>			
Debtors	13	545	762
Cash at bank and in hand		11,436	8,815
		<u>11,981</u>	<u>9,577</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>[3,661]</u>	<u>[2,884]</u>
<b>Net current assets</b>		8,320	6,693
<b>Provision for liabilities and charges</b>	15	<u>[215]</u>	<u>[356]</u>
<b>Net assets</b>		<b>66,255</b>	<b>44,797</b>
<b>Funds</b>			
Endowment Funds – General	16,17 & 20	42,836	23,996
Endowment Funds – Revaluation reserve	16,17 & 20	9,867	9,349
		<u>52,703</u>	<u>33,345</u>
Restricted Funds	16,18 & 20	8,091	6,954
Unrestricted & Designated Funds – General	16,19 & 20	5,226	4,381
Unrestricted & Designated Funds – Revaluation reserve	16,19 & 20	235	117
		<u>5,461</u>	<u>4,498</u>
<b>Total Funds</b>		<b>66,255</b>	<b>44,797</b>

These financial statements were approved by the Board on 11 July 2019 and were signed on its behalf by:



Thomas Ward [Chair]

**Cash flow statement** for the year ended 31 March 2019

	2019 £000	2018 £000
<b>Net income as per the statement of financial activities</b>	21,343	5,300
<b>Adjustments for;</b>		
Depreciation charge	74	80
[Gains]/losses on investments	[826]	[2,774]
Interest and dividend income	[734]	[1,609]
Decrease / [increase] in debtors	217	493
Increase / [decrease] in creditors	777	619
Increase / [decrease] in defined benefit pension provision	[26]	[22]
<b>Net cash provided by operating activities</b>	<u>20,825</u>	<u>2,087</u>
<b>Cash flows from investing activities:</b>		
Dividends & interest from investments	734	1,609
Purchase of property, plant and equipment	[2]	[91]
Proceeds from sale of investments	4,387	3,590
Purchase of investments	[23,323]	[6,265]
<b>Net cash used in investing activities</b>	<u>[18,204]</u>	<u>[1,157]</u>
<b>Change in cash and cash equivalents in the reporting period</b>	2,621	930
<b>Cash and cash equivalents at the beginning of the reporting period</b>	8,815	7,885
<b>Cash and cash equivalents at the end of the reporting period</b>	<u>11,436</u>	<u>8,815</u>

## Notes forming part of the financial statements

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

#### Status of the company

The Foundation is a company, incorporated in Scotland with the registered address as on page 5 and limited by guarantee of its members and does not have a share capital. Each member has undertaken to contribute an amount not exceeding £1 towards any deficit arising in the event of the company being wound up. If on the winding up of the company any assets remain after satisfaction of all the company's debts and liabilities, such assets shall be given or transferred to some charitable body or bodies whose objects are altogether or in part similar to the objects of the company.

The financial statements are presented in pounds sterling, which is the functional currency of the charity, and rounded to the nearest thousand pounds.

#### Basis of preparation and assessment of going concern

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment assets and are in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland [FRS 102] issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland [FRS 102] and the Charities Accounts [Scotland] Regulations 2006 and the constitution of the Trust.

The charity constitutes a public benefit entity as defined by FRS 102.

#### Going concern

The Trustees have considered the position for the next twelve months and concluded that the use of the going concern basis of accounting is appropriate because there are no material uncertainties relating to activities or conditions that may cast doubt about the ability of the charity to continue as a going concern.

#### Incoming resources

Incoming resources, including legacies and gifts are recognised when there is entitlement, probability of receipt and the income can be measured with sufficient accuracy. Where income is received subject to certain performance conditions the income is deferred.

Income from the endowment fund is added to the fund. Each year up to 4% of the endowment fund [unless a donor has specifically asked for a higher level] is distributed to the purposes of each of the funds with an approximate 1% contribution to administration and grant making costs transferred to the general fund.

#### Resources expended

All expenditure is recognised on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to the relevant category of resources expended. The Foundation is registered for VAT and all expenditure categories therefore include irrecoverable VAT.

#### Funds

Funds are classified as restricted, endowment, designated or general. These are defined as follows:

- Endowment funds represent those assets which are held for long term investment by the Charity;
- Restricted funds are funds which must be used for specific activities which have been declared by the donor;
- General funds are expendable at the discretion of the Board of Trustees in the furtherance of the objects of the Foundation.

Further details of the nature and purpose of funds and the basis of transfers are given in note 18.

