Foundation Scotland

Foundation Scotland
15 Calton Road
Edinburgh
EH8 8DL

Company Limited by Guarantee
Company No. SC152949

Registered Charity
Scottish Charity No. SC022910

Annual Report and Financial Statements

For the year ending 31 March 2026

Contents

Chair's report

In writing my introduction to this annual report, I considered how to sum up the essence and output of our work, both staff and trustees, during what has been a hard-working, hard-thinking and hard-learning year for all at Foundation Scotland - staff and Trustees alike. The one phrase that came back to me time and again is Robert Macfarlane's quote: "Despair is a luxury, but hope is a discipline".

It is this discipline that keeps every third sector organisation going, even as we see one fund after another heavily oversubscribed as communities try to make up for failures of government spending, cost of living increases, polarisation and other pressures that weaken them.

It has made Foundation Scotland want to go further and faster and inspire more donors and funders to work with us, by demonstrating our integrity, expertise and efficacy.

In this last year, we commissioned our first external governance review to test our own perceptions of how well we run our operations. This noted a lot of good practice and areas to be proud of, while offering areas for improved consistency. These we are working through systematically to address.

Our Board of Trustees has seen significant change over the last year. We have learned from new colleagues joining us and grown from discussions stemming from our different perspectives. What continues to unite us is the value of Foundation Scotland's work and our determination to do more.

We have rationalised our Board sub-committee structures to have the oversight of more Trustees on key issues. We are also developing new reporting mechanisms to ensure we have a clear view of our impact, risks and performance.

Following considerable growth of our staff team in recent years, the leadership team has worked this year to revisit our management structures and processes with the desire to be open-eyed, honest and ready to address issues. This is leading to a sincere and deep investment in staff culture, development and support. We see this as ensuring that we are an organisation ready to deliver our ambitious financial income and distribution goals, while safeguarding the wellbeing of staff and supporting their professional development.

Our financial base continues to be strong and well-managed, with good liquidity and healthy reserves thanks to donor generosity. This gives us a solid launchpad for our next strategy period. We have taken steps to ensure that our funds are invested to work hard for us, while maintaining our ethical principles and with robust oversight of our investment decision-making.

We have been able to support several social enterprises through cost-of-living crises with our blended-financing offer and have supported community wealth building by offering social investment to help get projects off the ground.

Business-as-usual continues even as we build up to our new strategy but there is nothing usual about it. Innovation is thriving as our Chief Executive's report references. What is so new and encouraging is that communities are increasingly being given the respect, support and capacity to lead this. If there is one thing that gives me the most hope, it is this.

Mamta Patel, Chair

Chief Executive Officer's report

This year has been one of continued growth, innovation and purposeful action for Foundation Scotland. Across all areas of our work, we have remained focused on supporting communities across Scotland while responding to a rapidly changing social, economic and environmental landscape.

Throughout the year, we continued to grow the scale and reach of our funding activity, distributing £43.7m through 5,729 awards to individuals, communities and organisations across Scotland. Working alongside donors, communities, businesses and partners, we supported a broad range of organisations and initiatives addressing immediate pressures while also investing in longer-term resilience and change. At a time when many communities are experiencing rising demand and increasing financial pressure, flexible and community-led funding has never been more important.

A major focus this year was the development and delivery of our £15 million Response Fund. Designed to support organisations and communities impacted by multiple and overlapping crises, the Fund combined immediate financial support with longer-term organisational resilience. Through partnerships with organisations including Citizens Advice Scotland, Development Trusts Association Scotland, Community Enterprise, Corra Foundation, and some of Scotland's Community Climate Action Hubs, the programme provided practical support to organisations at the heart of their communities. The learning from this work continues to reinforce the importance of trust-based, flexible and responsive funding approaches.

Alongside responsive funding, we continued to develop longer-term and systems-focused approaches. The Edinburgh Regenerative Futures Fund reached a major milestone during the year, progressing towards the launch of the ten-year cohort of organisations working at the intersection of poverty, racism and climate action. Similarly, Clackmannanshire Transformation Space demonstrated the value of participatory approaches, with local residents directly shaping priorities and funding decisions linked to complex social challenges.

Our philanthropy work also continued to grow and evolve. We secured significant philanthropic commitments and legacy gifts, while continuing to encourage new forms of giving through donor engagement, events and innovative funding models. It was encouraging to see continued donations of unrestricted funding, allowing us to respond flexibly to emerging needs and opportunities.

Community benefit funding linked to renewable energy developments remains a significant and growing part of our work. During the year we established new funds across multiple regions and supported pioneering collaborative approaches in areas experiencing cumulative energy development. Through this work, Foundation Scotland continues to play a leading role in shaping good practice in community benefit funding nationally, while ensuring that communities themselves remain central to decision-making and long-term planning.

In social investment, we continued to support charities and community organisations through patient and flexible finance. Investments this year supported projects ranging from community facilities and affordable housing to training and reuse initiatives. We also completed a significant review of our investment approach, appointing Rathbones as our new investment manager, focussed on stable long-term financial sustainability in challenging times, while aligning with our organisational values.

Beyond funding delivery, Foundation Scotland continued to strengthen its contribution to research, policy and sector learning. Through partnerships with universities, governments, networks and community organisations, we contributed to important national conversations around philanthropy, community wealth building, climate transition, community benefit and participatory approaches. We also continued to engage internationally through learning exchanges and partnerships across Europe.

Internally, we continued to invest in organisational development, leadership and staff wellbeing. This included strengthening performance and development frameworks, enhancing staff engagement activity, investing in learning and leadership support, and progressing governance improvements. These developments are important foundations for the future as we continue to grow and evolve as an organisation.

The Communications team undertook a comprehensive brand review and began scoping the development of a new website to strengthen Foundation Scotland's digital presence and stakeholder engagement. The work focused on improving accessibility, user experience, and digital storytelling, whilst ensuring the Foundation's online presence better reflects the scale, professionalism, and impact of our work. This forms part of a wider commitment to strengthening engagement with stakeholders whilst supporting future organisational growth. The new website and brand rollout will be launched later in 2026.

During the year, we also invested significantly in operational efficiency and organisational resilience. This included the implementation of new AI-enabled and digital systems to streamline finance and operational processes, improving efficiency and supporting continued organisational growth without increasing staffing levels. We also successfully achieved external quality accreditation, providing important assurance around our governance, operational standards, and commitment to continuous improvement.

Alongside this, we continued to strengthen our cyber security arrangements and digital resilience. Our systems and controls now exceed recognised industry standards and ensure our systems and data remain secure for all our stakeholders.

Looking ahead, we are developing a long-term strategic framework built around three connected pillars: Inspire Funding, Invest in Communities and Influence Change. Together, these pillars reflect our ambition not only to grow funding, but to help shape more equitable, community-led and resilient systems of support across Scotland. We look forward to reporting on the implementation of long-term objectives under these three pillars, in 2027.

I would like to thank our staff team, trustees, donors, partners and the many communities we work alongside. Their commitment, creativity, and collaboration continue to make Foundation Scotland a trusted and effective force for positive change across Scotland.

Giles Ruck, Chief Executive Officer

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 2026, 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 and Trustee Investment [Scotland] Act 2005 and the Charities Accounts [Scotland] Regulations 2006 [as amended] 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] [Charity SORP].

About Foundation Scotland

We were established in 1992 as the Scottish Community Foundation before changing our name to Foundation Scotland in 2012. For almost 30 years, we have been working to strengthen communities across the country.

All over Scotland, local groups and charities have ideas for how to make their communities happier, fairer, and more sustainable. We enable funders, donors, and philanthropists to support the building blocks of these communities – grassroots groups, charities, anchor organisations and enterprises. We focus on communities of place, and communities of shared interest.

We support philanthropists to help their personal giving make the most difference. We work with donors to invest in community action that enables people and places to flourish. We work alongside communities to ensure that local funds are distributed by communities themselves. And we offer social investment opportunities to enable social enterprises, community organisations and charities to grow and deliver positive social impact.

Our team provides a blend of strong financial expertise, funding experience and community-led, relationship-based approaches.

Since 1992, we have invested over £270m into communities. We are part of a movement of 47 Community Foundations in the UK, and of a global field of 2,000 foundations, each inspiring change in their community.

As an independent funder we can do things differently.

We recognise the importance of both charitable giving, often supporting the status quo or responding to crises, and strategic giving, which looks beyond the 'here and now', to find solutions to social and economic challenges for the long term. The latter approach looks to address the reasons why negative social and economic outcomes happen in the first place.

We also take a long-term view that is not limited by short-term funding cycles, so that our funding can be transformative. And we enable citizens to gather around a common vision, providing the resources so they can take action that is 'people powered.'

This year, on behalf of our donors, we distributed over £43m. Our knowledge of the non-profit sector allows us to identify organisations across the country, including charities, social enterprises, and community groups, ensuring our awards make an impact and create lasting change.

Our vision is of confident, thriving, resilient communities across Scotland.

For every community to thrive, it should be resourced to match its vision. **Our purpose** is to support communities to shape their future with the capacity and resources to do so.

Our Ambitions

We have created five long-term, transformational ambitions to underpin our work.

- Grow – Grow a range of income, focused on new, independent funding.
- Invest – Invest purposefully to create a financial return and positive social impact.
- Distribute – Work alongside stakeholders and communities to improve the design and delivery of grant and loan programmes.
- Learn – Build an evidence base of how we achieve positive social impact.
- Improve – Develop the Foundation and our people to improve delivery and our financial and environmental sustainability.

<u>Public Benefit</u>

Foundation Scotland provides public benefit in a range of ways and supports others to provide public benefit too. Through a process of research and due diligence and using long-term expertise, we bring together 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

Carlos Miranda	[Resigned 5 February 2026]
James Hilder	
Jennifer Gordon	
Kim Atkinson	
Leslie Rance	[Vice Chair]
Lisa Lim	
Mairi Mickel	
Mamta Patel	[Chair]
Sarah Whitley	
Sharon Fairweather	[Vice Chair]
Stewart Carruth	
Susan Murray	[Resigned 20 April 2026]
Tobias Jung	

Audit and Assurance Committee – formerly the Finance, Audit and Risk Committee

Jennifer Duvall		Co-opted member
Frances Mullan	[Appointed 04 February 2026]	Co-opted member
Sarah Whitley	[Appointed 04 February 2026]	Trustee
Sharon Fairweather	[Chair]	Trustee
Stewart Carruth		Trustee
Susan Murray	[Resigned 17 February 2026]	Trustee

Investment Committee – the Committee was merged with the Finance, Audit and Risk Committee in May 2026, which was then renamed the Audit and Assurance Committee

Frances Mullan		Co-opted member
Leslie Rance		Trustee
Lisa Lim	[Resigned 28 January 2026]	Trustee
Sarah Whitley	[Chair]	Trustee

People and Governance Committee

Jennifer Gordon		Trustee
Leslie Rance	[Chair]	Trustee
Lisa Lim	[Appointed 31 January 2026]	
Susan Murray	[Appointed 6 August 2025, Resigned 20 April 2026]	Trustee

Impact Committee – the Committee was wound up on 26 November 2025

Jennifer Wallace		Co-opted member
Kim Atkinson		Trustee
Sam Curran		Co-opted member
Susan Murray		Trustee
Tobias Jung	[Chair]	Trustee

Social Investment Committee

Cameron Kinnaird		Co-opted member
Carlos Miranda	[Resigned 27 July 2025]	Trustee
James Hilder		Trustee
Jennifer Gordon		Trustee
Stewart Carruth	[Chair]	Trustee

Senior Management (Leadership Team)

Giles Ruck	Chief Executive Officer
Elizabeth Sams	Chief Finance and Operations Officer
Deborah Cowan	Head of Communications
Rachel Searle	Head of Communities and Impact
Vicki Moore	Head of Development
Helen Wray	Head of Philanthropy and Quality
Christopher Holloway	Head of Social Investment
Jane Jack	People and Culture Business Partner

Company Secretary

Elizabeth Sams	Chief Finance and Operations Officer	[Resigned 30 June 2026]
Giles Ruck	Chief Executive	[Appointed 01 July 2026]

Registered office

15 Calton Road, Edinburgh, EH8 8DL

Auditor

Henderson Loggie LLP	Level 5, The Stamp Office, 10-14 Waterloo Place, Edinburgh EH1 3EG

Bankers and Building Societies

Nationwide	17 South St Andrew Street, Edinburgh EH2 2AU
Royal Bank of Scotland plc	36 St Andrew Square, Edinburgh, EH2 2YB

Investment advisors

RBC Brewin Dolphin Ltd	Sixth Floor, Atria One, 144 Morrison Street, Edinburgh, EH3 8BR
Charles Stanley & Co. Ltd	2 Multrees Walk, St Andrew Square, Edinburgh, EH1 3DQ
EQ Investors Ltd	Centennium House, 100 Lower Thames St, Billingsgate, London, EC3R 6DL
Rathbones Investment Management Ltd	George House, 50 George Square, Glasgow, G2 1EH
Aberdeen Group plc	1 George Street, Edinburgh, EH2 2LL

Solicitors

Shepherd & Wedderburn	9 Haymarket Square, Edinburgh, EH3 8FY

Offices

All staff work from home. Whilst the Foundation no longer has any permanent offices, staff use regional co-working hubs and meeting spaces across Scotland for face-to-face meetings in addition to hybrid and virtual meetings.

Website

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 and ensuring strong governance of the organisation so that we meet all our legal duties and obligations. 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.

Our Trustees are drawn from a wide range of backgrounds and locations across Scotland and are mostly appointed following an open recruitment process which includes an interview with Trustees and members of the Leadership Team.

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 for governance purposes four times a year, including a full away day, and hold an Annual General Meeting. Those in office during 2025-26 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 visit grant funded projects to see the difference made to communities.

Committees

Following a Governance Review, the Board of Trustees now has three sub-committees which focus on specific areas and have relevant duties delegated to them through Terms of Reference.

The Audit and Assurance Committee meets five times a year and assists the Board in the fulfilment of its governance duties in relation to financial oversight and risk management. It undertakes detailed reviews of financial management, financial planning, and the financial performance of the Foundation and makes recommendations to the Board to help it mitigate risks and ensure financial sustainability. From May 2026 it took over the responsibilities of the Investment Committee and has oversight of the Foundation's owned and stewarded investments – the Rathbones Charity Growth and Income Fund, other fund holdings, equities, bonds, and cash. It undertakes detailed reviews of investment performance and makes recommendations to the Board.

The People and Governance Committee meets four times a year and assists the Board in monitoring the composition and diversity of the Board, the recruitment of new Trustees and the annual review of the Board's performance and supports the executive and the Board with the remuneration and benefits framework for staff and reviews the impact of workplace and wellbeing policies.

The Social Investment Committee meets four times a year and assists the Board in the fulfilment of its governance duties in relation to the oversight of the Foundation's social investment activity. It undertakes detailed reviews of social investment performance and makes recommendations to the Board.

Management and staff

The Board of Trustees hold collective responsibility for directing and discharging the purpose of the Foundation, ensuring it stays true to its charitable purposes and compliant with charity law. A Scheme of Delegation and Reserved Matters outlines the decisions which can be taken by the Chief Executive Officer and those where the Board retains authority.

The Leadership Team comprises the key management personnel of the Foundation in charge of running and operating the Foundation on a day-to-day basis. The Leadership Team consists of the Chief Executive, the Chief Finance and Operations Officer, the Head of Communities and Impact, the Head of Development, the Head of Communications, the Head of Philanthropy and Quality, the Head of Social Investment and the People and Culture Business Partner. On 31 March 2026, the Foundation employed 52 [2025: 52] people, of whom 13 [2025: 12] worked part-time.

Key management personnel remuneration

The key management personnel of the Foundation are comprised of the Board of Trustees and the Leadership Team, with the trustees in charge of directing and controlling the Foundation, delegating authority and responsibility for the running and operation of the Foundation on a day-to-day basis to the Leadership 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 21 to the accounts.

