



Foundation Scotland  
15 Calton Road  
Edinburgh  
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Company Limited by Guarantee  
Company No. SC152949

Registered Charity  
Scottish Charity No. SC022910

# Annual Report and Accounts For the year ending 31 March 2021



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## 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 2021, 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] effective 1 January 2015 [Charity SORP].

## Chair's report

At the time of writing, Scotland is beginning to relax some of the protracted lockdown restrictions implemented in response to the national emergency arising from the COVID-19 pandemic. This has been a year characterised by the steadfast response by individuals, groups, communities, and as a nation. With the availability of wide-scale vaccination, there is hope that restrictions will be further lifted through this year. Communities are beginning to think about future opportunities to recover or even grow. There is a commitment to build back better and stronger, take advantage of the different social and economic climate that exists post-pandemic, and pursue different ways of living and working. Throughout a year characterised by uncertainty, the role played by Foundation Scotland in supporting our communities has been constant, consistent, and invaluable relevant.

The flexibility and agility that comes with being an independent grantmaking charity, with a firm financial position and access to unrestricted funds, allowed us to react quickly and flexibly to the national emergency by setting up our Response Recovery and Resilience (RRR) Fund. This action has been sustained, and through our role as the sole distributor for the National Emergencies Trust (NET)'s Coronavirus Appeal funding in Scotland, we have distributed grantmaking of £7 million swiftly and directly into communities. This provision to our communities has continued alongside our regular grantmaking activity, which has continued as business as usual and seen us support communities with total grantmaking of more than £37 million in this year.

The executive team have shown their own resilience through this period, maintaining morale and productivity at undiminished levels despite the challenge of remote working whilst balancing domestic and caring responsibilities as well as focusing on compliance with the regulations and ensuring personal welfare.

Despite this very challenging operating environment, we have managed to take forward our organisational improvement and maintain momentum on many key projects. Our Strategy, Vision and Ambitions have been fully 'pressure tested' by the pandemic and found to be as relevant during the crisis as when these were drafted before it came into our lives. During the year, we have focused on implementing our Strategy, aligning activity to our Ambitions and taking time to collaboratively discuss, shape and agree our underpinning Values, co-produced by trustees and the staff team. Our new values are:

- **We make things happen.** We roll up our sleeves, find solutions and take action.
- **We never stop learning.** We keep learning and sharing what works and what doesn't.
- **We do the right thing.** We own our responsibilities, our decisions, our actions.
- **We meet you where you're at.** We show understanding and generosity.
- **We are open.** We exchange thoughts and ideas.
- **We invest in people and planet.** We think and act with the long-term in mind.

We took time to focus on improving governance, including matters of diversity. We engaged in the Transform programme, delivered by the charity Getting on Board. This programme aims to improve the diversity of the Board while recruiting relevant expertise to strengthen the organisation. Taking learning from this process, we completed a comprehensive open recruitment process that attracted over 40 exceptional candidates interested in giving their time to help Foundation Scotland further build its offering to support our communities. Through this successful selection and appointment of six new trustees, we have further increased our already cognitively diverse Board, broadening out in terms of gender, race, age and location, and bringing the headcount of the Board to 15 trustees from 2021.

Through 2020/21, several other enabling strands of work aligned to our ambitions, seeking to amplify our social impact through all our resources, including funding and other assets, connections, convening, and collaborative power.

We have reviewed our investment policy and established a strategy that aims to maximise financial returns and social impact. The transfer of the management of a substantial part of our invested assets to EQ Investors, a certified B Corporation that actively invests in solutions to social and environmental problems rather than solely avoiding specific sectors, has attracted new donors and significant interest. The latter has come from community foundations across the UK and overseas, with whose members we continue to share our learnings.

### For the year ending 31 March 2021

We have progressed the integration with Resilient Scotland during the year, building their well-established and highly respected loan finance capability into the organisation. Foundation Scotland will deliver the final year of a ten-year blended finance programme as the Jessica (Scotland) Trust's corporate trustee, a fund originally provided by The National Lottery Community Fund. This programme blends loans with grants and business mentoring and will complete the £15million investment into innovative and impactful social enterprises.