#### Fixed assets and depreciation

Fixed assets are included at cost.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Heritable property	-	over 50 years
Furniture	-	over 5 years
IT and Office equipment	-	over 3 years
Office fittings [leased properties]	-	over term of lease

#### Investment properties

Investment properties or parts of properties held for investment purposes are measured initially at cost and subsequently at fair value at the reporting date.

Valuations are carried out every five years by an external expert and derived from the current market rents and investment property yields for comparable property, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of financial activities.

#### Investments

Investments are included at market value at the balance sheet date.

Realised gains and losses, representing the difference between sale proceeds and market value at the previous financial year end, or purchase cost if acquired during the financial year, are dealt with in the statement of financial activities. Unrealised gains and losses, representing the movement in the market value of investments over the financial year, or from their date of purchase if acquired during the financial year, are dealt with separately in the statement of financial activities.

#### Leases

Assets acquired under finance leases or hire purchase are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

#### Pension scheme

The company participates in a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by FRS102 it recognises a liability representing the net present value of the deficit reduction contributions payable under the existing deficit funding arrangements.

#### Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Where loans are repayable on demand these debts are not discounted.

#### Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of one year or less from the date of acquisition or opening of the deposit or similar account.

#### Creditors

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

#### Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

#### Taxation status

The Company is recognised by HM Revenue & Customs as a charity for the purposes of the Corporation Tax Act 2010 part 11 and is exempt from income and corporation tax on its charitable activities.

#### Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount 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 these estimates.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the charity as a lessee and lessor are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether that are indicators of Impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

The following is the charity's key sources of estimation uncertainty:

The value of the deficit in the defined benefit pension fund is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the liabilities, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates.

## 2. Income from donations and legacies

	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2019	2018
				£000	£000
Income from donations and legacies					
Donations	1,179	-	-	1,179	960
Total	1,179	-	-	1,179	960
Year ended 2018	960	-	-	960	

## 3. Income from investments

	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2019	2018
				£000	£000
Income from Investments					
Dividends	52	-	630	682	1,580
Bank Interest	45	7	-	52	29
Total	97	7	630	734	1,609
Year ended 2018	1,097	4	508	1,609	

## 4. Income from charitable activities

	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2019	2018
				£000	£000
Income from charitable activities					
Annual grant making funds	1,064	6,913	-	7,977	7,112
Invested funds	-	85	21,280	21,365	2,677
Charity and Online giving accounts	-	2,308	-	2,308	1,281
Total	1,064	9,306	21,280	31,650	11,070
Year ended 2018	1,065	7,328	2,677	11,070	

### Public sector funding

BIG Lottery - Jessica				272	257
BIG Lottery - Spirit of 2012-14				-	255
UK Government - Tampon Tax				263	-
				535	512



**5. Costs of raising funds: Development**

	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2019	2018
				£000	£000
Staff costs	177	-	-	177	205
Website and IT	15	-	-	15	14
Office costs	8	-	-	8	6
Professional fees	3	-	-	3	-
Support costs	132	-	-	132	94
	<u>335</u>	<u>-</u>	<u>-</u>	<u>335</u>	<u>319</u>
Year ended 2018	319	-	-	319	

**6. Grants payable in furtherance of the charity's objects**

	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2019	2018
				£000	£000
Grant making funds	-	6,377	-	6,377	5,976
Grant making funds from Investment Income	-	3,194	44	3,238	1,692
Grant making charity and online giving accounts	-	1,605	-	1,605	1,912
	<u>-</u>	<u>11,176</u>	<u>44</u>	<u>11,220</u>	<u>9,580</u>
Year ended 2018	-	9,580	-	9,580	