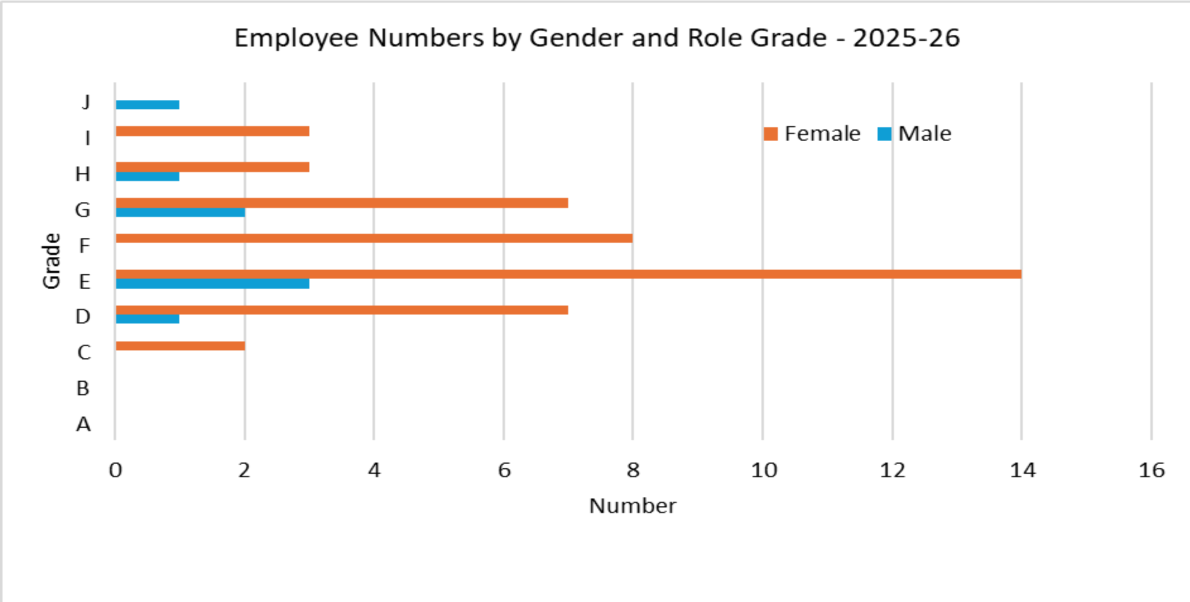
In addition to disclosing all relevant interests annually and in accordance with the Foundation's policy, Trustees are required to declare and withdraw from decisions where a conflict of interest arises.

The Foundation has a bespoke job evaluation scheme which seeks to be a fair, consistent, and progressive framework for the measurement of job roles. All jobs, including the Leadership Team, are evaluated by a panel, and placed in a grade. The salary for each grade is based on a benchmarking exercise from equivalent roles across the charity sector in the UK, from organisations which are comparable in nature, staffing size and turnover to the Foundation. Each grade has 5 points with employees starting at point 1 and moving up a point annually until they reach the top. The Foundation aims to apply the increments each April, subject to affordability. In addition to moving points up a grade scale, the scales themselves change annually linked to a nationally recognised cost of living inflationary benchmark.

Pay Ratio and Gender Pay Gap

The Foundation is not required to report pay ratio or gender pay gap, as it is below the threshold for reporting. However, we are committed to improving diversity, equity, and inclusion across all our activities and calculate and monitor the pay ratio and gender pay gap, in line with the legislation. We have asked staff how they identify:

	2021-22	2022-23	2023-24	2024-25	2025-26
Ratio of highest salary to the median	2.49:1	2.52:1	2.59:1	2.50:1	2.49:1
Mean gender pay gap	32.7	28.4	30.1	20.8	17.4
Median gender pay gap	22.1	27.0	27.3	18.7	8.9



Volunteers

In addition to our Trustees, a further five people volunteered during this year as co-opted members of our sub-committees, providing expertise, 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 Foundation has purchased insurance cover on behalf of the Trustees indemnifying them against certain liabilities which may be incurred by them in relation to the Foundation.

Strategic Report

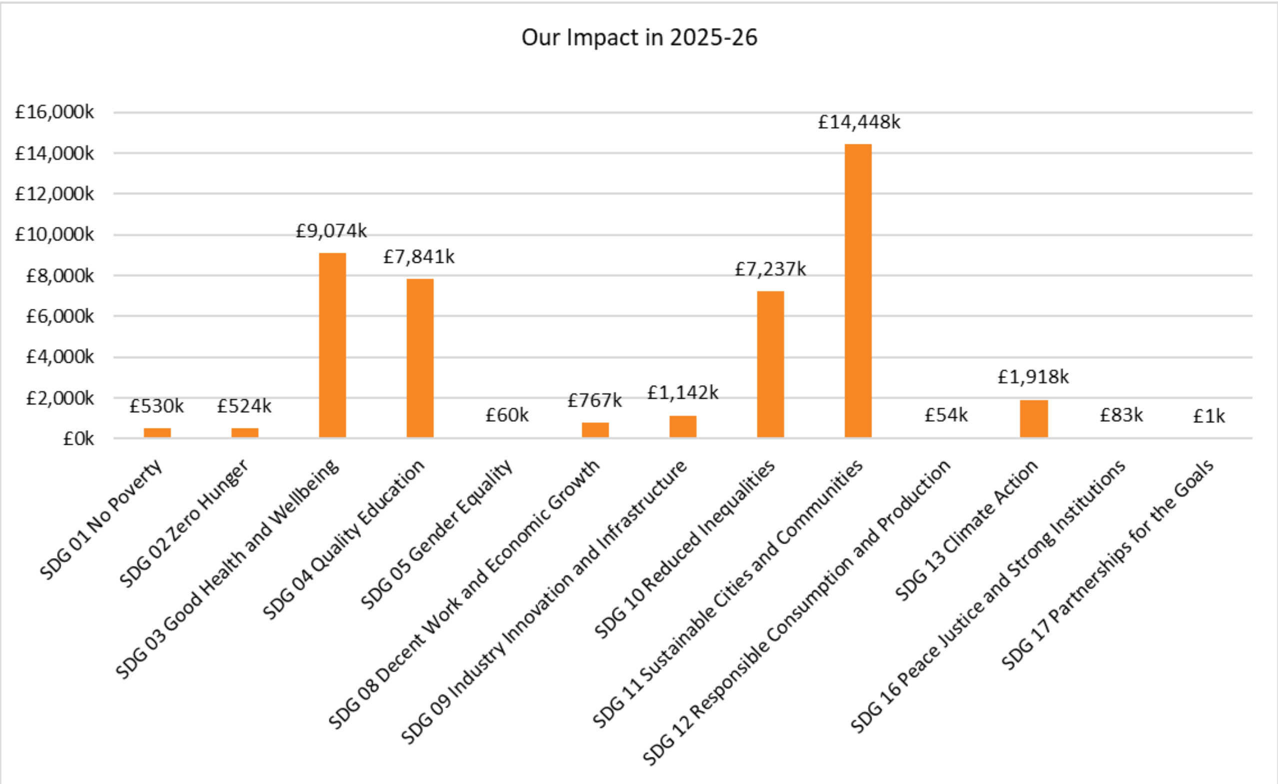
Fund distribution

In total, the Foundation received 8,041 applications and made 5,729 awards totalling £43.7m on behalf of its funding donors during 2025-26:

Applications and awards summary	2021-22	2022-23	2023-24	2024-25	2025-26
Number of applications received for grants during year	4,057	4,417	4,287	5,369	8,041
Number of awards made in year	2,905	2,713	3,030	3,600	5,729
Total value of awards in year [including accruals]	£17.2m	£23.4m	£22.4m	£32.3m	£43.7m

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 met a broad spread of the 13 themed Sustainable Development Goals [SDGs] as shown below. In addition to measuring the monies spent, we also commission independent evaluations on the impact of our funding and we feed-in any learning from this into the design of subsequent programmes.



Our work this year

Ambition 1 – Grow: Grow a range of income, focused on new, independent funding

Objectives - Grow the number of new donors; Grow the value of donated funds for distribution and for investment.

Our Measures

	2021-22	2022-23	2023-24	2024-25	2025-26
Number of funds set-up	32	36	41	31	44
Total Restricted Contributions for Grantmaking	£17.6m	£22.4m	£22.6m	£26.0m	£29.8m
Total Unrestricted Donations	£7.22m	£0.07m	£55.50m	£0.05m	£3.52m
Total Donor Invested Funds Balance	£47.9m	£41.0m	£44.1m	£37.3m	£44.6m

While the number of funds established is not a direct measure of the number of donors, it provides an indication of donor growth and engagement, as most new funds are established by new donors or represent additional commitments from existing supporters.Refresh of our Fund Development Plan – Longer-Term View

During the year, we redrafted how our Development Plan would look in the longer term, taking into account our own data, as well as the knowledge and experience of donors and funders. It is set over a ten-year period starting in 2027-28. This start point provides preparatory time during 2026 to undertake tasks such as the implementation of our new Contributions structure, and to update fund service details and related marketing information.

Encouraging Philanthropic Funding

Significant philanthropic contributions were secured and distributed through partnerships such as the Essentia Foundation, which via their wind-up as a charitable trust, established a £3.6m endowment legacy fund to be administered by Foundation Scotland.

Confidence in our delivery model is reflected in increased commitments from donors, including the growth of the Volant Fund from £1.2m to £2m annually, and innovative gifts such as a residential property to be converted into charitable value for The Path Fund.

The enduring impact of legacy philanthropy is illustrated by The Bairdwatson Charitable Trust. Managed by Foundation Scotland since 2023, the Trust supports disadvantaged young people across Scotland, helping them access education, employment and training. Grants have enabled organisations such as Move On, the Grassmarket Community Project and Elgin Youth Development Group to deliver tailored support, equipping young people with qualifications, confidence and pathways into work.

Unrestricted Funding

The Foundation is fortunate to receive unrestricted fund donations each year. These enable us to target support in communities with specific needs and opportunities which are not met through our donor advised funds and enable us to test out new approaches. During this year we received further unrestricted donations of £3.52m.

Inspiring Philanthropy Events

Part of our approach to encouraging new philanthropy is to deliver events with individuals, who share their experiences as philanthropists. In November we delivered our fourth 'Mistakes in Philanthropy' event, where Foundation Scotland Trustee Mairi Mickel hosted a powerful and engaging discussion with three donors reflecting on their philanthropic journeys.

Frances Mullan shared her experience of establishing The Ethel Fund and involving her children in decision-making; Gillian McEwan reflected on the impact of the David Doig Foundation, supporting STEM scholarships as one of 60 grant examples; and Richard Forrest spoke about the Coram Fund and its support for housing and regeneration projects, including Scotland's first community-owned primary school. The conversation was open and honest, and guests described it as relatable, practical and reassuring, helping to build a shared sense of community and learning among donors.

Revitalising Charitable Trusts – continued progress in unlocking dormant funds for public benefit

Foundation Scotland's 'Revitalising Trusts' project, which is run in collaboration with OSCR, has unearthed over 390 inactive charitable trusts of varying sizes and purposes, with forgotten funds often lying dormant in accounts for several decades and in some cases well over a century. The project, which launched in 2021, was set up to identify these inactive trusts and support them in reactivating. Now in its 5th year, the project has passed the £10 million mark of funds revitalised. Funding in this year has supported projects including Aberdeenshire North Foodbank, The Adams Centre (which is an independent living centre based in Montrose), and created a new fund to provide support for an ageing population across Scotland.

Establishing and Supporting Community Benefit Funds

The Foundation's Communities team works across the country, providing specialist support and fund management for community benefit funds linked to renewable energy projects such as wind farms. We work alongside communities to help them navigate and maximise these long-term funds, ensuring that they are community based and community directed. In the last year we undertook developmental work with communities on prospective community benefit funds in Highland, Perth and Kinross, the Scottish Borders, Dumfries and Galloway and Argyll and Bute. We also set up five new community benefit funds with communities in Moray, Scottish Borders, Shetland, Fife, and East Lothian, and undertook groundwork for a significant new regional fund for Caithness that will launch in 2027.

As more energy projects come on stream, some communities are being cumulatively impacted by multiple energy projects and multiple funds and others are experiencing community benefit opportunities for the first time. Across these many different types of settings, the Communities team has been well placed to guide and advise on approaches that are often ambitious and pioneering, while taking account of local and regional contexts.

The NnG Offshore Wind Farm Fund is a new community benefit fund that we have been supporting and that will initially provide funding to communities in Fife, East Lothian and East Berwickshire. Working with EDF power solutions and communities, we helped set up funding models tailored to the needs and ambitions of the different areas. In Fife, Foundation Scotland worked with community representatives to explore Fund distribution arrangements to best support community action plan priorities and small grant schemes. In Berwickshire the funding will extend an established fund already administered by us to reach more communities and widening impact. In East Lammermuir NnG funding is supporting delivery of East Lammermuir's local place plan.

We co-designed Caithness Futures, as an effective way to create a pooled arrangement for community benefit funds in Caithness. The work is in its early stages but will enable developers like RWE, who Foundation Scotland has been working with for many years, to support the communities closest to its windfarms, and also the wider Caithness area. Other businesses and philanthropists providing funding into Caithness will be invited to use Caithness Futures as a mechanism for their giving, providing more coherence to incoming funding and widening possibilities for strategic impact.

Ambition 2 – Invest: Invest purposefully to create a financial return and positive social impact

Objectives - Build invested capital, underpinned by an impact investment approach; Develop social investment products and a portfolio of investees.

Our Measures

	2021-22	2022-23	2023-24	2024-25	2025-26
Capital Value of Invested Funds [see page 30]	£56.1m	£49.2m	£52.9m	£46.0m	£54.6m
Value of the Loan Portfolio	£2.5m	£2.4m	£2.6m	£2.7m	£2.7m

Developing Social Investment across Scotland

Foundation Scotland's Social Investment programme continues to support charities, social enterprises and community organisations to deliver lasting social impact. By offering a blended finance model of loan plus grant, we enable organisations to grow sustainably while recycling capital for future community support. This approach supports mission-driven organisations to address local challenges, strengthen assets and create inclusive opportunities.

We expanded our social investment activity, supporting organisations such as New Start Highland with a £102,000 investment towards a £500,000 training and reuse village, and The Art Department Paisley with a £100,000 investment to develop a permanent creative hub. An investment of £54,000 towards two new build affordable eco-homes on Eigg helped to install the first two domestic air source heat pumps on the island.

Our social investment has enabled community organisations to thrive as local hubs. For example, Dundee East Community Sports Club has developed facilities supporting over 1,000 members aged 3 to 74, fostering inclusion, wellbeing and skills development. Similarly, Irvine Community Sports Club has expanded its reach through modernised facilities and programmes such as Time2Talk, supporting thousands of individuals with mental health, employability and digital inclusion. These investments demonstrate how community-led organisations can become cornerstones of local life when supported by patient and flexible finance.

We have been exploring a role in support of Community Shares. During the year, we purchased a £20,000 stake in a community share issue, held by Action Porty, for the redevelopment of their community space in a previously purchased church.

Review of Investment Model and Investment Manager

We completed the review of our investment policy and investment model during the year and changed from an impact investment to a responsible investment model. Following a rigorous competitive tender, we appointed Rathbones and moved funds into the Rathbones Charity Growth and Income Fund [RCGIF] in January 2026. The decision reflected our commitment to deliver smoother, more consistent returns over time while continuing to grow the real value of capital.

The RCGIF is a Charity Authorised Investment Fund, designed specifically for charities. Responsible investment sits at the heart of the Fund's approach, with robust exclusions covering fossil fuels, armaments, gambling and other harmful sectors; alongside active engagement with companies on climate, human rights and governance. The Fund's environmental credentials are strong, with a carbon footprint some 67% lower than the FTSE All World Index. We are confident that this Fund is the right choice for Foundation Scotland's investments and will support our grantmaking ambitions for years to come.

Ambition 3 – Distribute: Work alongside stakeholders and communities to improve the design and delivery of grant and loan programmes

Objectives - Distribute more funding into Scotland's communities; Deliver a range of distribution models, with increasing emphasis on co-produced approaches.

Our Measures

	2021-22	2022-23	2023-24	2024-25	2025-26
Total Annual Distribution [value per the Accounts]	£17.2m	£23.4m	£22.4m	£32.3m	£43.7m
Total Number of Awards	2,905	2,713	3,030	3,600	5,729

Delivery of a £15 million Response Fund over two years

We designed and fast-tracked a £15 million Response Fund aimed at supporting communities and individuals impacted by multiple crises in Scotland. We recognised that many of the organisations which support individuals who are the hardest hit, are also suffering from a decline in funds, increased running costs, and a huge increase in those in need of support. The Fund was designed with immediate response, coupled with a view on long-term sustainability for community organisations. The Response Fund supported the following.

All 59 Citizen's Advice Bureaux in Scotland: to keep services running and boost capacity at a time of overwhelming demand, as more people seek support with energy bills, benefits, debt, housing and other urgent issues, often with fewer resources to meet that need.

Development Trust Association Scotland: to support 50 individual development trusts, in urban and rural locations. Communities need capacity to become more resilient, and these grants will help them to do so. In the last year, £800k was distributed to support 15 development trusts.

The most common request for support has been building organisational capacity through key roles. For example, Castle Douglas, Inchinnan, and Portree & Braes each appointed Development Officers to manage specific growth moments. Twechar Community Action brought in an Interim Recovery Manager to stabilise their organisation. Grants also supported financial resilience and income diversification, helping development trusts move away from grant dependency and protect themselves from a shrinking funding landscape and wider economic pressures. Examples include Maryhill Burgh Halls Trust planning for sustainability beyond its current council lease.