As we looked forward and outward to a post-pandemic return to workplaces, we considered the plight of smaller charities. We recognised the likelihood of many failing to be able to maintain office space through and beyond the pandemic due to financial pressures. With a view to collaboration and maximising the physical space that we own, we explored options to open our Edinburgh office to smaller charities and social entrepreneurs, which led to a conversation with The Melting Pot. This well-established social innovation leader in Scotland provides a co-working hub for its members in Edinburgh. We have developed a strategic collaboration, enabling The Melting Pot to deliver co-working and other services from our premises on Calton Road, to which Foundation Scotland will also have access. Maximising the potential social impact of our property will sit alongside our new hybrid hub-base approach once it is safe for people to choose to return to office-based working.

Thinking further ahead, reflecting on alignment with the UN Sustainable Development Goals, we also looked outward to the climate emergency, eclipsed in global news by the pandemic, and of existential significance. Adopting the mantra of think global, act local, at Foundation Scotland, we actively play our part in contributing to climate action, from our own operations and practice to using our funding and influence with community organisations across Scotland. We have also partnered with F20, a network of foundations and philanthropic organisations worldwide, which calls for joint, transnational action towards sustainable development. We have promoted and secured this alliance ahead of Glasgow hosting the COP26 and are making preparations to act as an anchor foundation for F20 events during 2021.

While the future economic outlook remains uncertain, Foundation Scotland has been in the fortunate position of being able to continue to give staff assurance on job security and the future viability of the Foundation. This has been made possible through financial prudence and planning, expert investment and the generous donations of philanthropists who highly value the contribution made by the Foundation to Scotland's communities.

We intend to continue to work hard as trustees and staff to progress our vision and strategic ambitions. We have taken learning from our range of programmes during the year. We are set to emerge a stronger, more efficient and more effective supporter and developer of community resilience and use our experience to help shape new approaches and policies in the new normal beyond the pandemic.

Finally, I would like to recognise the contribution of the trustees in supporting a wide range of developments this year and for their unwavering support toward our collective vision.

Barry Sillers, Chair

## CEO's report

The year saw an unexpected, immediate and imposed global change in working practices, which we all needed to rapidly adapt to. This has led to a permanent new workplace model across our staff team – not just where we work but how we work and support each other and Scotland's communities. The dedication and expertise shown by colleagues kept all funding streams running while we were also able to continue to grow new funding, community programmes and collaborative partnerships. Doing this while managing home life during a pandemic was an extraordinary achievement - thank you to all my colleagues for stepping up to this enormous challenge.

We helped bring some fantastic projects to life in Scotland over the past year. Funding reached over 4,300 charities, social enterprises, and community projects, each of which represents an incredible range of human experience and together evidences the many ways that together we can help build a stronger, more resilient, Scotland.

Creating the Response, Recovery and Resilience programme in just a matter of days of the UK lockdown, we were able to bring together the generosity of our existing donors and new donors and the NET Coronavirus Appeal to get grant funding into communities in genuine need of immediate support, almost overnight in the first days and then weeks of the pandemic and restrictions. The impact this had in keeping people afloat, connected, and supported could never be underestimated.

Alongside this reactive response, we welcomed many new donors during the year, establishing new funding programmes, including Crown Estate Scotland, Drax, Scottish Gas Networks, Rockstar, Sutherland Page Trust, B&P Johnson Family Trust, Direct Line, The Co-op, and the Scottish Crofters Federation, and we thank all these donors for joining us.

Beyond our response to the needs of individual communities, this year we have also pushed forward with several initiatives focused on potential longer-term impact for all communities. These developments include:

- Establishing a collaborative project with OSCR (Office of the Scottish Charity Regulator) on Revitalising Trusts, an initiative to research and unlock inactive charitable trusts to ensure any charitable funds are active and can achieve public benefit.
- Developing more community endowments, including the use of our matched-donation programme, to assist community trusts and other organisations to establish long-term and community-facing funds, as part of their approach to growing community assets.
- Commissioning 'Community Finance Solutions' an independent research and development unit at Salford University to undertake a review of Resilient Scotland's social investment programme over the past decade, to inform the plan for new social investment funds from 2022, and sharing learning with the broader social enterprise and investment community.
- Greater collaboration with UK Community Foundations (UKCF), a leadership body for the community foundation movement in the UK, and the partner in managing and distributing funds from the National Emergencies Trust (NET).
- Engagement with a Social Action Inquiry drawing on the wealth of knowledge and insight held in communities. Seeking both lived and learned expertise, and building on the findings of the Civil Society Futures independent inquiry undertaken in 2018 to spark a national conversation about how English civil society can flourish in a fast changing world, this new inquiry will bring us together with The Carnegie UK Trust, Corra Foundation, The Robertson Trust, the National Lottery Community Fund, the Scottish Council for Voluntary Organisations (SCVO) and the Royal Society of Edinburgh in Scotland. Our collective aims are as follows:
  - How can citizens take *social action* in their communities which can make Scotland a better place to live? How can this be sustained?
  - What are the factors – structural, policy, legal, financial, cultural, relational, demographic, digital, constitutional – which help or hinder the leverage and continuation of *social action*?
  - What changes do state institutions, private businesses and third sector organisations, including providers and funders, need to make to maximise the leverage, and realise the long-term potential of *social action*?