**6 Grants payable in furtherance of the charity's objects [Continued]**

**Grants payable in furtherance of the charity's objects – by Local authority**

		2019 £000	2018 £000
<b>North</b>	Highland	744	687
	Orkney	1	12
	Shetland	25	
	Western Isles	39	18
<b>North East</b>	Aberdeen City	178	80
	Aberdeenshire	289	227
	Moray	63	53
<b>East</b>	Angus	22	33
	Dundee City	124	183
	Fife	263	212
	Perth and Kinross	131	207
<b>Central</b>	Clackmannanshire	88	-
	East Dunbartonshire	20	14
	Falkirk	161	235
	North Lanarkshire	96	96
	South Lanarkshire	262	256
	Stirling	306	211
<b>West</b>	West Dunbartonshire	12	21
	Argyll and Bute	338	308
	East Renfrewshire	1	20
	Glasgow City	2,831	569
	Inverclyde	88	25
	Renfrewshire	37	25
<b>South East</b>	East Lothian	126	14
	Edinburgh City	1,943	1,768
	Midlothian	88	69
	West Lothian	145	158
	Scottish Borders	354	338
<b>South West</b>	Dumfries and Galloway	965	727
	East Ayrshire	38	21
	North Ayrshire	21	26
	South Ayrshire	759	802
<b>Other</b>	Outside Scotland	662	253
<b>Total</b>		<b>11,220</b>	<b>7,668</b>

## 7. Loan and Grant Making Services

Analysed by expenditure type

	Unrestricted	Restricted	Endowment	Total Funds 2019	Total Funds 2018
	£000	£000	£000	£000	£000
Staff costs	797	-	-	797	712
Travel, training & recruitment	51	-	-	51	42
Property and office costs	23	-	-	23	27
Website and IT	11	-	-	11	8
Professional fees	46	43	41	130	22
Support costs	596	-	-	596	535
	<u>1,524</u>	<u>43</u>	<u>41</u>	<u>1,608</u>	<u>1,346</u>
Year ended 2018	1,346	-	-	1,346	

## 8. Unrestricted costs and split of support costs

	Delivery costs		Governance	Support costs		Total 2019	Total 2018
	Develop- -ment	Grant and loan making services		Operations and Executive	Property and offices		
	£000	£000	£000	£000	£000	£000	£000
Staff costs	177	797	23	204	25	1,226	1,107
Travel, training & recruitment	1	51	3	22	-	77	84
Property costs	-	9	2	3	137	151	143
IT	15	11	-	96	30	152	98
Office costs	7	14	7	44	44	116	119
Professional fees	3	46	15	73	-	137	114
	<u>203</u>	<u>928</u>	<u>50</u>	<u>442</u>	<u>236</u>	<u>1,859</u>	<u>1,665</u>
Reallocation of support costs	132	596	[50]	[442]	[236]	-	-
	<u>335</u>	<u>1,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,859</u>	<u>1,665</u>
Year ended 2018	319	1,346	-	-	-	1,665	

**9. Staff Costs**

	2019 £000	2018 £000
Wages and salaries	1,063	955
Redundancy costs	-	4
Social security costs	105	91
Other pension costs	58	57
	<u>1,226</u>	<u>1,107</u>
Interest expense in respect of defined benefit pension scheme	7	7
Actuarial gains/ [losses] on defined benefit pension schemes	115	5
Deficit pension contributions paid	33	29

At the end of the financial year pension contributions amounting to £8,784 [2018: £7,581] were payable and are included in creditors.

The Foundation considers its Senior Management Team to be its key management personnel. The staff costs in relation to the SMT are:

	2019 £000	2018 £000
Wages and salaries	291	274
Redundancy costs	-	4
Social security costs	34	31
Other pension costs	17	16
	<u>342</u>	<u>325</u>

The number of employees receiving remuneration in excess of £60,000 were:

	2019	2018
£60,000 - £70,000	2	1
£70,000 - £80,000	1	1

The average number of staff employed by the company [excluding Trustees] during the year, analysed by category, was as follows:

	2019	2018
Community Investment	12	12
Executive	1	1
Finance and Operations	6	5
Philanthropy	7	7
Programmes	4	4
Resilient	5	4
	<u>35</u>	<u>33</u>

Members of the Board of Trustees are not remunerated by the Foundation; 1 [2018: 3] Trustee received expenses during the year totalling £330 [2018: £386] for attending meetings and attending training courses. The Trustees had Trustees indemnity insurance in place during the year.

**10. Net incoming resources**

Net incoming resources is stated after charging:

	2019 £000	2018 £000
Depreciation and other amounts written off tangible fixed assets	74	79
Auditor's remuneration		
Audit of these financial statements	14	13
Other services – pensions & life assurance	1	1
Other services - payroll	4	3
VAT services	1	4