Grants also supported the link between financial resilience, asset management and community asset transfer, such as Wester Loch Ewe Trust progressing renovation of their Old School alongside a community land acquisition. It is noteworthy that while the programme seeks to support both urban and rural development trusts, a significant proportion of recipients are in remote or island communities, where the stakes of organisational failure are higher because there are fewer alternatives to fill the gap.

Community Enterprise Recovery Service: in partnership with Community Enterprise, funding supports organisations in distress with a credible path to recovery, providing flexible, unrestricted investment to stabilise operations and strengthen long-term resilience. Early learning shows that many organisations often seek help too late, when close to insolvency, requiring pace and pragmatism, and that leadership and governance are as critical as financial recovery. The work is strengthening organisations beyond crisis, though it is clear that grant funding must be complemented by business support and financial expertise. Demand is rising quickly, highlighting both the scale of need and the high-risk, high-impact nature of this approach.

Grassroots Boost: delivered in partnership with Corra Foundation, this fund provided micro-grants of up to £3,000 to local community groups, including non-constituted organisations. Also supported by Comic Relief and the STV Children's Appeal, Grassroots Boost offers a rapid delivery model, and an opportunity to learn together via this fund.

Cost of Living Uplift: a separate one-off, automatic payment of £500 per organisation was made to all grantees during the year, recognising higher-than-expected cost pressures. This simple, unrestricted grant provided flexible support, with no additional conditions.

National Insurance Uplift: this was an automatic uplift in grant value to those grantees which applied for and received grant funding last autumn, and who were caught out by the surprise increase to employer National Insurance costs, not factored-in to their funding application.

Grassroots Community Climate Action Fund: also developed during our Summer Conference, this programme supports community-led climate action. It includes capitalising Glasgow Community Energy's fund, enabling South Seeds to create a net-zero hub at Queen's Park, supporting Earth in Common to develop its "Urban Croft" model, and boosting grant-making by five urban Community Climate Action Hubs to meet local demand.

Bridging the Gap

This newly implemented programme picks up strong, and positively assessed applications that did not receive support due to financial limits of particular funds. The idea for this internal initiative emerged from the staff team during our Summer Conference, with the model now demonstrating that it maximises existing assessment work and offers an efficient way to extend impact. Examples of projects funded last year include Caraidean Uibhist SCIO in Uist, which is reducing social isolation through a befriending and support service that helps people stay connected and active in their community, and Freedom of Mind Community Choir in Falkirk, which is improving mental wellbeing and inclusion by enabling accessible participation and outreach in healthcare settings. Others include Glasgow Children's Holiday Scheme in Glasgow, which provides disadvantaged families with vital respite and positive shared experiences, and Isle of Eigg Heritage Trust, which is exploring renewable energy solutions for greater energy security.

Planning for a £30m Fund

We progressed the design of further unrestricted funds, scoping headline themes for this fund. Through the collective intelligence of staff and trustees, strong themes emerged in the discovery phase, and these will be fine-tuned during 2026 into a fund strategy for implementation.

Fund Hosting – Edinburgh Regenerative Futures Fund (ERFF)

We continued to host and work closely with ERFF, a pooled fund and co-designed programme, focused on systemic change at the intersection of poverty, racism and the climate crisis in the city. During the year, ERFF passed the halfway point towards the target of £15.8m in collaborative funds. Working from a community-led approach which shifts decision making power to residents with lived experience linked to the themes of the fund, expressions of interest for funding were invited from community organisations. This led to a capacity building cohort of 38 organisations and collaboratives, each provided with short-term development funding to support building their understanding of system change, developing collaborations and preparing a full proposal. The final proposals were received in early 2026, decisions completed by the end of March 2026 and the cohort of between 10 and 15 organisations and collaboratives to be funded over the ten-year life of the fund will be announced in May 2026.

Fund Hosting - Clackmannanshire Transformation Space

Clackmannanshire's Transformation Space is a partnership between local residents, Clackmannanshire Council and funding partners. Money from the Council will be pooled with external funding to create a new resource to support projects and initiatives which address issues identified by and affecting those who live and work in Clackmannanshire. At the heart of the Transformation Space is Community Voice, a 60-person group of local people with direct experience of the many issues the Transformation Space seeks to tackle. In this first trial year, available funding has been focused on Preventing Homelessness, Mental Health Support for under 25's, Support for Women and Girls and Employment that Lifts People Out Of Poverty. Community Voice has explored and articulated what people in Clackmannanshire need around these themes, shaped calls for proposals and then made decisions on funding.

We were appointed as the Fund Manager to help move the Transformation Space from concept to delivery at pace. Working closely with Clackmannanshire Council, we have delivered thematic funding rounds co-designed with Community Voice members, supported thematic Community Voice Panels, and supported learning activity to capture insight and impact via Community Voice Gatherings and via a learning exchange session with funded organisations. The thematic panels have considered 55 proposals this year. £500,000 has been distributed through 16 awards and the awarding of a further £400,000 is imminent. We were able to provide additional funding of over £70,000 for Transformation Space.

Supporting innovation and good practice in East Lothian

This was the first year of hosting the Energy Projects Partnership Manager role for the East Lammermuir community in East Lothian. This area has over 14 energy projects in development. This new role is one which currently doesn't exist anywhere else in Scotland. It is about facilitating a collaborative approach to multiple renewables developments in a concentrated area, one which has community agency at its heart at all stages, from planning, consent, and construction to community benefits. This will involve exploring the "art of the possible", understanding and balancing different perspectives and partnership working. We have been improving communication between different parties and building opportunities for more community engagement in the significant transition affecting the area. Growing these relationships has connected us with wider East Lothian communities. As a result, we have a Memorandum of Understanding with East Lothian Community Benefits SCIO who will support East Lothian wide community benefit funding opportunities.

Community Impact from Community Benefit funds and Philanthropic Funds

Funding from Community Benefit funds and Philanthropic Funds enabled a wide range of impactful community organisations to meet local needs and develop services for the future.

Reviving community identity in South Lanarkshire (c. £15,770 grant): A grant from the ORIT Cumberhead Community Fund enabled volunteers in Coalburn to revive the Miners Welfare Gala Day - an 87-year-old tradition at risk of disappearing. The event brought together families, local groups and businesses, removing financial barriers to participation and strengthening community cohesion. The project has since built momentum for future years, demonstrating how relatively modest funding can unlock large-scale community participation and pride.

Supporting vulnerable young people into employment (c. £16,700 grant): In Edinburgh and Glasgow, a grant from the Bairdwatson Charitable Trust enabled Move On to employ a Development Worker providing one-to-one support for young people aged 16–25.

Participants, many with experience of care or disengagement from education, gained qualifications, improved confidence, and progressed into further education, training or employment. The role was critical in building trusted relationships and tailoring support to individual needs.

Transforming rural isolation into community connection in Lochaber (c. £47,000 grant): A grant from Crown Estate Scotland supported the development phase of the Inchree Barn project, transforming a historic rural building into a future community hub. In an area experiencing isolation, the project aims to create a shared space for social activity, services and connection, demonstrating how capital investment in local assets can underpin long-term community resilience.

Building climate action and community participation in Aberdeenshire: Funding from Vattenfall Unlock Our Future Fund helped a community growing initiative in Ellon with the creation of allotments, raised beds and shared infrastructure, attracting a diverse group of participants including people with mobility challenges and residents from international backgrounds. The project promotes sustainability, active travel and social connection, while adapting to challenges such as water access and climate conditions, illustrating grassroots climate action in practice.

Celebrating the EDF Dorenell Fund in Moray – five-years and £2 million milestones: This year, the EDF Dorenell Fund marked five years of operation, having awarded over £2 million through more than 100 grants to around 40 local groups in that time. The fund has supported a wide range of projects, from paths, playparks and community facilities to local activities, events and skills development. It also now invests in key local roles, including development officers and youth workers, with a growing focus on longer-term, strategic funding. Innovative approaches have included a repayable award supporting affordable housing and investment in local path networks, strengthening connectivity and access across the area.

Natural Capital Community Partnerships

Strong progress is being made on the Natural Capital Community Partnerships project, which Foundation Scotland is co-funding to 2028. The initiative aims to develop fair, practical models where communities, developers and landowners share in the benefits of natural capital investment. Delivered through Community Land Scotland in partnership with the Scottish Land Commission, the team is now largely in place and operating across Scotland. Key milestones include the publishing of a Route Map. This is a practical guide to ensure nature restoration projects, such as peatland, woodland and biodiversity initiatives, deliver meaningful community benefit. This is aligned with Scottish Government policy on natural capital investment and supports a values-led approach to shared outcomes.

Ambition 4 – Learn: Build an evidence base of how we achieve positive social impact

Objectives: Build an evidence and learning base through analysis of our approaches to donor support, fund distribution, grant and loan making, and its impact: Use our evidence and learning to grow our reach and visibility, and influence policy and funding

Our Measures

	2021-22	2022-23	2023-24	2024-25	2025-26
Number of published outputs (recording commenced in 2022-23)	-	29	13	19	20

Community Benefit – Driving up Good Practice

Working with the University of Strathclyde, we co-authored a new resource: 'Guiding Principles and Actions for Enhancing Community Benefits from Community Benefit Funds'. It was informed by convening practitioners and organisations implementing community benefit arrangements to discuss different models and approaches to community benefit. The resource featured at a Scottish Parliament reception, which also launched an impact report on community benefit in three Highland communities, jointly commissioned by Foundation Scotland, RWE and SSE Renewables. The event highlighted Scotland's world-leading expertise in community-led approaches and demonstrated how we work with energy businesses and communities to maximise benefit funds in line with local priorities. During the year Foundation Scotland also published a related study commissioned to the same research team at the Strathclyde Institute for Sustainable Communities. *A Review of Foundation Scotland's Approach to Community Benefit Funds* is an independent, in-depth study of our approach and offers clear evidence, insight and guidance on what good practice looks like.

Community Wealth Building

Ahead of Scotland's world first Community Wealth Building Bill being passed, we funded a feasibility study on a Scottish Community Wealth Fund, exploring how renewable energy value can be captured and reinvested for long-term community benefit, with community-led governance at its core. The report will be published in 2026.

Philanthropic Funding: Together for Good: crafting Scotland's philanthropic journey was a workshop series, convened by the Centre for the Study of Philanthropy & Public Good at St. Andrews University. The sessions were framed: *Assessing the Current State of Philanthropy in Scotland*, *Working towards a Shared Vision for Philanthropy Policy in Scotland*, and *Developing Collaborative and Sustainable Structures and Strategies to Strengthen Scottish Philanthropy*. They brought together stakeholders to examine the sector's strengths and challenges, explore a shared national direction, and consider the structures needed to support long-term impact. We had the opportunity to contribute to the sessions and engage with partners across academia, the public, private and third sectors. Discussions focused on the potential for a National Strategy and drew on learning from international examples to inform a more coordinated approach.

Exploring Scotland's Philanthropic Landscape launched a significant new study, also from St. Andrews, which, for the first time, systematically maps Scotland's grantmaking foundations. The research provides a clearer picture of the scale of wealth they hold and analysing how this funding is distributed. We joined participants at the launch, and explored the findings together, reflecting on the roles and responsibilities of philanthropic foundations and what the research might mean for the future of philanthropy and the public good in Scotland.

Foundation Scotland features in the top ten largest grantmaking foundations, and as such we play an active role in shaping and informing the development of philanthropic policy and practice, and in strengthening effective, community-led approaches to grant distribution across Scotland.

Education and Training Funds evaluation and learning

Education and Training Funds linked to community benefit arrangements continue to deliver meaningful impact. Since 2016, Foundation Scotland has supported 27 such funds, investing more than £2.3 million in over 2,000 individual awards. These funds provide flexible support for qualifications, vocational training and essential participation costs such as travel and childcare, particularly benefiting rural and remote communities. Beyond educational outcomes, they build confidence, unlock opportunity and strengthen local economies, demonstrating how community-led funding can transform individual lives and community resilience.

Our evaluation of Education and Training Funds demonstrates the transformative impact of flexible, community-led funding. The findings show that trust-based, locally informed approaches enable individuals to access learning, retrain and pursue new opportunities. The evaluation also highlights the importance of sustained support, simple processes and recognition of real-life costs in achieving meaningful outcomes for individuals and communities. Key learning includes the importance of flexible funding that reflects real participation costs; simple, non-stigmatising approaches that build trust; sustained support over time rather than one-off awards; and recognising how individual investment strengthens communities. The findings also underline how place – including rurality and limited local opportunities – shapes need and design.

KP4E Annual Conference, Edinburgh

We contributed to the KP4E annual conference in Edinburgh, sharing learning from our Tackling Inequalities Fund and our cohort-based approach. KP4E supports young people through long-term, relationship-led funding, with a strong emphasis on collaboration across its network of partner organisations. Discussions covered innovation, fundraising and collaboration, reinforcing the importance of trust-based approaches and shared learning in strengthening outcomes for young people and communities.

Learning Exchanges in Scotland and the UK

Engagement in national sector events included the Scottish Council for Voluntary Organisations [SCVO] Gathering, an Institute for Voluntary Action Research [IVAR] session on open and trusting grantmaking, and participation in the Scottish Funders Forum Climate Sub-Group, alongside wider sustainability and community engagement events. We also contributed to sector learning through the Elevate Fundraising Conference, and continued to engage in policy and practice discussions, including *Local People Leading* at the Scottish Parliament.

Learning Exchanges with European Partners

With the European Community Foundation Initiative we co-facilitated *a Community Foundation leaders' movement*, focused on themes of community and democratic resilience, in a changing socio-political landscape. This brought together community foundation leaders from Germany, Hungary, Serbia, Romania, Portugal, Spain, Italy, Belgium, Czechia, Northern Ireland, England. We will continue to support the development of this Community Foundation leaders' movement.

ECFI Youth Fest, Naples – youth leadership and participation: we attended this gathering in Naples, bringing together community foundations from across Europe to explore how to foster youth leadership and participation in decision-making.

We examined approaches to engaging young people meaningfully, including youth-led panels and participatory funding models, contributing to a panel on the United Nations Convention on the Rights of the Child, and the importance of ensuring young people's voices shape decisions that affect them. The event reinforced the potential for more participatory, youth-focused approaches within our own grantmaking, and the opportunity to test and develop these ideas in Scotland.

We engaged with the Philanthropy Europe Association (Philea) and engaged in their *Foundations and Cities Shaping Just Urban Futures* exchange with over 30 funders from across Europe, in Paris; and contributed to Philea's European Environmental Funders Group work. The Foundation also contributed to learning Power of Change Conference, Denmark, alongside the Wellbeing Economy Alliance.

National policy consultations

Community Benefit and Shared Ownership – UK Government – Working Paper Response

We responded to the UK Government's Department for Energy Security and Net Zero's (DESNEZ) consultation on Community Benefits and Shared Ownership. This was focused particularly on proposals to mandate community benefits from renewable and low carbon energy projects, representing a significant shift from the current voluntary system. While we agreed that mandating payments would give communities and developers greater certainty, we raised serious concerns about the impact of a compliance-driven approach. Scotland has developed world-leading practice in community benefit delivery, and we are committed to ensuring any new legislation preserves the flexibility that makes this work effective. We have since welcomed Great British Energy's Local Power Plan that has committed to making shared ownership a priority.

Community Benefits from Net Zero Energy Developments – Scottish Government - Consultation Response

We responded to the Scottish Government consultation on community benefits from net zero energy developments, drawing on extensive engagement with communities, developers and partners across Scotland. Our submission emphasised the importance of community-led decision-making, fair and proportionate benefit sharing, and strong governance to maximise long-term impact. Our response also reinforced the value of collaboration, capacity-building and national support mechanisms to strengthen policy and practice, ensuring community benefit arrangements deliver lasting social, economic and environmental outcomes.

Community Benefit Advisory Groups

Through the year we have been a member of Scottish Government Review Advisory Groups for the Review of Good Practice Principles for both Onshore and Offshore Community Benefit.

Other advocacy and profile-raising work

Following the closure of the DESNZ consultation, Foundation Scotland joined with Scottish Renewables and convened 45 organisations from across the public, private and community sectors to sign an open letter to the UK government, highlighting Scotland's hard-won learning and deep experience of community benefit built over two decades. The letter called for any future UK government policy on community benefits to build from the foundation of good practice already developed here in Scotland and enable and not constrain the continuing development of best practice. We also presented at both the All Energy Conference in May 2025 and the CARES Annual Conference in December 2025.