For the year ending 31 March 2021

- How can harnessing the potential of *social action* enable us to respond to and be prepared for, and be resilient in the face of, an increasingly turbulent and constantly changing environment?
- Development of a relationship with the Wellbeing Economy Alliance (WEALL), which is a collaboration of organisations, alliances, movements and individuals working towards a wellbeing economy, delivering human and ecological wellbeing, with the aim of exploring how to plan funding from a preventative expenditure approach, viewing the economy with a different lens.
- Through our new collaborative endeavour with The Melting Pot, designing a fund to support smaller, lower capacity charities to become members and active users of co-working spaces.

We have begun to understand some of how COVID-19 is reshaping our lives. Swift, yet thoughtful, adaptation will be the new normal, coupled with a need to gain lessons learned in fast and practical ways. We will continue to build new and effective relationships within and outwith the Foundation, and we look forward to doing some of this face-to-face, blended with our now well-established online practices, benefitting from the investment we have made in internal digital platforms, our processes, and our new website for all our stakeholders.

Thank you to colleagues, funding clients, partners – and critically – the leaders of projects funded in the last year for helping the Foundation to deliver on our vision of confident, thriving, resilient communities across Scotland.

Giles Ruck, Chief Executive Officer

## About Foundation Scotland

We were established in 1992 as the Scottish Community Foundation before changing our name to Foundation Scotland in 2012. We are Scotland's Community Foundation and as such we have always been committed to addressing the challenges faced by individuals and communities in Scotland. We bring individual and corporate donors and local communities together, helping to direct giving to issues and causes that are important to the funders with funding where it is really needed and really has an impact.

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

We are trusted by over 150 communities, from Shetland to Stranraer, from Portree to Dundee. Over 400 funders count on our services. Since 1992, we have invested over £130m into communities, and funding, boosted by emergency funds, reached £37m this year, by means of over 4,300 funding awards.

We are part of a movement of 50 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 have the privilege to think and act differently:

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

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

This year, on behalf of our donors, we distributed over £37 million. Our knowledge of the non-profit sector allows us to find lesser-known charities, including community groups, ensuring our awards make an impact and create lasting change.

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

**Our Purpose: Supporting communities to shape their future with the capacity and resources to deliver it**

### Our Ambitions

- Harnessing finance for investment into communities
- Working at the heart of transformational giving
- Ensuring our impact and learning informs practice, policy and creates new business opportunities
- Achieving excellence through our people, practice and systems

### Public Benefit

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

**Reference and administrative details**

**Board of Trustees**

Angus Tulloch	
Barry Sillers	[Chair]
Ian Marr	
James Hilder	
Jennifer Gordon	[Appointed 12 May 2021]
John Naylor	[Retired 22 September 2020]
Leslie Rance	[Appointed 12 May 2021]
Mamta Patel	[Appointed 12 May 2021]
Samantha Fiander	
Sarah Whitley	
Sharon Fairweather	
Shona Smith	[Appointed 12 May 2021]
Stephen Connelly	[Appointed 9 July 2020]
Stewart Carruth	[Appointed 12 May 2021]
Thomas Ward	[Retired 30 April 2020]
Tobias Jung	[Appointed 12 May 2021]
Toby Anstruther	[Vice Chair]