**11. Tangible Fixed Assets**

	Land and Buildings £000	Investment Land and Buildings £000	Fixtures, Fittings and Equipment £000	Total £000
<b>Cost</b>				
At beginning of year	1,418	718	240	2,376
Additions	-	-	2	2
Disposals	-	-	-	-
At end of year	<u>1,418</u>	<u>718</u>	<u>242</u>	<u>2,378</u>
<b>Depreciation</b>				
At beginning of year	48	-	124	172
Charge for year	28	-	46	74
Disposals	-	-	-	-
At end of year	<u>76</u>	<u>-</u>	<u>170</u>	<u>246</u>
Net Book Value 31 March 2019	<u>1,342</u>	<u>718</u>	<u>72</u>	<u>2,132</u>
Net Book Value 31 March 2018	<u>1,370</u>	<u>718</u>	<u>116</u>	<u>2,204</u>

All assets are held for charitable purposes. Investment properties or parts of properties held for investment purposes are measured initially at cost and subsequently at fair value at the reporting date. Valuations will be carried out every five years by an external expert and derived from the current market rents and investment property yields for comparable property, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided.

**12. Other investments**

	2019 £000	2018 £000
Market value as at 1 April	36,256	30,807
Additions	23,323	6,265
Disposal proceeds	[4,387]	[3,590]
Net investment gain	826	2,774
Market value at 31 March	<u>56,018</u>	<u>36,256</u>
Historical value at 31 March	45,915	26,790
Represented by:		
Cash and fixed interest securities	18,310	4,136
Listed shares	640	724
Unlisted shares	169	166
Investment trusts and unit trusts	<u>36,899</u>	<u>31,230</u>
	56,018	36,256
<u>Investments comprising more than 5% of market value</u>		
Cash on deposit	17,201	2,948
Newton Growth & Income Fund for Charities	14,492	11,746
EP Global Opportunities Trust Ordinary Shares GBP 0.01	2,981	-
Independent Investment Trust	-	2,549
Monks Investment Trust	-	2,104

The main risk to the charity from financial instruments lies in the combination of uncertain investment markets and volatility to growth. Liquidity risk is anticipated to be low as listed investments are traded in markets with good liquidity and high trading volumes and this is expected to continue. The Charity invests in pooled investment vehicles and is therefore directly exposed to credit risk. This risk is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled manager operates and diversification of investments amongst a number of pooled funds. Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities. Market risk arises principally in relation to equities held in the pooled vehicles. The Charity manages this exposure to market risk by constructing a diverse portfolio of investments across various markets and by retaining expert advisors to manage its investment portfolio.

**13. Debtors**

	2019 £000	2018 £000
Loans	157	10
Other	67	65
Prepayments and accrued income	260	152
Trade Debtors	31	491
VAT	30	44
	<u>545</u>	<u>762</u>

**14. Creditors: amounts falling due within one year**

	2019 £000	2018 £000
Trade creditors	229	141
Other	2	3
Tax and social security	37	27
Accruals and deferred income	3,393	2,713
	<u>3,661</u>	<u>2,884</u>

Deferred Income

	2019 £000	2018 £000
Opening balance	27	87
Amounts released to income	[27]	[60]
Amounts added to deferred income	-	-
Closing balance	<u>-</u>	<u>27</u>

Deferred income relates to contributions to administration fees where performance related conditions had not been met at year end.

**15. Provision for liabilities and charges**

Defined benefit pension scheme net present value of deficit contributions payable

	2019 £000	2018 £000
Provision at start of period	356	383
Unwinding of the discount factor [interest expense]	7	7
Deficit contribution paid	[33]	[29]
Remeasurements - impact of any change in assumptions	4	[5]
Remeasurements - amendments to the contribution schedule	[119]	-
Provision at end of period	<u>215</u>	<u>356</u>

The company participates in the scheme, a multi-employer scheme which provides benefits to some 102 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

**15. Provision for liabilities and charges [continued]**

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017. This actuarial valuation was certified on 19 December 2018 and showed assets of £120.0m, liabilities of £145.9m and a deficit of £25.9m. To eliminate this funding shortfall, the Trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Unless a concession has been agreed with the Trustee the term to 30 September 2026 applies.