Raising our Gaze

In February, alongside WEAll Scotland, we were invited by the Danish KR Foundation to run a workshop about the principles of the wellbeing economy and its relevance to philanthropic strategies. WEAll invited us to participate and share our story of our 'Raising our Gaze' work. The workshop took place as part of the Forandringskraft conference in Copenhagen attended by invited funders and philanthropists from the Nordic region.

Ambition 5 - Improve: Develop the Foundation and our people to improve delivery and our financial and environmental sustainability

Objectives: Develop staff capabilities and engagement, to improve service delivery and staff satisfaction; Focus on continuous improvement to deliver in a financially and environmentally sustainable way

Our Measures

	2021-22	2022-23	2023-24	2024-25	2025-26
Staff Turnover	18%	24%	6%	8%	11%
Time spent on Learning and development	3.3%	2.4%	3.7%	3.3%	3.1%
Salary Costs as a % Donor Contributions [fees]	97%	82%	109%	105%	110%
Carbon Emission [tCO2e] average per staff member	0.59	0.91	1.63	1.40	1.05

Internally, we have progressed organisational development and improvement activity, including pricing structures and brand positioning, alongside planning for major milestones such as our 30th anniversary, ensuring we are well positioned to deliver sustainably into the future.

People, Learning and Performance Initiatives

Over the past year, Foundation Scotland has made a deliberate shift towards a more trusting, outcome-focused culture. This has been supported by the introduction of a new competency framework and a consistent, organisation-wide performance management approach, reinforcing clarity of expectations while supporting staff development. This has been accompanied by targeted support for line managers and a growing emphasis on linking performance conversations with longer-term career development and progression.

Staff engagement and wellbeing have remained a core focus, with annual survey results indicating broadly positive feedback alongside clear areas for continued improvement, particularly around connectivity in a hybrid working environment. In response, the organisation has introduced a range of initiatives including increased in-person engagement opportunities, all-staff events, volunteer days, and the reintroduction of regular all-staff calls to strengthen communication and connection.

We have strengthened our approach to employee experience through the development of an Employee Experience function, enhanced internal communications, and a more structured people calendar, alongside clearer signposting of wellbeing support such as counselling services. There is also a continued emphasis on fostering a healthy working culture, including modelling balanced working patterns and supporting both organisational and individual responsibility for wellbeing.

Investment in learning and development has been a focus, including people manager development focused on feedback and coaching skills, alongside organisation-wide learning opportunities such as expert-led sessions and all-staff learning days. These initiatives aim to build capability at all levels and support a culture of continuous improvement.

Leadership development has been prioritised, with external support commissioned to strengthen Lead Team effectiveness and teamworking. This reflects a recognition of the importance of leadership cohesion in delivering long-term strategy and supporting a growing and evolving workforce.

We have continued to review and enhance our reward and benefits approach to remain competitive within the sector, including maintaining alignment with median market cost-of-living adjustments and progressing recommendations from a recent reward review. This supports both staff retention and our position as an employer of choice.

We have also continued to identify and respond to people-related risks, including staff turnover in specific teams and health and safety considerations for staff working in rural environments. Actions underway include role design review, improved onboarding and support, and the introduction of enhanced safety measures for lone and remote working.

AI and Digital Improvements

During the year, we continued to invest in artificial intelligence and digital systems to streamline processes and improve operational efficiency. As a result, our operations team successfully supported a 50% increase in applications without any increase in staffing levels. We also simplified the processes for our high-volume energy awards programmes, improving the experience for applicants while reducing administration time and enabling faster decision-making and payments.

Fair Payment Code

We strengthened our commitment to responsible financial management and supplier relationships by becoming signatories to the Fair Payment Code. Following an assessment of our processes we were awarded the Gold Standard. We now process payments within 14 days of receipt, ensuring that organisations and suppliers providing services to Foundation Scotland are not left out of pocket. In addition, we introduced a new AI-based expenses and invoice management system, which has improved the accuracy and speed of staff claim settlements while enabling tighter tracking and reporting of carbon dioxide emissions associated with travel and expenditure.

Cyber Security

Foundation Scotland has taken the strategic decision not to maintain Cyber Essentials accreditation, following recent changes requiring trustees' personal devices to be included within the scope of assessment. We concluded that this would not represent a proportionate or effective use of resources. Instead, we continue to invest in measures that deliver stronger and more practical protection across our systems and operations. Our systems and controls continue to meet - and in many areas exceed - the technical standards set by Cyber Essentials, including secure configurations, system patching, access controls, firewalls, and malware protection. Alongside these controls, we provide regular cyber security training and testing for staff, maintain 24/7 monitoring and rapid threat response services, and operate conditional access policies to ensure that only secure devices can access organisational systems.

External Accreditations

During the year, Foundation Scotland also undertook the triennial accreditation process with UKCF, an independent assessment framework that measures community foundation performance against sector-leading standards. The accreditation reviewed our performance across governance, finance and operations, philanthropy, grantmaking, and stakeholder engagement, providing assurance that our policies, practices, and controls continue to meet the high standards expected of a leading community foundation. The process also provided valuable opportunities for reflection and continuous improvement, helping to ensure that we remain accountable, effective, and responsive to the needs of our donors, partners, communities, and other stakeholders.

Foundation Scotland was independently assessed as part of the latest Foundation Practice Rating (FPR), a sector-wide review of UK grant-making foundations that evaluates organisations against measures of transparency, accountability, and diversity. Foundations are selected and assessed independently using publicly available information, including website content and regulatory filings, providing a perspective on how organisations present themselves to applicants and stakeholders. Foundation Scotland achieved an overall rating of B, including A ratings for both transparency and accountability, reflecting the strength of our governance, communications, and decision-making processes. We received a C rating for diversity, an area that continues to present challenges across the wider funding sector and where we remain committed to ongoing development and improvement. The assessment also highlighted the strong performance of community foundations overall, with all those reviewed this year achieving either A or B ratings.

Governance Review

Following completion of a Governance Review, the Board and People & Governance Committee have taken forward a structured programme of implementation, focusing on strengthening governance effectiveness, clarity and alignment with organisational growth. The review highlighted strong foundations, including high levels of engagement and robust governance documentation, alongside opportunities to streamline Board processes and enhance clarity of roles and responsibilities. Consideration was also given to committee models to ensure an appropriate balance between strategic oversight and operational clarity.

Financial review

The Statement of Financial Activities for the year is set out on page 41 and the Balance Sheet on page 42.

Overview

The 2025–26 financial year was one of significant activity and growth for Foundation Scotland, with both grantmaking and grantmaking delivery increasing substantially. During the year, the Foundation distributed £43.7m through 5,729 awards across Scotland, representing increases of 35% in the value of awards and 59% in the number of awards compared with the previous year.

At year end, Foundation Scotland managed total funds of approximately £132m. Whilst the overall value of funds remained broadly consistent with the previous year, this masks a high level of movement during the year, with around £48m of inflows and outflows across grants, donations, investments and operational activity.

Income

Overall income remained strong during the year. Exceptional one-off donations totalling £3.4m from two donors were received in 2025-26. Excluding these extraordinary gifts, underlying income in 2025–26 increased by approximately £9.3m, representing growth of 29%.

A major contributor to income remains interest earned on cash deposits. The £55 million donation received in 2024–25 continues to be held, in part, in short-term deposits while plans for its future deployment are developed, although the balance has reduced as funds have been distributed through grant-making activity.

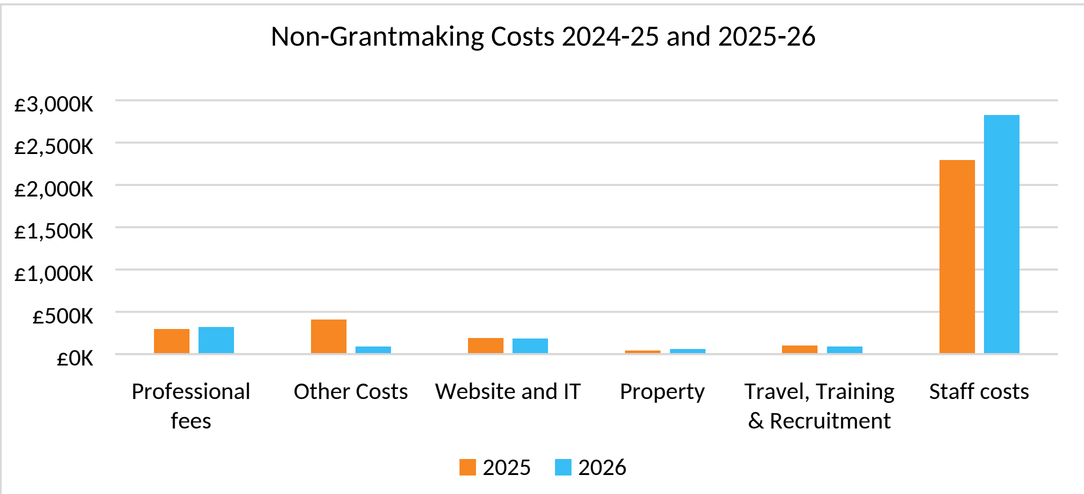
Income from social investment activity, dividends and loan interest reduced by £1.1m reflecting a reduction in interest rates and volatility in global investment markets.

The Foundation continued to attract new philanthropic and community benefit funding during the year. New funds established during 2025–26 as well as funding into existing funds contributed to a £6.8m 27% increase in monies available for grantmaking.

Donations into endowment funds totalled £5.0m, an increase of £3.5m on the previous year. The newly established Essentia Foundation Legacy Fund was the most significant donation contributing £3.6m.

Expenditure and operational investment

Total expenditure for the year was £47.7m, with grantmaking continuing to represent the vast majority of spending at around 90% of total expenditure. Non-grantmaking costs totalled £3.9m, maintaining a consistent balance between maximising funding distributed to communities and investing appropriately in the people, systems and governance required to support delivery. The ratio of grantmaking to service costs 90:10 is consistent with previous years.

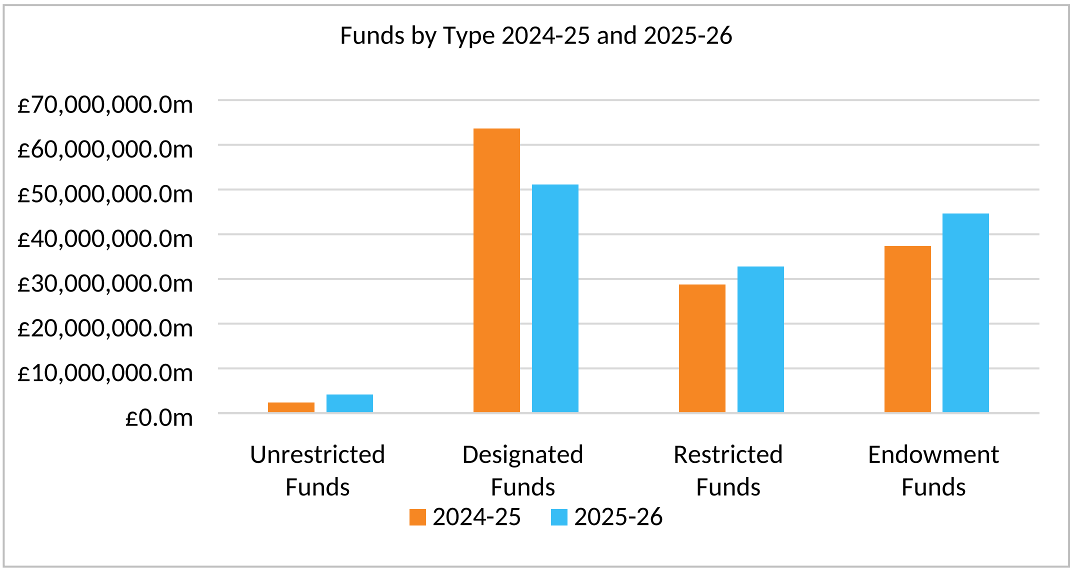


Support costs increased from £2.2m to £2.8m during the year. This reflected the annual pay award and the continued investment in staff development, leadership support and organisational capacity as part of its long-term sustainability plans.

Technology and digital investment decreased during the year due to a reduced number of hardware purchases. Despite this fall in expenditure the Foundation continued its programme to develop AI-enabled systems to improve operational efficiency and support the growing scale of applications and grant programmes. Professional fees also rose due to strategic projects and investment in leadership development.

Balance sheet and financial position

The Foundation's balance sheet remains strong and provides a solid platform for future activity.



Restricted funds increased during the year as new donor and community funds were established and donations continued to be made into existing funds. Designated funds reduced as balances were intentionally deployed to support grantmaking and strategic investment activity.

Investment values increased by £8.6m overall during the year. Driven by additions to endowment funds of £4.0m and gains of £4.0m

Cash balances remained largely static despite the deliberate spend down of designated funds due to interest generated on cash deposits linked to the £55m donation. Debtor balances increased due to accrued income relating to an intimated gift at year end.

Creditors increased due to higher levels of grant commitments outstanding at year end. These accruals relate primarily to large strategic awards which will be paid over future periods.

Summary

Overall, Foundation Scotland remains in a robust financial position, with healthy liquidity, strong reserves and substantial restricted and designated funds available to support future grantmaking, investment and long-term community impact across Scotland.

Future plans

During the year ahead we will finalise our long-term organisational strategy (which will launch in 2027), while continuing to ensure that communities remain central to how funding is designed, distributed, and stewarded.

Under our new strategy, we will deliver our work through three connected strategic pillars, rather than our existing five Ambitions. These pillars are: Inspire Funding, Invest in Communities, and Influence Change. Together, they reflect our ambition to strengthen philanthropy, community investment, and community-led change across Scotland.

Under our three Pillars, our work in the year ahead will include the following:

Inspire Funding

During 2026-27, we will continue to strengthen and grow philanthropy and community investment across Scotland. We will further develop relationships with individual donors, charitable trusts, businesses, and corporate partners, while also refining our philanthropy offer to make giving more accessible, flexible, and impactful.

- We will continue implementation of a revised philanthropy pricing and stewardship approach, designed to simplify arrangements for donors and improve accessibility to Foundation Scotland's services. Alongside this, we will strengthen our donor care, communication, and relationship management capacity, helping ensure high-quality stewardship and long-term engagement with donors and fundholders.
- A focus for the year ahead will be advancing Foundation Scotland's leadership in community benefit funding. We will continue to support communities, developers, and partners to design and manage effective community benefit arrangements that are rooted in local priorities and community decision-making.
- We will continue to develop opportunities linked to major strategic funding partnerships and programmes, including further work associated with transmission infrastructure and strategic community benefit opportunities. We will also continue to strengthen our policy and practice leadership in community benefit funding, contributing to wider sector learning and collaboration.
- We will launch a new brand and a new website during the year. This project will deliver a new digital platform that supports our ambition to increase visibility and engagement, to grow our donor base, and improve access for those seeking funding, transforming our website into a core tool for inspiring philanthropy and investing in communities.
- Alongside this, we will continue to grow invested funds and strengthen our long-term financial stewardship approach. Following the transition to a new investment management arrangement, we will continue to develop our responsible investment approach and provide assurance and engagement to donors and stakeholders regarding stewardship and long-term sustainability.

Invest in Communities

Through this pillar, Foundation Scotland will continue to provide flexible, responsive, and relationship-led funding to communities and organisations across Scotland. We will aim to grow both the scale and reach of our funding programmes, while ensuring that support remains accessible, proportionate, and informed by community priorities.

- During the year ahead, we will continue delivery of a broad portfolio of responsive and strategic funding programmes, including support for vulnerable communities and organisations facing ongoing social and economic pressures. This includes continued development of approaches that combine responsive funding with longer-term preventative and systems-change ambitions.
- We will continue to strengthen our open and trusting funding practices, building on learning from recent years and ensuring that applicants and funded organisations experience supportive and relationship-led processes. We will also continue to improve how evidence, insight, and community voice inform fund design and delivery.
- The year ahead will also see continued development work on the proposed Foundation Scotland £30 million fund, including progression from discovery and funding landscape review to fund strategy development and partnership

exploration. This work will help shape a significant long-term programme aligned with Foundation Scotland's evolving strategic direction and commitment to community-led impact.

- The Edinburgh Regenerative Futures Fund will move into a significant new phase during the year ahead, supporting a cohort of organisations working at the intersection of poverty, racism and climate change with long term, unrestricted funding. This work will continue to contribute to field-building and learning around just transition and long-term systems change.
- We will also continue to strengthen support for community capacity building, peer learning, and collaboration. This includes work to support communities involved in community benefit funding, helping communities to participate effectively in decision-making, long-term planning, and local governance.
- Alongside programme delivery, we will continue to develop our internal systems, operational processes, and organisational capacity. Planned organisational development work during the year ahead will help ensure that Foundation Scotland is well positioned to support future growth, strategic delivery, and high-quality services across all areas of work.