**Finance Committee**

Angus Tulloch	[Resigned 11 December 2020]	Trustee
Graham Paterson	[Retired 20 August 2020]	Co-opted member
Jennifer Duvall	[Appointed 19 November 2020]	Co-opted member
John Naylor	[Retired 22 September 2020]	Trustee
Leslie Rance	[Appointed 12 May 2021]	Trustee
Mamta Patel	[Appointed 27 May 2021]	Trustee
Sharon Fairweather	[Chair]	Trustee
Stephen Connelly		Trustee
Thomas Ward	[Retired 30 April 2020]	Trustee
Toby Anstruther		Trustee

**Investment Committee – established 8 December 2020.**

Angus Tulloch		Trustee
John Naylor		Co-opted member
Sarah Whitley	[Chair]	Trustee
Shona Smith	[Appointed 12 May 2021]	Trustee

**Remuneration Committee**

Barry Sillers	[Chair]	Trustee
Sharon Fairweather		Trustee
Thomas Ward	[Retired 30 April 2020]	Trustee

**Risk and Impact Committee – established 8 December 2020.**

James Hilder		Trustee
Mamta Patel	[Appointed 12 May 2021]	Trustee
Rosie Tiller	[Appointed 23 February 2021]	Co-opted member
Stephen Connelly	[Chair]	Trustee
Tobias Jung	[Appointed 12 May 2021]	Trustee

**Social Investment Committee – established 8 December 2020**

Cameron Kinnaird	[Appointed 23 February 2021]	Co-opted member
Ian Marr	[Chair]	Trustee
Isla McCulloch	[Appointed 23 February 2021]	Co-opted member
Jennifer Gordon	[Appointed 12 May 2021]	Trustee
John Kelly	[Appointed 23 February 2021]	Co-opted member

**Senior Management**

Giles Ruck	Chief Executive
Elizabeth Sams	Chief Finance and Operations Officer
Rachel Searle	Head of Communities
Helen Wray	Head of Programmes
Christopher Holloway	Head of Resilient
Camille Craig	Marketing Manager
Vicki Corbett	Philanthropy Development Manager

**Company Secretary**

Elizabeth Sams	Chief Finance and Operations Officer
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**Registered office**

15 Calton Road, Edinburgh, EH8 8DL.

**Auditors**

Henderson Loggie LLP	11 -15 Thistle Street, Edinburgh, EH2 1DF
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**Bankers and Building Societies**

Epworth Investment Management Ltd	2nd Floor, 9 Bonhill Street, London, EC2A 4PE
Nationwide	71 George Street, Edinburgh, EH2 3EE
Royal Bank of Scotland plc	36 St Andrew Square, Edinburgh, EH2 2YB

**Investment advisors**

Brewin Dolphin Ltd	Sixth Floor, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX
Charles Stanley & Co. Ltd	2 Multrees Walk, St Andrew Square, Edinburgh, EH1 3DQ
EQ Investors Ltd	Centennium House, 100 Lower Thames St, Billingsgate, London, EC3R 6DL
Newton Investment Management Ltd	160 Queen Victoria Street, London, EC4V 4LA
Rathbones Investment Management Ltd	George House, 50 George Square, Glasgow, G2 1EH
Rossie House Investment Management	50 Moray Place, Edinburgh, EH3 6BQ
Standard Life Aberdeen plc	Standard Life House, 1 George Street, Edinburgh, EH2 2LL

**Solicitors**

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

<b>Edinburgh</b>	<b>Glasgow</b>	<b>Gatehouse of Fleet [Closed December 2020]</b>
Tel: 0131 524 0300	Tel: 0141 341 4960	Tel: 01557 814927
15 Calton Road	Empire House	The Kiosk
Edinburgh	131 West Nile Street	Gatehouse of Fleet
EH8 8DL	Glasgow	Dumfries and Galloway
	G1 2RX	DG7 2HP

**Website**

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

## Structure, governance, and management

### Legal and charitable status

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

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

### Trustees

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

Trustees are appointed by the Board and serve for three years, after which period they may put themselves forward for reappointment up to a nine-year total. The Trustees meet four times a year, including a full away day. Those in office during 2020/21 and at the date of this report are set out in the reference and administrative details section of this report.

On appointment, each Trustee subscribes to a code of conduct and completes a register of interests, which is renewed annually. New Trustees and committee members receive a role description and appropriate strategy documents. They each attend an induction programme, covering the key aspects of our services, and also visit grant funded projects in order to see the difference made to communities. This year due to the COVID-19 pandemic this has not been possible.