**From 1 April 2019 to 30 September 2026: £1.5m per annum [payable monthly and increasing by 3% each year on 1<sup>st</sup> April]**

From 1 April 2019 to 31 March 2024: £82,000 per annum [payable monthly and increasing by 3% each year on 1<sup>st</sup> April]

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £88.2m, liabilities of £122.1m and a deficit of £33.9m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2016 to 31 October 2029: £1,323,116 per annum [payable monthly and increasing by 3% each on 1st April]

From 1 April 2016 to 30 September 2031: £292,376 per annum [payable monthly and increasing by 3% each on 1st April]

From 1 April 2016 to 30 September 2031: £37,475 per annum [payable monthly]

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Income and expenditure account impact

	2019 £000	2018 £000
Interest expense	7	7
Remeasurements - impact of any change in assumptions	4	[5]
Remeasurements - amendments to the contribution schedule	[119]	-



**15. Provision for liabilities and charges [continued]**

Assumptions

	2019	2018	2017
Rate of discount	1.46	2.01	1.76

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

From 1 April 2019 a new recovery plan came into effect, following the finalisation of the 2018 valuation. Under the recovery plan the Foundation is required to make lump sum payments of £27,931 per annum with a 3% inflationary increase each year.

The scheme actuary has estimated that the employer debt that would become payable if the Foundation ceased to participate or if the scheme was wound up would be £1,817k as at 30 September 2017. It is not the Trustees' intention to crystallise this liability.

As a replacement to the Scottish Voluntary Sector Pension Scheme the Foundation currently has up a group personal pension scheme administered by Royal London. The Foundation's contributions are restricted to those detailed in note 9.

**16. Funds**

	Unrestricted £000	Restricted £000	Endowment £000	Total Funds £000
At 31 March 2018	4,498	6,954	33,345	44,797
Movement in resources:				
Incoming	2,456	9,314	21,910	33,680
Outgoing	[1,859]	[11,219]	[85]	[13163]
Gains and losses	118	-	708	826
Actuarial gain	115	-	-	115
Transfers	133	3,042	[3,175]	-
As at 31 March 2019	<u>5,461</u>	<u>8,091</u>	<u>52,703</u>	<u>66,255</u>

**17. Endowment Funds**

<b>Endowment Fund</b>	<b>Purpose – to provide income for grant making funds which support</b>	<b>Balance brought forward</b>	<b>Income</b>	<b>Expense</b>	<b>Transfer</b>	<b>Balance carried forward</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Alexander Trust	young people and older people in Aberdeenshire and the Isle of Bute	152	17	-	[6]	163
Anthony Davis	grant making activity - UK-wide	111	12	-	[10]	113
Beatrice Foundation	grant making activity - Scotland-wide	-	156	-	-	156
Bertha Fund	grant making activity with a focus on Perth and Kinross	501	55	-	[31]	525
Betty & Roy Ure Trust	voluntary organisations and charities in Arran	1,031	114	-	[29]	1,116
Bluebird Trust	causes related to the environment, human rights, ill health or other disadvantage – UK and overseas	93	103	-	[2]	194
Bottomley Charitable Trust	grant making activity - UK-wide	159	12	-	[6]	165
Budge Foundation	grant making activity - UK-wide	423	28	[3]	[56]	392
Brunton Endowment Trust	general grantmaking activity – Scotland-wide, particularly Aberdeenshire.	245	32	-	[10]	267
Campbell Crowson Fund	elderly, health and disability issues- Scotland-wide	170	19	-	[7]	182
Carrick Futures	general charitable activity - in the Carrick futures communities in South Carrick	127	74	-	24	225
Cervus Trust	general charitable activities - Scotland-wide	-	262	-	[1]	261
Coram Trust	rural and urban regeneration projects, especially housing - Scotland-wide	205	23	-	[12]	216
David and Averil Macdonald Charitable Fund	general grantmaking - Elgin, Tain, Islay and Broxburn areas	1,268	139	-	[80]	1,327
Douglas McDougall	general grantmaking activity - UK and overseas	185	[4]	-	[1]	180
Elizabeth Drummond Fund	general educational projects - Scotland-wide	982	81	[2]	[60]	1,001
F Laing Family Trust	general grantmaking activity - Scotland-wide	98	11	-	[4]	105
Forbes Fund	general grantmaking activity - in the Highlands	340	37	-	[14]	363
Fountainhall Trust	educational activities – UK-wide	-	573	-	[27]	546
Garpel Fund	general grantmaking activity - UK and overseas	12,132	34	[1]	[379]	11,786
Gartmhur Trust	disadvantaged families, supporting talented young people – Edinburgh and Fife priority but Scotland wide considered	1,616	171	[1]	[68]	1,718
Gateway Exchange	people achieve their potential	288	32	-	[12]	308
George and Grace Thomson Trust	general grantmaking activity – Dundee. Scholarships at Heriot Watt - Edinburgh	293	32	-	[58]	267
Gillian Charlotte Campbell Fund	general grantmaking in Edinburgh and East Lothian, Lanarkshire and the Scottish Borders	277	30	-	[12]	295
Glebefoot Charitable Trust	community groups - Scotland-wide, NE of Scotland in particular	657	72	-	[28]	701