Influence Change

Foundation Scotland will continue to strengthen its role in influencing policy, practice, and learning across philanthropy, community investment, and community-led development in Scotland.

- During 2026-27, we will continue to develop our evidence, evaluation, and learning approaches, ensuring that insight from programmes, communities, and partners informs our future funding design and also wider sector discussions. We will share learning through impact-led reports, events, partnerships, and networks, contributing practical insight and evidence to improve funding practice and long term impact.
- Community voice and participation will remain central to our work. We will continue to support approaches that place communities at the centre of decision-making, including participatory and community-led funding models. We will also continue to strengthen how lived and learned experience informs both programme delivery and wider strategic thinking.
- The year ahead will include continued collaboration with partners across philanthropy, civil society, public policy, and community development. Foundation Scotland will continue to act as a convener and collaborator, creating opportunities for shared learning, dialogue, and collective action around the issues affecting communities across Scotland.
- We will also continue to contribute to national conversations around philanthropy, democratic resilience, climate and nature, community wealth, and the future role of community foundations. Through partnerships, networks, and sector engagement, we aim to support stronger, fairer, and more community-led approaches to funding and social change.
- Internally, we will continue work on organisational development, leadership capacity, governance, systems, and culture, ensuring that Foundation Scotland remains resilient, values-led, and capable of delivering long-term impact in an increasingly complex external environment.

Enablers

In order to deliver our work through these three strategic pillars, we have a framework of enablers to ensure staff capabilities and engagement, improve service delivery and drive continuous improvement. These will help us to deliver greater value for our people, partners and Scotland's communities.

- We will continue to invest in staff engagement, wellbeing, and development.
- Our staff will continue to help guide our direction of travel through meaningful consultation, for example on new funding models, strategic initiatives, and our values and culture.
- We will ensure that our staff team is enabled and supported to lead, manage and deliver our strategy and operational plans, by further investing in our organisational sustainability and workforce planning. This will be

delivered through our Staff Resources Plan, supported by a commissioned external organisational design review to ensure that roles, structures and capacity remain fit for purpose.

- We will continue to drive continuous improvement across all areas of the Foundation, learning and revising our digital processes and practice, including the use of AI tools. Our Finance and Operations team will continue to drive innovation in our approach and our systems. This will include improving grantmaking transparency by implementing a comprehensive Geo-mapping system, and integrating AI into our grant reporting systems, to better support our work around impact.
- We will further strengthen our IT security through a programme of measures designed to protect data and mitigate emerging cyber risks.
- We will develop a long-term financial model aligned to Foundation Scotland's emerging 10-year strategy and funding ambitions. This will support phased distribution planning for the proposed new £30 million strategic fund, while also ensuring the ongoing financial sustainability, operational delivery, and organisational development of the Foundation over the longer term.

Reserves policy

Foundation Scotland 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.

To achieve this, the Foundation reviews its reserves policy annually to ensure that reserve levels are set to cover risks and liabilities but equally that reserves work hard, and investments and developments are undertaken in line with the strategic plan.

Free reserves are those that are available to spend on any charitable purpose. These are represented by Unrestricted Funds less Designated Funds [which includes fixed assets reserves]. In the case of the Foundation, free reserves are represented by the General Funds in note 18.

The levels of reserves and designated funds are set by the Board, with advice from the Audit and Assurance Committee, and are 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:

- Foundation Scotland's operating income arises throughout the year however there is one peak in the year – April. To provide for lags in income coming through and to ensure positive cash flow, two months of operating costs will be held – in liquid form – in unrestricted reserves. The sum required to cover this in 2026-27 is £735k.
- As the Foundation undertakes investment in line with the current strategic plan, net expenditure of £1,228k in 2026-27 will be covered by both income generated during the year and designated reserves that have been purposefully established to support these investments.

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

- The Community Impact Fund – to support funding applications which match strategic themes identified by the Foundation.
- The Development Fund – Philanthropy – to accelerate the growth of new donors.
- Bridging the Gap – to support high quality community projects that have been positively assessed but remain unfunded due to oversubscription.
- The Endowment Builder Fund - to support the establishment of Endowment Funds.
- The Income Generation Fund – to generate returns to contribute to the Foundation's operating income each year.
- The IT Infrastructure Fund – to support technological innovation and to ensure IT hardware is fit for purpose.
- Property Fund – to represent the value of the Investment Property, which is illiquid and not available for spending.
- Response Fund – to establish a fund to support a suite of emergency programmes undertaken in 2025-2027.
- Returns Fund – to hold the bank interest accruing on designated funds and any future exceptionally large donations, which will be subsequently allocated to projects.
- The Strategic Plan Investment Fund – to support the execution of the Strategic Plan.

The Audit and Assurance Committee reviews the level of reserves held against this policy at quarterly intervals throughout the year and reports on reserves coverage to the Board. The amounts identified to be designated as at 31 March 2026 to be able to deliver the Strategic Plan total £51.0m. The amount required from free reserves is £1.9m and the actual level of free reserves held is £4.1m. Given the economic uncertainties, the Board has agreed that the excess sum of £2.2m will be held as reserves for 2026-27.

Investment Policy and Performance

Foundation Scotland's policy is to hold restricted funds in cash where they are expected to be deployed in the short-term towards charitable activities ensuring funds are readily available when required and aligned with the anticipated timing of expenditure. Consistent with this approach, the £55 million donation received in 2024–25 was initially retained in cash while plans for its deployment were developed; as funds have subsequently been committed and distributed in furtherance of the related charitable objectives, the cash balance has reduced accordingly. Maintaining liquidity and avoiding the risk of short-term market fluctuations outweighs the potential benefits of investment returns.

Foundation Scotland aims to invest purposefully combining responsible investment with strong long-term returns. The investment policy is available on our website. As owners or legal custodians, Foundation Scotland held investments with a value of £54.6m at the end of March 2026, compared with £46.0m at the end of the previous year. Of this figure, £33.9m [62%] is invested at Foundation Scotland's discretion in a diversified multi-asset fund designed for charities – The Rathbones Charity Growth and income Fund [RCGIF]. The balance of funds, amounting to £20.6m [38%] is invested as advised by the original donors, or their stockbroking agents, mainly in investment trusts and other collective vehicles. Except for cash deposits, Foundation Scotland does not itself undertake any investing directly and uses a selection of Investment Managers.

Through the RCGIF, we pursue an investment objective of maximising total return from income and capital growth whilst seeking to maintain the real value of our investments after taking into account any withdrawals for grantmaking. Income is either re-invested or held as cash for distribution. Central to investment approach behind the RCGIF is the integration of environmental, social and governance [ESG] analysis into all investment decisions. The Fund also applies clear exclusions [e.g., fossil fuels, gambling, armaments, adult entertainment, predatory lending, alcohol, tobacco and cannabis]. Stewardship, including active engagement with companies on climate, human rights and governance issues is also integral to how the Fund is managed. Broker and donor-managed funds are encouraged to pursue similar investment objectives. Attention is paid both to the products and services provided by the underlying companies held in the portfolios, and to their business practices.

Other than the RCGIF, there are no specific Environmental, Social or Governance [ESG] restrictions on most of our investment funds. However, the Trustees consider that both fund managers and Board directors of invested companies have an increasing stewardship responsibility to all their stakeholders. The Board also believe that funds and companies which ignore ESG issues will be more at risk of reputational, and consequently financial, damage.

The Board agrees a level of cash to be withdrawn from the funds on an annual basis from capital and income. The level is reviewed annually with the aim of achieving long term sustainability. In setting the withdrawal rate, the Investment Committee will consider a range of issues including but not exclusively: investment performance; inflation; needs of beneficiaries; and the needs of Foundation Scotland guided by our Strategic Plan. The current standard level of withdrawal is four percent per annum, less Foundation Scotland's administration fee. With the prior agreement of Foundation Scotland, the level of cash withdrawal for any specific fund may be varied to suit the donor's grantmaking requirements.

It is the policy of Foundation Scotland to be as helpful as possible to potential donors. We are open to a discussion on accepting donations of investments as a transfer from a donor's personal investment portfolio. For exceptional donations these donations may remain invested with the donor's investment manager, subject to Foundation Scotland's approval. Where a donor does not have a sufficiently large fund to create a distinct portfolio, their monies will be invested in the RCGIF.

The Board has delegated the review and monitoring of investment performance to the Investment Committee. The Investment Committee reviews the performance of the portfolios against agreed comparators on a quarterly basis. The minutes of these meetings and a summary performance report are reviewed by the Audit and Assurance Committee and the Board.

Foundation Scotland began measuring combined investment performance in April 2019. Prior to that date the relevance of composite numbers was limited by the diversity of managers, fund objectives and styles involved. Over the year to end March 2026, a total Foundation Scotland return of 9.8% is recorded versus the appropriate Asset Risk Consultants [ARC] peer group average figure of 10.0%. For the year ended 2025, the corresponding figures were -1.4% and 2.9%.

The year to 31st March 2026 was a transitional one for Foundation Scotland's investment portfolio. During the financial year, and as instructed by the Board, Foundation Scotland completed a review of the investment assets for which the organisation has direct investment responsibility. After conducting extensive research and undertaking a comprehensive tendering process, the Board approved the transfer of these - previously held in the Foundation Scotland EQ Impact Portfolio - to the Rathbones Charity Growth and Income Fund. The transfer took place at the end of January 2026.

A key factor in making this decision was the need to broaden the diversification of holdings with the aim of providing smoother returns over time whilst still targeting long-term growth above inflation, aligning the investment objective with growing the real value of endowed funds.

For approximately 9 months of the financial year, discretionary assets therefore continued to be managed by EQ Investors [EQ]. Global markets during this period presented a mixed picture. Whilst US equities performed strongly – driven in large part by technology and AI stocks – international markets experienced greater divergence and geopolitical uncertainty contributed to a more volatile environment. In the face of continued volatility and in agreement with the Board and the Investment Committee, EQ adjusted the strategy from an Impact Strategy to a Sustainability Strategy in July 2025 which allowed for the inclusion of bonds. Returns to December 2025 for the EQ Portfolio were 12.2% compared to the ARC benchmark of 10.8% and CPI +3% of 3.6%

For approximately 3 months of the financial year, the discretionary assets were managed by Rathbones via the RCGIF. The RCGIF is a Charity Authorised Investment Fund [CAIF] – a structure specifically designed for charities – managed with a multi-asset approach across equities, bonds and real assets. It targets a total return of CPI + 4% over any rolling 10-year period. The period from January to March 2026 proved to be challenging, with the outbreak of armed conflict in the Middle East disrupting energy supplies and triggering falls across most equity and bond markets worldwide. Against this difficult backdrop, the Rathbones Charity Growth and Income Fund returned -4.1% over the period, behind the Foundation's target of 1.3%, The Board remains confident that the Fund's long-term objective of delivering returns above inflation, alongside a reliable income stream, remains appropriate for the Foundation's needs.

In addition to the financial returns, we are pleased to report that the RCGIF produced 67% lower emissions than had the investments been held in the FTSE All World Index and generated the following impacts since inception.

Risks

Our Risk Management Policy includes an assessment of the strength of the underlying controls and mitigating measures. Risks are scored in terms of their impact and their likelihood. While 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. The Foundation uses a risk management system – RiskMate - which ensures consistency, visibility and reporting around risks, incidents, and complaints.

Responsibilities for risk management are outlined below: -

Staff	Report incidents on RiskMate and assist in identifying risks.
Team Heads	Build a risk management culture in their team, ensure controls are carried out and identify and report changed risks on RiskMate.
Chief Finance and Operations Officer	Develops the risk management policy, develops the risk and incident management system [including RiskMate], co-ordinates risk management and controls activity, reviews RiskMate and compiles reports for the Chief Executive the Committees and the Board.
Chief Executive	Understands the most significant risks and leads on the mitigation activities assigned to the executive function.
Audit and Assurance Committee	Reviews and monitors the financial risks and progress against the related mitigating actions.
Investment Committee	Reviews and monitors the investment related risks and progress against the related mitigating actions.
People and Governance Committee	Reviews and monitors the people and Governance related risks and progress against the related mitigating actions.
Social Investment Committee	Reviews and monitors the social investment risks and progress against the related mitigating actions.
Board	Reviews the strategic risks and incidents quarterly, undertakes an annual deep-dive on strategic risks, approves the risk statements in the Annual report and Accounts and approves 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.

The most significant risks facing the Foundation are:

Risk	Mitigating actions:
Failure to deliver intended positive impact for communities.	We mitigate this risk through a structured approach to programme design, delivery and evaluation. Our Impact Framework and developing strategy guide programme development, informed by donor priorities, community needs analysis and stakeholder engagement. Community consultation and participatory approaches help align funding with local needs, whilst all new programmes are subject to Leadership Team approval and oversight. Delivery partners and grantees are subject to proportionate due diligence, with ongoing support provided by Fund Advisers and capacity-building where required. Grant monitoring, reporting and evaluation frameworks support oversight of agreed outputs and outcomes, alongside regular internal reporting and clear escalation routes for performance issues. We also maintain active engagement with communities, donors and partners, monitor changes in the external environment, and collaborate with other funders to strengthen delivery and inform learning.

Risk	Mitigating actions:
Failure to achieve satisfactory risk-adjusted long-term total returns from investment holdings	We mitigate this risk through a robust governance and oversight framework. A formal Investment Policy sets out risk appetite, asset allocation, and performance objectives. Oversight is provided by a specialist Investment Committee, including members with former fund management experience. The portfolio is managed by a reputable external investment manager, with performance monitored against agreed benchmarks. Quarterly investment performance reports are reviewed in detail, supported by regular engagement and challenge sessions with the investment manager. Portfolio diversification and periodic review of asset allocation are used to manage volatility and align the portfolio with long-term return objectives
Data and information systems are damaged by a cyber-attack.	During the year we decided not to seek Cyber Essentials accreditation criteria anymore. Cyber Essentials requires the inclusion of Trustee's personal devices which is not a proportionate measure for our Trustees or for our own use of resources. However, our systems and controls continue to meet - and in many areas exceed - the technical standards set by Cyber Essentials. We have robust protection systems in place, including up-to-date system patching, secure configurations, access controls, firewalls, and malware protection. In addition, we go further by delivering regular cyber security training and testing for staff, operating 24/7 monitoring and rapid threat response services, and implementing conditional access policies to ensure only secure devices can access our systems. Combined, these measures demonstrate that Foundation Scotland maintains the highest standards of protection against cyber threats and provides a secure environment for our partners and stakeholders. We continue to focus investment on more impactful measures that deliver stronger protection and resilience across our systems. A Business Continuity plan is in place with local backups supplementing online backups and enhanced rolling backup systems are also in place.
Failure to harness the benefits of AI technology.	We are aware of the opportunities arising from the adoption of AI technology and have undertaken trials with several AI tools. An AI Policy is now in place. In areas where we have chosen to incorporate AI into our operations, rigorous parallel running has been undertaken to validate outputs, assess reliability and ensure appropriate governance, data protection and human oversight prior to full implementation.
High Reserves diminish efficiency focus, enabling inefficient practices.	We mitigate this risk through operational discipline, performance monitoring, and targeted systems development. The Finance and Operations team leads the standardisation and incremental automation of core processes, reducing inefficiencies and reliance on manual interventions. The CRM system has an active development plan, currently being implemented alongside staff training to improve data quality, reporting, and workflow efficiency. Key performance metrics, including ratios such as salaries to team income, are established and regularly reviewed to monitor cost control and organisational effectiveness. Budgeting and resource allocation processes reinforce accountability, with decision-makers expected to apply principles of prudent financial management and value for money. Regular management reporting and Board scrutiny ensure that a strong reserves position does not reduce operational rigour and that resources remain aligned to strategic priorities and impact

The global landscape continues to be characterised by persistent uncertainty and volatility. Ongoing conflicts, alongside the rise of populism, increased polarisation, and widespread disinformation, continue to destabilise societies worldwide. These challenges, compounded by the worsening climate crisis, economic pressures, and rapidly evolving technological disruption, continue to disproportionately impact the most vulnerable in our society.

The change in UK Government in 2024 has brought about significant shifts in policy direction, regulatory frameworks, and economic strategy. While this transition creates short-term uncertainty, it also presents potential opportunities for the voluntary sector. The new government's focus on economic reform amid inflationary pressures, and strained public services presents both challenges and possibilities for the voluntary sector.

The Foundation recognises that these multiple and overlapping crises affect not only its operational capacity but also influence both donor behaviour and the increasing demands for support from communities across Scotland. The cost-of-living crisis continues to strain household finances, exacerbating existing inequalities and escalating demands for support.

The Board remains vigilant to the continued turbulence ahead. Although the Foundation is fortunate to have a strong reserve base it regularly assesses and manages risks to ensure organisational resilience whilst continuing to strive to maximise positive impact across Scottish communities.

Sustainability

The Foundation's strategic plan outlines a commitment to act sustainably: investing in people, place and planet. In connection with this, the Foundation commissioned a review of its carbon emissions which included the establishment of a methodology for the calculation of its carbon footprint. The Foundation is responsible for impacting on the environment primarily through the delivery of its services, through the day-to-day functioning of the organisation.

The Foundation's carbon footprint has been calculated in accordance with the Greenhouse Gas [GHG] Protocol[1] which categorises carbon emissions as scope 1,2 or 3 emissions:

	2026 tCO2e	2025 tCO2e
Scope 1 – Direct GHG emissions occur from sources that are owned or controlled by Foundation Scotland. Fuel combustion, company vehicles.	0	0
Scope 2 – This includes indirect GHG emissions that arise from the generation of purchased electricity consumed by Foundation Scotland. Purchased electricity, heat, and steam.	0	0
Scope 3 – An optional reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of Foundation Scotland but occur from sources not owned or controlled by the organisation directly. Purchased goods and services, business travel, and employees working from home.	52.63	64.58

By way of context, the carbon footprint per person in Scotland is 13 tCO2e[2].

Most of our emissions are from homeworking – based on 50 full time equivalent members of staff working at home – with business travel accounting for 38%, homeworking for 50% and IT equipment purchases accounting for the remaining 12% of emissions. Emissions have decreased since 2024-25, partly linked to reduced expenditure on IT hardware but also due to reduced car travel.

During 2022-23 the Foundation took the decision to offset its carbon emissions and has invested in two projects. One project, overseas, is already generating 303 tCO2e of offset and the other – based in Scotland - will generate 200 tCO2e of offset when the woodland is mature.

The Foundation has deliberately focused on calculating and offsetting the emissions that it can directly influence. We will continue to seek to influence our service providers and grantees to adopt carbon reduction strategies. The Rathbones Charity Growth and Income Fund [RCGIF] – where over 61% of the investments are held – excludes investment in oil and gas companies. As signatories to the Net Zero Asset Managers Initiative, they are committed to achieving net zero emissions across all their investments by 2050 or sooner supported by clear and measurable interim targets. The RCGIF produces 67% fewer emissions than would have been produced had the investments been held in the FTSE World index.

[1] https://ghgprotocol.org/corporate-standard

Financial Statements

Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they each are aware, there is no relevant audit information of which the charitable company's auditors are unaware; and each Trustee 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 charitable 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;

Mamta Patel Mamta Patel 2 July 2026

Chair

Statement of Trustees' Responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. 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 group and the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for safeguarding the assets of the group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditor's report to the Trustees and members of Foundation Scotland

Opinion

We have audited the financial statements of Foundation Scotland [the 'charitable company'] for the year ended 31 March 2026 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 2026 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with 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

In auditing the financial statements, we have concluded that the Trustees' [who are also the directors of the charitable company for the purpose of company law] use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

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

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

We have nothing to report in this regard.

Independent auditor's report to the members and Trustees of Foundation Scotland [continued]

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 Strategic Report and the Trustees' Annual Report which includes the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Annual Report which includes the Directors' Report have 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 Strategic Report and 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 Trustees 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 Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as 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.

Independent auditor's report to the members and Trustees of Foundation Scotland [continued]

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

As part of our planning process:

- we enquired of management the systems and controls the charitable company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- we obtained an understanding of the legal and regulatory frameworks applicable to the charitable company. We determined that the following areas were most likely to have a material impact on the financial statements: FRS 102; employment law [including the Working Time Directive]; anti-bribery and corruption, and compliance with charity law and the UK Companies Act;
- we considered the incentives and opportunities that exist in the charitable company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- using our knowledge of the charitable company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- reading correspondence with regulators including OSCR;
- reviewing board and sub-committee meeting minutes for discussions of irregularities including fraud;
- challenging assumptions and judgements made by management in significant accounting estimates, in particular in relation to valuation of investment properties, items accounted for at fair value and the pension valuation;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.
- testing key revenue lines, in particular cut-off, for evidence of management bias; and
- reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs [UK]. For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance. The risk is also greater regarding the irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees.

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.

Independent auditor's report to the members and Trustees of Foundation Scotland [continued]

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 Trustees, as a body, in accordance with Section 44 [1][c] of the Charities and Trustee Investment [Scotland] Act 2005 and regulation 10 of the Charities Accounts [Scotland] Regulations 2006 [as amended]. Our audit work has been undertaken so that we might state to the members and the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Keith Macpherson

Keith Macpherson [Senior Statutory Auditor]
For and on behalf of Henderson Loggie LLP
Chartered Accountants
Statutory Auditor
Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

02 / 07 / 2026

Level 5,
The Stamp Office,
10-14 Waterloo Place,
Edinburgh
EH1 3EG

Statement of financial activities

[Incorporating the income and expenditure account - For the year ended 31 March 2026]

	Note	Unrestricted 2026	Restricted 2026	Endowment 2026	**Total Funds 2026**	**Total Funds 2025**
		£000	£000	£000	**£000**	**£000**
Income and Endowments from:						
Donations and Legacies	2	3,522	-	-	**3,522**	**58**
Investments	3	2,388	1,067	554	**4,009**	**5,117**
Charitable activities						
Income for grant making	4	1,571	29,882	5,022	**36,475**	**26,078**
Other		148	-	-	**148**	**196**
Total Income		**7,629**	**30,949**	**5,576**	**44,154**	**31,449**
Expenditure on:						
Raising Funds - Development costs	5	877	-	-	**877**	**731**
Charitable activities						
Grant and loan expenditure in furtherance of charitable objectives	6	14,686	29,027	-	**43,713**	**32,368**
Grant and loan making services	7	2,689	350	83	**3,122**	**2,767**
Total Expenditure		**18,252**	**29,377**	**83**	**47,712**	**35,866**
Net gains / [losses] on investments		597		3,494	**4,091**	**[816]**
Net Income / [expenditure]		[10,026]	1,572	8,987	**533**	**[5,233]**
Transfers between funds		[716]	2,415	[1,699]	**-**	**-**
Net Income / [expenditure] after transfers between funds		[10,742]	3,987	7,288	**533**	**[5,233]**
Net movement in funds		[10,742]	3,987	7,288	**533**	**[5,233]**
Total funds brought forward		65,933	28,755	37,368	**132,056**	**137,289**
Total funds carried forward		55,191	32,742	44,656	**132,589**	**132,056**

Balance sheet Company No. SC152949

at 31 March 2026

	Notes	2026 £000	2025 £000
Fixed assets			
Investment property	11	1,155	1,175
Other investments	12	54,604	46,042
		55,759	47,217
Current assets			
Debtors	13	3,248	2,972
Cash at bank and in hand		87,904	88,908
		91,152	91,880
Creditors: amounts falling due within one year	14	[12,130]	[4,932]
Total current assets less current liabilities		79,022	86,948
Creditors: amounts falling due after more than one year	15	[2,192]	[2,109]
Net assets		**132,589**	**132,056**
Funds			
Endowment Funds – General	16 & 19	40,035	31,895
Endowment Funds – Revaluation reserve	16 & 19	4,621	5,473
		44,656	37,368
Restricted Funds	17 & 19	32,742	28,755
Unrestricted & Designated Funds	18 & 19	55,191	65,933
Total Funds		**132,589**	**132,056**

These financial statements were approved by the Board on 2 July 2026 and were signed on its behalf by:

Mamta Patel [Chair] Mamta Patel

Cash flow statement for the year ended 31 March 2026

	2026	2025
	£000	£000
Net income/[expenditure] as per the statement of financial activities	533	[5,233]
Adjustments for		
Revaluation	20	-
[Gains]/losses on investments	[4,091]	816
Interest and dividend income	[3,858]	[4,954]
[Increase]/decrease in debtors	[276]	87
[Decrease]/increase in creditors	7,281	1,988
Increase / [decrease] in provisions	-	[5]
Net cash used in operating activities	[924]	[2,068]
Cash flows from investing activities:		
Dividends & interest from investments	3,858	4,954
Proceeds from sale of investments	61,847	24,909
Purchase of investments	[66,318]	[18,774]
Net cash [used in]/provided by investing activities	[613]	11,089
Change in cash and cash equivalents in the reporting period	[1,004]	3,788
Cash and cash equivalents at the beginning of the reporting period	88,908	85,120
Cash and cash equivalents at the end of the reporting period	87,904	88,908

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 8 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. [Note, all Directors are members and vice-versa]. 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 in October 2019 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 Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS 102.

The Trustees have considered the position for the next twelve months from the date of signing the financial statements, and have 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.

Amendments to FRS 102 introduced by the Period Review 2024

The amendments to FRS 102 along with the revised Charities SORP 2026 are applicable for accounting periods commencing on or after 1 January 2026, with earlier adoption permitted. The trustees have opted not to adopt these amendments early, as such, the amendments will be implemented for the accounting period/year ending 31 March 2027. The most significant amendments are the replacement of Section 23, now renamed 'Revenue from Contracts with Customers', and Section 20 'Leases'. The other less significant changes are not currently expected to have a material impact. The new revenue and leasing requirements seek to provide greater consistency and alignment with International Financial Reporting Standards, namely IFRS 15 and IFRS 16.

The charitable company is currently planning for the implementation of these changes. The charitable company does not have any accounting leases and are not expected to be impacted by this amendment in 2026/27 but acknowledge that the changes would see any subsequently leased assets recognised as Right-of-Use assets on the balance sheet.

Under the new revenue accounting requirements, management expects these changes to be applied using the modified retrospective approach which avoids the restatement of comparative figures.

Management are reviewing the current and expected future revenue transactions to determine the necessary performance obligations, transaction prices, and overall recognition and presentation to ensure compliance with the changes.

As at the date of signing the financial statements, and given the changes relate to future periods, it has been deemed impractical to determine the amounts involved.

Income

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 for the purposes of each of the funds with an approximate 1% contribution to administration and grant making costs transferred to the general fund.

Investment income comprises of interest received on fixed term deposit accounts and the Foundation's current account together with interest on loans advanced, accounted for on an accruals basis.

Expenditure

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 include any irrecoverable VAT.

Salary costs are allocated across activities based on historical time allocation and non-salary costs are allocated on a pro-rata basis.

Funds

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

- Expendable 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.
- Designated funds are a sub-set of general Funds which have been earmarked for specific purposes.

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

Fixed assets and depreciation

Fixed assets are included at cost. The threshold for capitalisation is £5k.

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:

IT and Office equipment - over 3 years

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 two 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 fair 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.

Redundancy and termination payments

Foundation Scotland aims to avoid redundancies. Where this is not possible redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point the Foundation is demonstrably committed to terminate the employment of an employee.

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.

Loans

Loans are shown on the Balance Sheet at value recoverable. The recoverability of loan debtors is determined using a risk profile matrix to calculate the risk of default for each loan issued. The risk of default determines the level of bad debt provision.

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 Foundation 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.

Provisions

Specific provisions against advances are recognised when a risk of non-recoverability is identified. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities and are netted off against advances reported in the Balance Sheet.

Financial instruments

The Foundation 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 Foundation 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.

Contingent liability

A contingent liability is identified and disclosed for those grants and loans resulting from a present obligation following an award offer where settlement is dependent on the recipient fulfilling various stated terms and conditions; the outcome of which is uncertain.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Foundation'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 Trustees have made the following judgements:

- § Determine whether leases entered into by the Foundation 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.
- § Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.
- § The recoverability of loan debtors is determined using a risk profile matrix to calculate the risk of default for each loan issued. The risk of default determines the level of bad debt provision.

Investment Property

The value of the investment property is valued by a Chartered Surveyor using the market information of similar properties but there is an evitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the open market.

2. Income from donations and legacies

	Unrestricted	Restricted	Endowment	Total Funds 2026	Total Funds 2025
	£000	£000	£000	£000	£000
Individuals	3,457	-	-	3,457	3
Trusts	-	-	-	-	5
Corporates	65	-	-	65	50
Total	3,522	-	-	3,522	58
Year ended 2025	58	-	-	-	58

3. Income from investments

	Unrestricted	Restricted	Endowment	Total Funds 2026	Total Funds 2025
	£000	£000	£000	£000	£000
Dividends	99	-	554	653	690
Bank Interest	2,289	916	-	3,205	4,264
Loan interest	-	151	-	151	163
Total	2,388	1,067	554	4,009	5,117
Year ended 2025	3,609	925	583		5,117

4. Income from charitable activities

	Unrestricted	Restricted	Endowment	Total Funds 2026	Total Funds 2025
	£000	£000	£000	£000	£000
Non-Invested Funds	1,571	29,882	-	31,453	24,579
Invested funds	-	-	5,022	5,022	1,499
Total	1,571	29,882	5,022	36,475	26,078
Year ended 2025	1,327	23,252	1,499		26,078

5. Costs of raising funds: Development

	Unrestricted	Restricted	Endowment	Total Funds 2026	Total Funds 2025
	£000	£000	£000	£000	£000
Staff costs	570	-	-	570	401
Travel, training & recruitment	5	-	-	5	7
Property	6	-	-	6	2
Website and IT	22	-	-	22	16
Other	21	-	-	21	12
Professional fees	16	-	-	16	12
Support costs (Note 8)	237	-	-	237	281
	877	-	-	877	731
Year ended 2025	731	-	-	-	731

6. Grant and loan expenditure in furtherance of the charity's objects

	Unrestricted	Restricted	Endowment	Total Funds 2026	Total Funds 2025
	£000	£000	£000	£000	£000
Grant making from non-invested funds	14,686	26,767	-	41,453	23,679
Grant making from invested funds	-	2,226	-	2,226	8,521
Increase/[decrease] in loans provided for	-	[20]	-	[20]	96
Loans written off	-	54	-	54	72
	14,686	29,027	-	43,713	32,368
Year ended 2025	301	32,067	-	-	32,368

A full listing of grants paid can be found on https://grantnav.threesixtygiving.org/funder/GB-SC-SC022910

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

Charity - Grants payable in furtherance of the charity's objects – by Local Authority

		2026	2025
		£000	£000
North	Highland	4,958	2,490
	Orkney	103	22
	Shetland	152	-
	Eilean Sar [Western Isles]	181	107
North East	Aberdeen City	482	233
	Aberdeenshire	1193	889
	Moray	872	529
East	Angus	203	43
	Dundee City	497	346
	Fife	665	569
	Perth and Kinross	470	215
Central	Clackmannanshire	847	128
	East Dunbartonshire	149	23
	Falkirk	810	290
	North Lanarkshire	1,043	325
	South Lanarkshire	1,206	773
	Stirling	1,561	594
	West Dunbartonshire	134	1
West	Argyll and Bute	877	1,575
	East Renfrewshire	119	3
	Glasgow City	3,265	3,011
	Inverclyde	25	94
	Renfrewshire	191	51
South East	East Lothian	737	482
	Edinburgh City	12,404	10,203
	Midlothian	364	294
	West Lothian	1,161	463
	Scottish Borders	1,219	506
South West	Dumfries and Galloway	3,393	3,445
	East Ayrshire	900	1,646
	North Ayrshire	84	93
	South Ayrshire	1,934	1,745
Other	Outside Scotland	1,480	1,012
Total		43,679	32,200

7. Loan and Grant Making Services

Analysed by expenditure type

	Unrestricted £000	Restricted £000	Endowment £000	Total Funds 2026 £000	Total Funds 2025 £000
Staff costs	1,750	-	-	1,750	1,392
Travel, training & recruitment	47	3	-	50	49
Property	18	28	-	46	25
Website and IT	2	2	-	4	55
Other	15	92	-	107	37
Professional fees	130	225	83	438	238
Support costs (Note 8)	727	-	-	727	971
	2,689	350	83	3,122	2,767
Year ended 2025	2,600	69	98	-	2,767

8. Unrestricted costs and split of support costs

	Delivery costs		Support costs				
	Development £000	Grant and loan making services £000	Governance £000	Operations and Executive £000	Property and offices £000	Total 2026 £000	Total 2025 £000
Staff costs	570	1,750	45	462	-	2,827	2,295
Travel, training & recruitment	5	47	1	38	-	91	103
Property	6	18	11	10	13	58	40
Website and IT	22	2	-	158	-	182	190
Other	21	15	3	51	-	90	410
Professional fees	16	130	54	118	-	318	293
	640	1,962	114	837	13	3,566	3,331
Reallocation of support costs	237	727	[114]	[837]	[13]	-	-
	877	2,689	-	-	-	3,566	3,331
Year ended 2025	731	2,600	-	-	-	-	3,331

9. Staff Costs

	2026	2025
	£000	£000
Wages and salaries	2,361	1,972
Social security costs	305	212
Pension costs – defined contribution scheme	161	111
	2,827	2,295
Deficit pension contributions paid	-	5

At the end of the financial year pension contributions amounting to £22,373 [2025 £18,966] were payable and are included in creditors.