Foundation Scotland Annual Report and Accounts  
For the year ending 31 March 2019  
**Notes forming part of the financial statements**

<b>Endowment Fund</b>	<b>Purpose – to provide income for grant making funds which support</b>	<b>Balance brought forward</b>	<b>Income</b>	<b>Expense</b>	<b>Transfer</b>	<b>Balance carried forward</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Glenkerie Community	general charitable activity and development - Glenkerie area of the Scottish Borders	135	16	-	9	160
Gordon Brown Memorial Fund	families affected by cancer and the development of youth sport particularly rugby	254	28	-	[11]	271
Irene Sproule	the Church of Scotland congregation at Coldstream Parish Church	102	11	-	[4]	109
Karen Napier Charitable Trust	education - UK-wide and overseas	477	143	-	[118]	502
King Family Fund	general grant-making activity with a focus on music - Scotland-wide	206	62	-	[36]	232
Kinross-shire Fund	communities, projects & groups - Kinross-shire area	204	23	-	[13]	214
Live Well Charitable Fund	alleviate poverty - Edinburgh area	275	20	[2]	[14]	279
Logie Trust	general grantmaking activity - Scotland-wide	110	-	-	[3]	107
McNab Family Charitable Trust	general grantmaking activity - Scotland-wide	223	25	-	[9]	239
NF Trust	general grantmaking activity - Scotland-wide	1,643	19,127	[2]	[2,015]	18,753
Ochil Developments Blackford Community Fund	general charitable activity and development - Blackford area	375	38	-	[3]	410
Paraclete Trust	general grantmaking activity - Scotland-wide	400	30	[2]	[44]	384
Philippians 4:19	general grantmaking activity - Scotland-wide	1,030	75	[7]	[69]	1,029
Prudential Fund	general grantmaking activity - Stirling area.	114	13	-	[1]	126
Robert & Edith McMillan	Edinburgh Music School activities at Broughton High School	165	18	-	[4]	179
Edinburgh Music School Trust						
Russell Trust	general grantmaking activity - UK and overseas	92	64	-	[1]	155
Tanner Foundation	general grantmaking activity - UK and overseas	788	88	-	[4]	872
Urras Oighreachd Ghabhsainn [UOG] Community	general grantmaking activities - within the community of the Galston Estate	493	55	-	[2]	546
Victoria League in Scotland [VLS] Trust	education activity - Scotland-wide	175	26	-	[19]	182
Viewforth Trust	general grantmaking activity UK-wide	1,088	83	[9]	[67]	1,095
Ward Family Trust	general grantmaking activity - UK and overseas	920	42	[6]	[126]	830
William Grant Piping Trust	music activity - Scotland-wide	610	68	-	[24]	654
William Hunter Trust	relief of poverty with a priority - Edinburgh and the Lothians	637	50	[4]	[36]	647
Women's Fund WFS	projects which benefit women - Scotland-wide	199	14	-	[29]	184
		<b>32,068</b>	<b>22,234</b>	<b>[39]</b>	<b>[3,532]</b>	<b>50,731</b>
Other Endowments funds with less than £100k		1,277	384	[46]	357	1,972
<b>Total Endowment Funds</b>		<b>33,345</b>	<b>22,618</b>	<b>[85]</b>	<b>[3,175]</b>	<b>52,703</b>
Year ended 2018		29,684	3,185	2,818	[2,342]	33,345

## 18. Restricted Funds

Restricted Fund	Purpose – to support	Balance brought forward £000	Income £000	Expense £000	Transfer £000	Balance carried forward £000
Annandale and Nithsdale Community Benefit Company	activities that support the rural regeneration and sustainability – 42 council areas Annandale and Nithsdale	[39]	345	[206]	-	100
Auchterless, Inverkeithy and Fisherford Community Fund	local groups – Auchterless, Inverkeithy, Fisherford in Aberdeen shire	100	-	[16]	36	120
Baillie Gifford Community Awards Fund	general activities - Scotland-wide	123	260	[132]	[14]	237
E:ON Camster Community Fund [Tannach & District]	charities and groups - in the Camster Community Fund area	102	-	[31]	56	127
E:ON Camster Community Fund [Watten]	charities individuals and groups - three community council areas	117	-	[27]	56	146
East Neuk Cash Reserve	thriving communities in the East Neuk of Fife	239	-	-	[6]	233
EDF Burnhead Community Fund	community-led activity - Blackridge, Avonbridge & Standburn and Limerigg and Slamannan	136	123	[5]	*[254]	-
Fa/c Baillie Gifford	charities individuals and groups - UK-wide	275	1,320	[1,216]	-	379
Fa/c Garpel Fund	charities individuals and groups - UK-wide	114	-	[308]	200	6
Fa/c Moidart Trust	charities individuals and groups - UK-wide	20	263	[41]	[3]	239
Fa/c TP	charities individuals and groups - UK-wide	73	354	[111]	-	316
Foundation Scotland Flood Recovery Appeal Fund	those affected by flooding – Scotland-wide	114	-	-	-	114
Greencoat Stroupster Community Fund	projects which benefit the residents - Dunnet and Canisbay	131	164	[46]	[29]	220
Old Luce Community Fund	community projects - Old Luce Community council area	265	269	-	*[534]	-
Old Luce Community Fund [Scottish Power Renewables Kilgallioch]	community projects –Old Luce Community Council area	126	[8]	[14]	185	289
Ross Girls Charitable Trust	groups and organisations – UK-wide	48	147	[88]	[5]	102
Sankalpa Foundation	business development and the rural economy – Gate House of Fleet	150	7	-	-	157
Shell UK IT Support Awards	small community groups with the purchase of IT equipment – Aberdeen, Aberdeenshire and Fife	136	18	-	-	154
Spirit	community projects –Caitness, the Calton, Gorbals, Islay and Jura, Dumbiedykes, Ruchill and Possilpark	110	-	-	[110]	-
SSE Clyde Community Fund [Dumfries & Galloway]	community projects - Carronbridge, Closeburn, Durisdeer, Johnstone, Kirkconnel & Kelloholm, Kirkmichael, Kirkpatrick Juxta, Moffat, Royal Burgh of Sanquhar, Thornhill, Wamphray, Wanlockhead	333	176	-	*[506]	3

<b>Restricted Fund</b>	<b>Purpose – to support</b>	<b>Balance brought forward £000</b>	<b>Income £000</b>	<b>Expense £000</b>	<b>Transfer £000</b>	<b>Balance carried forward £000</b>
Torrance Farm Wind Park Community Fund [HEG]	community projects - Harthill, Eastfield & Greenrigg	112	-	[4]	29	137
Vattenfall Clashindarroch Community Fund	community projects - Huntly, Strathbogie, Tap O Noth, Cabrach	202	201	[155]	-	248
Ventient Galawhistle Community Fund	community projects - Coalburn and Douglas & Glespin Community Council areas	85	113	[72]	-	126
Volant Charitable Trust	women, children and young people at risk and facing social deprivation – Scotland-wide	490	720	[969]	-	241
Whiteside Hill Community Fund	community projects - Kirkconnel & Kelloholm, Royal Burgh of Sanquhar & District	-	135	-	-	135
William Grant Community Fund	The life chances of young people - Bellshill, Girvan and Dufftown - North and South Lanarkshire, South Ayrshire and Moray	143	258	[346]	[4]	51
		<u>3,705</u>	<u>4,865</u>	<u>[3,787]</u>	<u>[903]</u>	<u>3,880</u>
Other Restricted funds with less than £100k		3,249	4,449	[7,432]	3,945	4,211
<b>Total Restricted Funds</b>		<b><u>6,954</u></b>	<b><u>9,314</u></b>	<b><u>[11,219]</u></b>	<b><u>3,042</u></b>	<b><u>8,091</u></b>
Year ended 2018		6,993	7,332	[9,580]	2,209	6,954

### Transfers

Transfer to restricted funds of £3,042K being a capital distribution from endowments for the grant making programme associated with the underlying endowments.

Transfer to unrestricted funds of £133k for core costs associated with the grant making programme.

\* Transfers from main funds to sub-funds. The sub-funds are included the Other Restricted funds with less than £100k line.