The Foundation considers its Leadership Team [LT] to be its key management personnel. The staff costs in relation to the LT are:

	2026	2025
	£000	£000
Staff Costs	714	640

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

	2026	2025
£60,000 - £70,000	2	3
£70,000 - £80,000	4	3
£80,000 - £90,000	-	-
£90,000 - £100,000	-	-
£100,000 - £110,000	1	1

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

	2026	2025
Community Investment	19	17
Executive	1	1
Finance and Operations, HR	8	8
Marketing and Development	8	7
Philanthropy	14	11
Social Investment	4	3
	54	47

Members of the Board of Trustees are not remunerated by the Foundation. Trustee received expenses during the year totalling £546 [2025: £732] for attending meetings. The Trustees had Trustees Indemnity Insurance in place during the year.

10. Net incoming resources

Net incoming resources is stated after charging:

	2026 £000	2025 £000
Write down of investment property	20	-
Auditor's remuneration		
Audit of these financial statements	22	21
Other services – payroll, life assurance	8	6
Tax services	1	4

11. Investment Property

	Investment Land and Buildings £000
Cost or valuation	
At beginning of year	1,175
Additions	-
Revaluation	[20]
Disposals	-
At end of year	1,155
Depreciation	
At beginning of year	-
Charge for year	-
Disposals	-
At end of year	-
Net Book Value 31 March 2026	1,155
Net Book Value 31 March 2025	1,175

All assets are held for charitable purposes.

The investment property under Investment Land and Building is leased to a tenant. In March 2026, a valuation was carried out by an external expert with a recognised relevant qualification using the RICS valuation – global standards. The next revaluation is being planned for March 2028. The historic cost of the investment property is £2.136m.

12. Other investments

	2026	2025
	£000	£000
Market value as at 1 April	46,042	52,993
Additions	66,318	18,774
Disposal proceeds	[61,847]	[24,909]
Net investment gain/[loss]	4,091	[816]
Market value at 31 March	54,604	46,042
Historical value at 31 March	50,586	40,157
Represented by:		
Cash and fixed interest securities	3,768	2,226
Listed shares	1,965	1,234
Unlisted shares	29	8
Investment trusts and unit trusts	48,842	42,574
	54,604	46,042
Investments comprising more than 5% of market value		
Rathbones Charity Growth and Income Fund	33,840	-
CT Sustainable Global Equity Income	-	4,792
T Rowe Price US Impact Equity	-	4,254
Janus Henderson Sustainable Equity	-	4,048
Schroder Global Sustainable Value Equity	-	4,037
Impax Environmental Leaders	-	3,728
Sterling	3,519	-
Ninety One Global Sustainable Equity	-	3,498
CT Sustainable Opportunities Equity	-	2,747

The main risk to the Foundation from financial instruments lies in the combination of uncertain economic conditions, rising interest rates and investment markets. 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 Foundation invests in pooled investment vehicles and is therefore directly exposed to counter-party 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 Foundation 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

	2026 £000	2025 £000
Current proportion of loans receivable	463	465
Other	38	70
Prepayments and accrued income	509	198
Trade Debtors	41	20
	1,051	753
Debtors due in more than one year		
Loans receivable 2-5 years	1,610	1,563
Loan receivable greater than 5 years	809	899
Bad debt provision	[222]	[243]
	3,248	2,972

Other debtors relate to two Gift Aid Claims which were received from HMRC in April.

There are 41 [2025: 41] loans which make up the Loans Receivable balance. The repayment terms on the loans range from 5 to 20 years reflecting agreed rescheduling arrangements on certain loans. The majority of loans have repayment terms of 10 years. The rates of interest on the loans range from 5.00% to 6.75%.

28 loans are secured by a minimum of a floating charge.

14. Creditors: amounts falling due within one year

	2026 £000	2025 £000
Trade creditors	34	12
Tax and social security	33	27
Accruals	36	350
Grants payable	12,027	4,543
	12,130	4,932

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

	2026 £000	2025 £000
Grants payable	2,192	2,109
	2,192	2,109

16. Endowment Funds

Endowment Fund	Purpose – to provide income for grant making funds which support	Balance brought forward	Income	Expense	Gains / [Losses]	Transfers	Balance carried forward
		£000	£000	£000	£000	£000	£000
A'Chruach Community	community projects - in West Loch Fyne, Dunadd, and Lochgilphead	120	1	-	9	[1]	129
Alexander Trust	young people and older people in Aberdeenshire and the Isle of Bute	148	2	-	10	[6]	154
B and P Johnson Family Foundation	grant making activity - UK-wide	1,549	272	-	312	[8]	2,125
Barr Community	general charitable activity and development – Barr	134	1	-	10	[1]	144
The Beatrice Foundation	general grantmaking activity - Scotland-wide	137	1	-	9	[5]	142
Bertha Fund	grant making activity with a focus on Perth and Kinross	448	5	[1]	29	[27]	454
Betty & Roy Ure Trust	voluntary organisations and charities in Arran	1,037	11	[3]	72	[41]	1,076
Bluebird Trust	causes related to the environment, human rights, ill-health or other disadvantage – UK and overseas	379	6	-	57	[5]	437
Brora Community Fund	general charitable activity – in the Brora community council area.	159	2	-	12	[1]	172
Brunton Endowment Trust	general grantmaking activity – Scotland-wide, particularly Aberdeenshire.	292	3	[1]	20	[12]	302
Budge Foundation	grant making activity - UK-wide	153	3	[1]	11	[24]	142
Campbell Crowson Fund	elderly, health and disability issues- Scotland-wide	167	2	[1]	12	[7]	173
Carrick Futures	general charitable activity - in the Carrick futures communities in South Carrick	503	6	[2]	36	[3]	540
Cervus Trust	general charitable activities - Scotland-wide	458	5	-	32	[18]	477
Clyde Borders Wind Farm Fund	general charitable activity –communities represented by Skirling, Upper Tweed and Tweedsmuir community council areas.	102	1	-	7	[1]	109
Cockaigne Fund	musical development, research and performance	114	85	-	6	[62]	143
Coram Trust	rural and urban regeneration projects, especially housing - Scotland-wide	180	9	-	13	[57]	145
David and Averil Macdonald	general grantmaking - Elgin, Tain, Islay and Broxburn areas	1,072	11	[3]	66	[91]	1,055
Dorenell Community	general charitable activity and development – Dufftown & District, Glenlivet & Inveravon; Glenrinnes, The Cabrach	1,083	12	[3]	79	-	1,171
Douglas McDougall	general grantmaking activity - UK and overseas	124	1	-	9	[5]	129
Elizabeth Drummond Fund	general educational projects - Scotland-wide	1,113	12	[3]	77	[45]	1,154
ENCOMM Endowment	general charitable activity and development – East Nairnshire	152	2	-	11	[9]	156
Essentia Foundation Legacy Fund	access to education, learning and employment	-	3,696	[2]	[18]	-	3,676
Ethel Invested Fund	poverty, homelessness, arts, mental health, children with disabilities	124	1	-	9	[2]	132
F Laing Family Trust	general grantmaking activity - Scotland-wide	99	1	-	7	[4]	103
Forbes Fund	general grantmaking activity - in the Highlands	333	4	[1]	23	[13]	346
Fountainhall Trust	educational activities – UK-wide	1,612	22	-	278	[159]	1,753
Garpel Fund	general grantmaking activity - UK and overseas	4,425	20	[1]	1,056	[18]	5,482
Gartmhor Trust	disadvantaged families, supporting talented young people – Edinburgh and Fife priority	1,994	22	[1]	[86]	[76]	1,853

Gateway Exchange	people achieve their potential	263	3	[1]	15	[28]	252
Gillian Charlotte Campbell Fund	general grantmaking in Edinburgh and East Lothian, Lanarkshire, and the Scottish Borders	270	3	[1]	19	[11]	280
Glebefoot Charitable Trust	community groups - Scotland-wide, NE of Scotland in particular	636	7	[2]	44	[25]	660
Glenkerie Community	general charitable activity and development - Glenkerie area of the Scottish Borders	177	2	[1]	14	[34]	158
Gordon Brown Memorial Fund	families affected by cancer and the development of youth sport particularly rugby	248	3	[1]	17	[10]	257
Irene Sproule	the Church of Scotland congregation at Coldstream Parish Church	100	1	-	7	[1]	107
The Julie and Loren Hufstetler Foundation	general grantmaking activity - UK-wide	192	2	[1]	14	[1]	206
Karen Napier Charitable Trust	education - UK-wide and overseas	730	164	[1]	60	[227]	726
Katrina Rowan Plumb Fund	opportunities for aspiring poets	155	2	-	10	[13]	154
Kinlochaline Trust	general grantmaking activity - UK and overseas	184	2	[1]	13	[7]	191
Kinross-shire Fund	communities, projects & groups - Kinross-shire area	162	2	[1]	12	[2]	173
Kuenssberg Family	general grantmaking activity-UK-wide	587	6	[2]	40	[21]	610
Leckie Family Trust	general grantmaking activity - Scotland-wide	1,431	111	[1]	[35]	[55]	1,451
Leckie Family Trust - IFB	general grantmaking activity - Scotland-wide	185	2	[1]	14	[9]	191
Live Well Charitable Fund	alleviate poverty - Edinburgh area	249	3	[1]	26	[277]	-
Make Trust	general grantmaking activity - Scotland-wide	423	9	[3]	28	[101]	356
Mary Janet King Trust	general grant-making activity with a focus on music - Scotland-wide	182	845	[2]	3	[42]	986
McNab Family Charitable Trust	general grantmaking activity - Scotland-wide	229	2	[1]	16	[9]	237
NF Trust	general grantmaking activity - Scotland-wide	1,331	45	-	226	[13]	1,589
Ochil Developments Blackford Community Fund	general charitable activity and development - Blackford area	413	5	[1]	30	[2]	445
Old Luce Community Fund	general charitable activity and development – Glenluce, Auchenmalg, and Dunragit areas	135	1	-	10	[1]	145
Paraclete Trust	general grantmaking activity - Scotland-wide	369	4	[1]	27	[4]	395
Parish of Stow Community	general grantmaking activity – Parish of Stow	157	2	-	10	24	193
Path Trust	general grantmaking activity - UK-wide	138	2	-	10	[2]	148
Philippians 4:19	general grantmaking activity - Scotland-wide	674	6	[2]	37	[144]	571
Prudential Fund	general grantmaking activity - Stirling area.	135	1	-	10	[2]	144
Robert & Edith McMillan Edinburgh Music School Trust	Edinburgh Music School activities at Broughton High School	184	2	[1]	13	[5]	193
Russell Trust	general grantmaking activity - UK and overseas	321	7	-	10	[4]	334
Sanday Community Future	community projects – on the Island of Sanday, Orkney	109	1	-	8	[1]	117
The Snowdrop Trust	general grantmaking activity-UK-wide	295	14	[1]	21	[6]	323
Sutherland Page Trust	general educational projects - Scotland-wide	2,592	28	[8]	179	[104]	2,687
Urras Oighreachd Ghabhsainn [UOG] Community	general grantmaking activities - within the community of the Galston Estate	191	2	[1]	14	[1]	205
Viewforth Trust	general grantmaking activity-UK-wide	945	10	[3]	65	[38]	979

Walkingshaw-Hugh	financial assistance to students from Lochgelly and the surrounding area	-	-	[1]	10	245	254
Ward Family Trust	general grantmaking activity - UK and overseas	527	7	[2]	36	[21]	547
William Grant Piping Trust	music activity - Scotland-wide	584	7	[2]	43	[28]	604
William Hunter Trust	relief of poverty with a priority - Edinburgh and the Lothians	561	6	[2]	40	[28]	577
Women's Fund WFS	projects which benefit women - Scotland-wide	221	2	[1]	16	[2]	236
		34,496	5,540	[70]	3,300	[1,711]	41,555
Other Endowments funds with less than £100k		2,872	36	[13]	194	12	3,101
Total Endowment Funds		37,368	5,576	[83]	3,494	[1,699]	44,656
Year ended 2025		44,169	2,082	[98]	[490]	[8,295]	37,368

17. Restricted Funds

Restricted Fund	Purpose – to support	Balance brought forward £000	Income £000	Expense £000	Transfer £000	Balance carried forward £000
Baillie Gifford Giving	charities individuals and groups - UK-wide	611	5,104	[5,561]	-	154
Carrick Futures	community projects - Ballantrae, Colmonell & Lendalfoot, Barr, Barrhill, Pinwherry & Pinmore, Girvan & District and Carrick.	41	1,197	[911]	[25]	302
Clackmannanshire Citizens Voice Transformation Space	to improve the lives of the citizens of Clackmannanshire	-	1,241	[395]	5	851
Clyde (Dumfries & Galloway) community Benefit Fund	community projects - Carronbridge, Closeburn, Durisdeer, Johnstone, Kirkconnel & Kelloholm, Kirkmichael, Kirkpatrick Juxta, Moffat, Royal Burgh of Sanquhar, Thornhill, Wamphray, Wanlockhead	115	1	-	21	137
Clyde (Dumfries & Galloway) community Benefit Fund [Durisdeer]	community projects - Durisdeer	84	-	-	21	105
East Neuk of Fife	thriving communities in the East Neuk of Fife	209	-	-	-	209
EDF Burnfoot Hill Community Fund	charitable activities in the communities of Alva, Dollar, Tillicoultry, Blackford, Glendevon and Braco & Greenloaning that	151	3	[191]	119	82
EDF Renewables Dorenell Wind Farm Community Fund (Dufftown & District)	Community projects – Dufftown & District	120	2	[35]	124	211
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Glenlivet & Inveravon)	community projects – Glenlivet & Inveravon	217	4	[16]	124	329
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Glenrinnes)	community projects – Glenrinnes	490	6	[258]	124	362
EDF Renewables Dorenell Wind Farm	community projects – The Cabrach	329	4	[50]	124	407

Community Benefit Fund (The Cabrach)						
EDF Renewables Longpark Wind Farm Community Benefit Fund	charitable activities benefiting residents within the Parish of Stow	153	88	[48]	[25]	168
Edinburgh Regenerative Futures Fund	community projects - Edinburgh	448	2,657	[269]	1,362	4,198
The Fairlead Fund	general grantmaking activity - Scotland-wide	330	754	[707]	-	377
FERN Beinneun Community Fund	community projects – Fort Augustus and Glenmoriston and Glengarry	1,264	427	[716]	-	975
Foyle Foundation Fund	general grantmaking activity - Scotland-wide	-	190	[15]	-	175
FS Project Support Fund	general grantmaking activity - Scotland-wide	447	237	-	-	684
FS Tackling Inequalities Fund	reducing inequalities in communities	149	52	[6]	-	195
GG Trust	charities individuals and groups - UK-wide	277	-	[163]	-	114
Hadyard Hill Community Fund [Barr]	charitable activities that support the rural regeneration and sustainability of Barr.	156	[7]	[20]	67	196
Hadyard Hill Community Fund [Pinwherry & Pinmore]	Community projects – Pinwherry and Pinmore	89	[7]	[12]	72	142
Haventus Ardersier Port Community Fund	community projects - Highland	102	107	[95]	-	114
Jane Campbell Fraser Trust Fund	older people's services and activities – Scotland-wide	-	123	-	-	123
KG Fund	general grantmaking activity - Scotland-wide	173	-	[5]	-	168
Kilgallioch Wind Farm Community Benefit Fund [Main]	community projects – in listed community council areas in South Ayrshire and Dumfries & Galloway	135	391	[518]	-	8
Live Well Edinburgh	Disadvantaged people and poverty alleviation - Edinburgh	-	-	[7]	275	268
Logie Trust	charities individuals and groups - Scotland-wide	101	-	-	[101]	-
Minnygap Community Benefit Fund	community projects – Johnstone, templand and Kirkpatrick Juxta	289	99	[54]	34	368
Nadara Valley Wind Farm Community Fund (Barr)	community projects – Barr	164	47	[41]	[15]	155
Nadara Assel Valley Wind Farm Community Fund (Pinwherry)	community projects – Pinwherry & Pinmore	137	47	[16]	-	168
Nadara Galawhistle Wind Farm Community Fund	Community projects – Coalburn and Douglas& Glespin Community Council areas	450	167	[184]	-	433
Nadara Gordonstown Community Fund [Auchterless, Inverkeithny & Fisherford]	community projects - Auchterless, Inverkeithny, Fisherford	174	5	[29]	34	184
Nadara Halkirk District Benefit Fund	community projects – Halkirk District Community Council	462	234	[179]	-	517
NF Trust	general grantmaking activity - Scotland-wide	258	-	[144]	-	114
Old Luce Community Fund [Scottish Power Renewables Kilgallioch]	community projects –Old Luce Community Council area	330	266	[563]	-	33
The Path Fund	general grantmaking activity – UK-wide	77	311	[54]	-	334
Patna [South Kyle] Fund	community projects – Carsphairn, New Cumnock, Patna	67	2	[35]	69	103
The PEF Fund	the alleviation of poverty and homelessness	-	200	-	-	200
R25 Fund	the promotion and advancement of employment and enterprise, particularly social	483	6	[50]	-	439