**19. Unrestricted and Designated Funds**

	Balance brought forward £000	Income £000	Expense £000	Gains £000	Transfer £000	Actuarial gains/ losses £000	Balance carried forward £000
<u>General Funds</u>							
General Fund	1,216	2,456	[1,859]	-	1,348	115	3,276
Caledonian Challenge	3,165	-	-	-	[3,165]	-	-
Revaluation Reserve	117	-	-	118	-	-	235
<u>Designated Funds</u>							
IT Developments	-	-	-	-	150	-	150
Endowment Building Fund	-	-	-	-	400	-	400
Income Generation Fund	-	-	-	-	1,400	-	1,400
As at March 2019	4,498	2,456	[1,859]	118	133	115	5,461
 <u>General Funds</u>							
General Fund	1,413	1,330	[1,665]	-	133	5	1,216
Caledonian Challenge	1,246	1,924	-	[5]	-	-	3,165
Revaluation reserve	156	-	-	[39]	-	-	117
As at March 2018	2,815	3,254	[1,665]	[44]	133	5	4,498

**20. Analysis of net assets between funds**

Fund balances at year end are represented by:

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Tangible fixed assets	-	-	2,132	2,132
Investments	52,703	-	3,315	56,018
Net current assets	-	8,091	229	8,320
Provisions	-	-	[215]	[215]
	<u>52,703</u>	<u>8,091</u>	<u>5,461</u>	<u>66,255</u>

Fund balances at the previous year end were represented by:

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Tangible fixed assets	-	-	2,204	2,204
Investments	33,074	-	3,182	36,256
Net current assets	271	6,954	[532]	6,693
Provisions	-	-	[356]	[356]
	<u>33,345</u>	<u>6,954</u>	<u>4,498</u>	<u>44,797</u>

**21. Operating lease commitments**

The charity's minimum operating lease commitments are as follows:

	2019 £000	2018 £000
Within 1 year	36	36
In the second to fifth years inclusive	144	144
After 5 years	14	46
	<u>194</u>	<u>226</u>

Operating lease payments in the year totalled £37,706 [2018: £36,078].

## 22. Ultimate controlling party and related party transactions

The Trustees control the activities of the charity.

Trustees made donations totalling £15,000 to Foundation Scotland during the year [2018: £17,460].

UK Community Foundations provides membership and associated central IT platforms for UK Community Foundations. For these services £39,765 [2018: £ 29,727] was charged during the period. Thomas Ward is a Director of UK Community Foundations. The amount due to UK Community Foundations at the year-end was £4,479 [2018: £2,098].

The following organisations, of which a Foundation Scotland director is related, received grants of:

Organisation	Grants paid	FS Director	Relationship with Recipient
Evangelical Alliance	500	Ian Marr	Member
University of Strathclyde	245,100	Samantha Fiander	Employee
Scottish Wildlife Trust	3,170	John Naylor	Member
National Trust For Scotland	42,275	John Naylor, Angus Tulloch, James McCulloch	Members
YMCA Scotland	600	John Naylor	President
Stranraer YMCA	9,360	John Naylor	President
Kilmarnock YMCA	2,000	John Naylor	President
Tain and District YMCA	16,570	John Naylor	President
National Galleries of Scotland	1,090	John Naylor	Member
Edinburgh International Festival	60,000	John Naylor	Member
John Muir Trust	300	John Naylor	Member
Alzheimer Scotland	2,375	John Naylor	Member
Leuchie House	40,175	Angus Tulloch	Wife is a trustee
Scottish Schools Pipes and Drums Trust	5,800	Angus Tulloch	Trustee

None of the Foundation Scotland Directors listed above were involved in the assessment of grant applications or the decision to approve funding to the organisations to which they are related other than in the case of a donor directed award relating to their own charitable funds held with Foundation Scotland. No balances were outstanding on the grants at the year end.

In 2018-2019 one director of Foundation Scotland was also a director of Resilient Scotland Limited. Invoices totalling of £271,854 [2018: £257,043] were issued to Resilient Scotland Limited during the year. The total amount due at the year-end was £135,332 [2018: £131,950].

## 23. Contingent liabilities

Contingent liabilities relate to grant awards offered during the year where settlement is dependent on the recipient fulfilling various stated terms and conditions; the outcome of which is uncertain. The total at 31<sup>st</sup> March was £915,534 [2018: £674,478].



**24. Financial Instruments**

	2019 £000	2018 £000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	255	566
Assets measured at fair value through profit & loss	56,736	36,974
Carrying amount of financial assets Measured at amortised cost	3,624	2,830

Debt instruments measured at cost comprises trade debtors, other debtors and loans. Assets measured at fair value through profit and loss comprise listed investments and investment property. Liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