	enterprises in Scotland					
The Ross Girls Trust	general grantmaking activity – UK-wide	157	2	[12]	-	147
RWE Bad a Cheo Wind Farm Community Fund [Watten]	charities and groups - in the Watten Community Fund area	165	1	[151]	[19]	[4]
RWE Bowbeat Wind Farm Community Fund [Peebles & Eddleston]	Charitable activities in Eddleston, Peebles and District	-	-	-	104	104
RWE Camster Community Fund [Tannach & District]	charities and groups - in the Camster Community Fund area	137	4	[116]	81	106
Social Investment Fund	social enterprise projects – Scotland-wide	11,054	504	[365]	[285]	10,908
South Kyle Wind Farm Community Benefit Fund	the wellbeing and sustainability of the communities of Carsphairn, Dalmellington, New Cumnock and Patna by supporting charitable activities	219	2,567	[561]	[139]	2,086
Stroupster Wind Farm Community Benefit Fund	community projects - Dunnet and Canisbay	194	237	[82]	[109]	240
Torrance Farm Wind Park Community Fund [HEG)	community projects - Harthill, Eastfield & Greenrigg	218	5	[79]	38	182
TP Fund	general grantmaking activity – UK-wide	615	5	[270]	-	350
Vattenfall Clashindarroch Wind Farm Community Fund	community projects - Huntly, Strathbogie, Tap O'Noth, Cabrach	143	301	[348]	-	96
Vattenfall Unlock our Future Fund	community projects – Aberdeenshire and Aberdeen City	177	192	[162]	[19]	188
The Volant Charitable Trust Fund	women, children and young people at risk and facing social deprivation – Scotland-wide	24	912	[806]	-	130
Walkingshaw-Hugh Fund	Student support funds – Lochgelly and surrounding areas	224	-	-	[215]	9
Wathegar 2 Wind Farm Community Benefit Fund [Tannach]	community projects – Tannach	170	4	[53]	58	179
Wathegar 2 Wind Farm Community Benefit Fund [Watten]	community projects – Watten	204	4	[366]	58	[100]
Wathegar Wind Farm Community Fund [Tannach & District]	community projects – Tannach and District	153	[1]	[78]	49	123
Wathegar Wind Farm Community Fund [Watten]	community projects - Watten	103	-	[143]	19	[21]
Whiteside Hill Wind Farm Community Fund [Kirkconnel & Kelloholm]	community projects – Kirkconnel & Kelloholm	186	5	[161]	61	91
		23,225	18,700	[15,100]	2,091	28,916
Other Restricted funds with less than £100k		5,530	12,249	[14,277]	324	3,826
Total Restricted Funds		**28,755**	**30,949**	**[29,377]**	**2,415**	**32,742**
Year ended 2025		23,472	24,177	[32,136]	13,242	28,755

18. Unrestricted and Designated Funds

	Balance brought forward £000	Income £000	Expense £000	[Losses]/ Gains £000	Transfer £000	Balance carried forward £000
Current Year						
General Funds						
General Fund	1703	5,834	[3,267]	1,611	[1,747]	4,134
Revaluation Reserve	587	-	-	[1,014]	427	-
	2,290	5,834	[3,267]	597	[1,320]	4,134
Designated Funds						
Community Impact Fund	-	-	-	-	33,400	33,400
Community Land Scotland	-	-	[300]	-	300	-
Development Philanthropy	2,000	-	-	-	-	2,000
Downstream Responsive	4,000	-	-	-	[4,000]	-
Endowment Building Fund	203	-	-	-	-	203
Income Generation Fund	9,000	-	-	-	433	9,433
IT Developments Fund	955	-	-	-	[22]	933
Midstream Grassroots Support Fund	5,000	-	-	-	[5,000]	-
Property Fund	1,175	-	-	-	[20]	1,155
Response Fund	12,750	-	[14,685]	-	1,976	41
Returns Fund	2,069	1,795	-	-	-	3,864
Strategic Plan Implementation Fund [LT]	41	-	-	-	[13]	28
Upstream Place Community-Led Fund	12,250	-	-	-	[12,250]	-
Upstream Sector Infrastructure Fund	4,700	-	-	-	[4,700]	-
Upstream Thematic Development Fund	9,500	-	-	-	[9,500]	-
	63,643	1,795	[14,985]	-	604	51,057
As at March 2026	**65,933**	**7,629**	**[18,252]**	**597**	**[716]**	**55,191**
General Funds						
General Fund	1,322	2,514	[3,632]	186	1,313	1703
Revaluation Reserve	1,099	-	-	[512]	-	587
	2,421	2,514	[3,632]	[326]	1,313	2,290
Designated Funds						
Development Philanthropy	2,000	-	-	-	-	2,000
Development Social Investment Fund	5,000	-	-	-	[5,000]	-
Downstream Responsive	4,000	-	-	-	-	4,000
Endowment Building Fund	253	-	-	-	[50]	203
Income Generation Fund	9,000	-	-	-	-	9,000
IT Developments Fund	1,000	-	-	-	[45]	955
Midstream Grassroots Support Fund	5,000	-	-	-	-	5,000
Pension Scheme Deficit Fund	885	-	-	-	[885]	-
Property Fund	-	-	-	-	1,175	1,175
Response Fund	-	-	-	-	12,750	12,750
Returns Fund	-	2,676	-	-	[607]	2,069
Strategic Plan Implementation Fund	10	-	-	-	[10]	-
Strategic Plan Implementation Fund [SMT]	79	-	-	-	[38]	41
Upstream Place Community-Led Fund	25,000	-	-	-	[12,750]	12,250
Upstream Sector Infrastructure Fund	5,000	-	-	-	[300]	4,700
Upstream Thematic Development Fund	10,000	-	-	-	[500]	9,500
	67,227	2,676	-	-	[6,260]	63,643
As at March 2025	**69,648**	**5,190**	**[3,632]**	**[326]**	**[4,947]**	**65,933**

Transfers

Community Impact Fund – transfers in from Downstream – Responsive, Midstream – Grassroots Support, Upstream-Place-Community-led Fund, Upstream – Sector Infrastructure Fund, and Upstream – Thematic Development to establish the fund.
Community Impact Fund – transfers to establish the fund.
Downstream – Responsive – transfer to the consolidated Community Impact Fund
Income Generation Fund – transfer to mirror the valuation of the fund.
IT Developments Fund transfers related to enhancements to the CRM system and website development costs.
Midstream – Grassroots Support Fund - transfer to the consolidated Community Impact Fund
Property Fund transfers related to the revaluation of the investment property.
Response Fund - transfers to top-up the fund.
Strategic Plan - SMT Implementation Fund – transfers in relation to one off projects.
Upstream-Place-Community-led Fund – transfer to the consolidated Community Impact Fund
Upstream Sector Infrastructure Fund – transfer to the consolidated Community Impact Fund.
Upstream Thematic Development Fund – transfer to the consolidated Community Impact Fund.

Designated Funds purposes

Community Impact Fund – a fund consolidating the Downstream – Responsive, Midstream – Grassroots Support, Upstream-Place-Community-led Fund, Upstream – Sector Infrastructure Fund, and Upstream – Thematic Development funds.
Community Land Scotland Fund – to provide support to Community Land Scotland for their work exploring how communities can better understand and be part f Scotland's growing natural capital market.
Development – Philanthropy – to accelerate the growth of new donors.
Development – Social Investment Fund - to continue to grow models of funding in support of social enterprise and community-owned asset development.
Downstream – Responsive – to support communities in some form of short-term crisis, such as affected by floods or other environmental disasters. Moved to the Community Impact Fund.
Endowment Building Fund – to support the establishment of new endowment funds.
Income Generation Fund – to provide an income generating invested fund to support core costs.
IT Developments Fund – to ensure Foundation Scotland continually invests in its IT.
Midstream – Grassroots Support Fund – to ensure a regular flow of small and local community organisation support which may not have an upstream focus, but which is not in crisis response. Moved to the Community Impact Fund.
Pension Scheme Deficit Fund - to provide a sum equivalent to the buy-out value of the final salary pension scheme.
Property – to represent the value of the Investment Property.
Response Fund - to establish a fund to support a suite of emergency programmes undertaken in April and May 2025.
Returns Fund – to account for bank interest on Designated funds and exceptional donations which will be subsequently allocated to projects.
Strategic Plan Implementation Fund - to resource activities in line with the new strategic plan.
Strategic Plan Implementation Fund [LT] – delegated to the Leadership Team to resource activities in line with the new strategic plan.
Upstream-Place-Community-led Fund - to build community capacity and community-owned assets through seed funding combined with support for community-led planning of funds allocated to specific communities of place, in city, urban and rural areas. Moved to the Community Impact Fund.
Upstream – Sector Infrastructure Fund - to support specific third sector and charity sector infrastructure organisation development, which in turn helps to build capacity in the local communities they serve. Moved to the Community Impact Fund.
Upstream – Thematic Development Fund - to improve the lives of people affected within social issue themes, by supporting leaders of thematic work and by funding development of their related programmes. Moved to the Community Impact Fund.

19. Analysis of net assets between funds

Fund balances at year end are represented by:

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Tangible fixed assets	1,155	-	-	1,155
Investments	9,948	-	44,656	54,604
Net current assets	44,088	34,934	-	79,022
Creditors due after more than one year	-	[2,192]	-	[2,192]
	55,191	32,742	44,656	132,589

Fund balances at the previous year end were represented by:

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Tangible fixed assets	1,175	-	-	1,175
Investments	8,674	-	37,368	46,042
Net current assets	56,084	30,864	-	86,948
Creditors due after more than one year	-	[2,109]	-	[2,109]
	65,933	28,755	37,368	132,056

20. Operating lessor commitments

	2026 £000	2025 £000
Within 1 year	60	60
In the second to fifth years inclusive	240	5
After 5 years	-	-
	300	65

Operating lessor commitments are in respect of property rental income.

21. Ultimate controlling party and related party transactions

The Trustees control the activities of the Foundation.

UK Community Foundations provides membership services for UK Community Foundations. For these services £14,439 [2025: £14,581] was charged during the period. Leslie Rance was a director of UK Community Foundations during the year. The amount due to UK Community Foundations at the year-end was £nil [2025: £nil].

The following organisations, to which a Foundation Scotland Trustee is related, received grants in 2025-26:

Organisation	Grants paid	FS Trustee/Committee Member	Relationship with Recipient
Macmillan Cancer Support	1,920	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Macmillan Cancer Relief East of Scotland	250	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Macmillan Cancer Support Grantown Group	200	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Pamela Young Trust	6,234.60	Cameron Kinnaird	Connected via legal advisors to Pamela Young Trust
Macmillan Cancer Support Grantown Group	200	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Venture Scotland	30,000	Frances Mullan	Trustee Venture Scotland
Urram SCIO	500	James Hilder	Trustee Urram SCIO
Highland Council	4,299	Mamta Patel	Employee Highland Council – Ullapool Youth Space
Ulluminate C.I.C.	500	Mamta Patel	Director Ulluminate C.I.C.
St Peters Scottish Episcopal Church	25,000	Sarah Whitley	Chair Scottish Episcopal Church Pension Fund
Episcopal Churches Of St James, Dingwall & St Anne	500	Sarah Whitley	Chair Scottish Episcopal Church Pension Fund
St Adrians Episcopal Church: Gullane	3,000	Sarah Whitley	Chair Scottish Episcopal Church Pension Fund
St Johns Episcopal Church: Longside	660	Sarah Whitley	Chair Scottish Episcopal Church Pension Fund
St James the Great Episcopal Church	5,000	Sarah Whitley	Chair Scottish Episcopal Church Pension Fund
The Abbotsford Trust	8,000	Sarah Whitley	Trustee Abbotsford Trust
Saint Andrew Boat Club	41,105	Sarah Whitley	Trustee Saint Andrew Boat Club
Edinburgh International Festival Society	12,500	Sarah Whitley	Trustee Edinburgh International Festival Endowment Fund
David Hume Institute	1,000	Susan Murray	Director David Hume Institute
MCR Pathways	7,100	Stewart Carruth	Volunteer MCR Pathways
University of St Andrews Folk and Traditional Music	500	Tobias Jung	Employee University of St Andrews

The equivalent information for 2024-25 was:

Organisation	Grants paid	FS Trustee/Committee Member	Relationship with Recipient
Macmillan Cancer Support	3,094	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Macmillan Cancer Relief	1,780	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Macmillan Cancer Relief East of Scotland	250	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Edinburgh International Book Festival Limited	2,000	Carlos Miranda	Spouse trustee of Edinburgh International Book Festival
Venture Scotland	3,000	Frances Mullan	Trustee Venture Scotland
YouthBorders	3,000	Frances Mullan	Trustee YouthBorders
Urram SCIO	4,038	James Hilder	Trustee Urram SCIO
University of Stirling	92,900	Jennifer Wallace	Employee University of Stirling
Ulluminate C.I.C.	1,250	Mamta Patel	Director Ulluminate C.I.C.
Edinburgh International Festival Society	692,500	Sarah Whitley	Trustee Edinburgh International Festival Endowment Fund
St Peters Scottish Episcopal Church	31,000	Sarah Whitley	Chair Scottish Episcopal Church Pension Fund
The Abbotsford Trust	3,000	Sarah Whitley	Trustee Abbotsford Trust
David Hume Institute	1,200	Susan Murray	Director David Hume Institute
Leuchie House	5,250	Angus Tulloch	Wife Trustee of Leuchie House
Preston Lodge Learning Foundation	2,000	Angus Tulloch	Trustee
Kilmarnock YMCA Plus SCIO	24,850	John Naylor	President YMCA
YMCA Edinburgh SCIO	50,000	John Naylor	President YMCA
Stranraer YMCA	17,276	John Naylor	President YMCA
Renfrew YMCA SCIO	3,000	John Naylor	President YMCA
Dumfries YMCA Youth and Community	24,245	John Naylor	President YMCA
Broughty Ferry YMCA	4,375	John Naylor	President YMCA
Tain & North Highland YMCA	4,881	John Naylor	President YMCA
Scout Association - 21st Craigalmond (South Queensferry)	1,000	John Naylor	Trustee Craigalmond District Scouts Executive Member
The George Watson's College Endowment Trust	600,000	Stephen Connelly	Chair Watsons Malawi Partnership

None of the Foundation Scotland Trustees 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.

22. Contingent liabilities

Contingent liabilities relate to grant and loan 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 of grant contingent liabilities at 31st March was £1,860,740 [2025: £800,271].

The Foundation was formerly a member of a Defined Benefit Pension Scheme. A potential liability which is dependent on the outcome of an ongoing Court case may arise in respect of the Scheme exit, however no value can be placed on this at the current time.

23. Financial Instruments

	2026	**2025**
	£000	£000
Assets measured at fair value through profit & loss	50,808	43,808

Assets measured at fair value through profit and loss comprise investments.

CERTIFICATE *of* SIGNATURE

REF. NUMBER
VJPCE-9WQSS-7PTAM-SBH7P

DOCUMENT COMPLETED BY ALL PARTIES ON
02 JUL 2026 10:49:20
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SIGNER	TIMESTAMP	SIGNATURE
MAMTA PATEL EMAIL MAMTA@ALMASIVISION.COM	SENT 02 JUL 2026 09:41:21 VIEWED 02 JUL 2026 10:08:24 SIGNED 02 JUL 2026 10:08:45	Mamta Patel IP ADDRESS 31.94.63.137 LOCATION NEWPORT, UNITED KINGDOM
RECIPIENT VERIFICATION	EMAIL VERIFIED 02 JUL 2026 10:08:24	
KEITH MACPHERSON EMAIL KEITH.MACPHERSON@HLCA.CO.UK	SENT 02 JUL 2026 09:41:21 VIEWED 02 JUL 2026 10:42:32 SIGNED 02 JUL 2026 10:49:20	Keith Macpherson IP ADDRESS 157.231.93.186 LOCATION ISLINGTON, UNITED KINGDOM
RECIPIENT VERIFICATION	EMAIL VERIFIED 02 JUL 2026 10:42:32	