### Committees

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

- Finance
- Investment
- Remuneration
- Risk and Impact
- Social Investment

### Management and staff

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

The Senior Management Team comprises the key management personnel of the charity in charge of running and operating the charity on a day-to-day basis. The Senior Management Team consists of the Chief Executive, the Chief Finance and Operations Officer, the Head of Communities, the Head of Programmes, The Head of Resilient, the Marketing Manager and the Philanthropy Development Manager. On 31 March 2021, the Foundation employed 33 people, of whom 15 worked part-time.

**Key management personnel remuneration**

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

Details of Trustee expenses and related party transactions are disclosed in notes 9 and 23 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 pay of the Senior Management team is reviewed annually and, along with all staff, where funding allows, is increased in line with benchmark charity rates.

**Volunteers**

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

**Trustees' indemnity insurance**

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

## Strategic Report

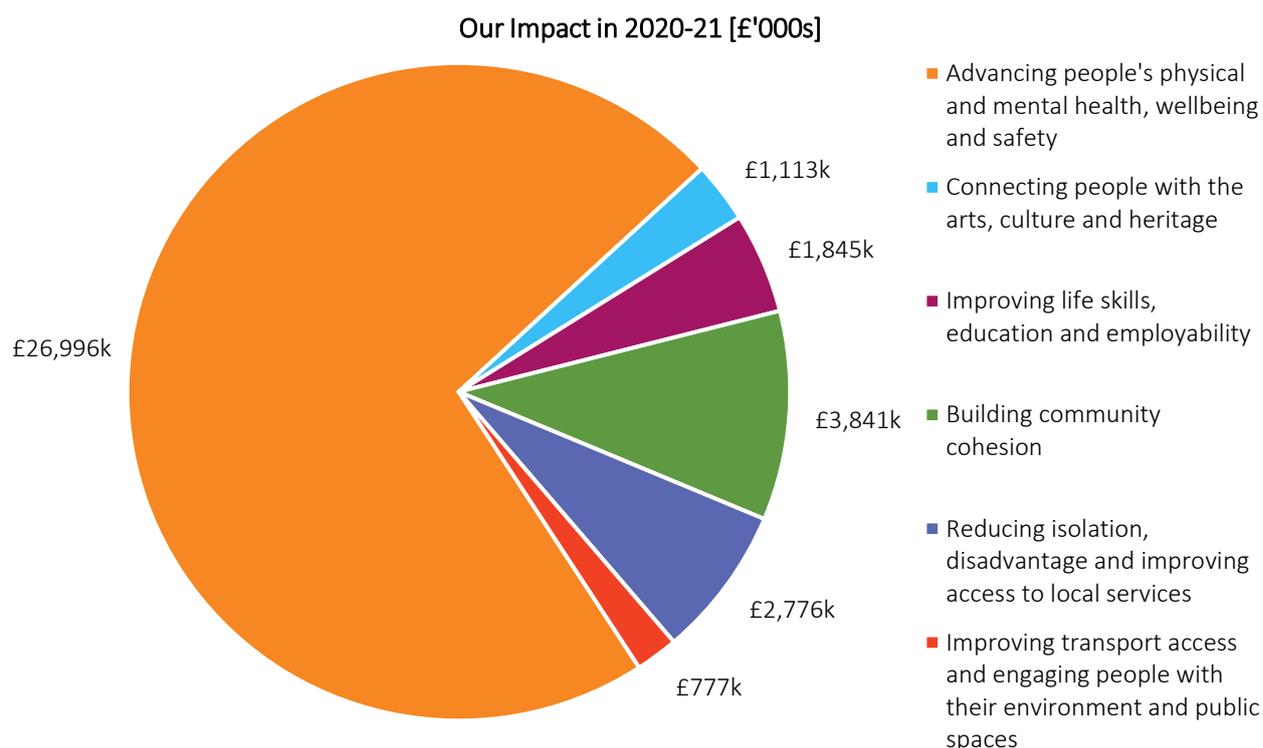
### Fund distribution

In total, the Foundation received 5,579 applications and made 4,303 awards totalling £21,775k [£37,348k including exceptional awards] on behalf of its funding clients during 2020/21:

Applications and awards summary	2016/17	2017/18	2018/19	2019/20	2020/21
Number of applications received for grants during year	2,412	2,774	2,822	3,744	5,579
Number of awards made in year	2,412	2,878	2,890	2,703	4,303
Total value of awards in year (including accruals)	£7,352k	£9,580k	£11,220k	£10,005k	£37,348k

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

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



## Our work this year

### Ambition 1

#### Harnessing finance for investment into communities

The Revitalising Trusts project, a systematic approach to the reactivation of dormant and redundant charitable trusts in Scotland, took several steps forward, including an agreement with OSCR (the Office of Scotland's Charity Regulator) on a partnership approach, an outline feasibility study based on headline data, developing the initial design process for the programme, and the employment of a coordinator for the programme.

We continued on the path to integration with our sister organisation, Resilient Scotland (formally integrating on 1 April 2021). Foundation Scotland is now the corporate trustee of the JESSICA (Scotland) Trust and will deliver the final year of the ten-year programme. In looking back, learning from Resilient Scotland's experience, and forward planning, we commissioned an evaluation of the programme by Salford University's Community Finance Solutions team. We will use this learning to shape a new social investment fund from 2022.

Development of community endowments continued during the year. For example, four Community Endowments were established in Caithness (by the communities of Watten, Tannach, and Latheron Lybster and Clyth; plus an initial Caithness-wide endowment fund); and two in Argyll and Bute (by the communities of West Loch Fyne, Dunadd, Lochgilphead, Eridine, Inverary, Furnace, and Dalavich).

### Ambition 2

#### Working at the heart of transformational giving

We continued to support over 150 funders to donate to charities by providing advice, sourcing charities, or running full grant programmes. Funding distributed totalled £37million, with award sizes ranging from £500 to tens of thousands, with two transfers to establish new Foundations with dedicated purposes totalling £18.7m.

£6.6m was distributed for the National Emergencies Trust (NET) COVID Coronavirus Appeal Programme. The Co-op, Rockstar games, Barclays, DRAX and the Women's Fund for Scotland also contributed additional funds for COVID-related programmes.

Under the 'RRR' banner – our COVID-19 Response, Recovery and Resilience Fund - we supported SAMH (Scottish Association for Mental Health) with strategic funding to help fund 'Time for You', a mental health support service for key workers, and to deliver mental health training for third sector workers in Scotland.

Individual funders have increased their commitments in a number of ways:

- In 2020, two new family clients set up invested funds. The B&P Johnson Family Foundation is aiming to grow their fund to circa £1m.
- The Snowdrop Trust was our first invested client who chose to transfer their funds to our new impact investment model in our Foundation Scotland EQ Impact Fund.
- Baillie Gifford increased their support by adding significantly to their existing funding programmes and by opening a further fund, enabling employees to directly contribute.
- We also welcomed Martin Currie Investment Management to our work, and they have set up their Community Partnership Programme with us. This supports projects which promote diversity and inclusion, and Social and environmental sustainability.

The profile around the RRR appeal galvanised the support from several new corporate donors, including Rockstar Games, UBS and SSE, relationships which we will further develop.

We set up a new programme to support sports clubs and organisations in Scotland that aim to improve life skills, mental wellbeing and employability, with the funding provided by Made By Sport.

And community Panels and Boards were given further encouragement and support to equip them to develop more strategic approaches to fund distribution, for example by using long term unrestricted funding to lead organisations in their communities, commissioning new Development Officer roles when a community requires more capacity but there is no host organisation, and delivery of education and training funds.

### **Ambition 3**

#### **Ensuring our impact and learning informs practice, policy and creates new opportunities**

We joined a partnership under the banner of a Social Action Inquiry to identify what can be learned about social action as a result of the exceptional set of circumstances caused by the pandemic. This will contribute to wider efforts to 'build forward, better' in Scotland. At the heart of the inquiry will be a set of "social action hubs". Support, including financial resource, will be offered, with communities deciding how best to use this. The hubs will be about enabling action, as well as producing learning to help inform wider change. Our partners in this include The Carnegie UK Trust, Corra Foundation, The Robertson Trust, National Lottery Community Fund, SCVO and the RSE in Scotland.

We partnered with the Social Enterprise Academy to offer development sessions for grantees and other community stakeholders. This was provided for project and community leaders who were searching for future direction and valued time for reflection. We piloted this offer with four cohorts: a group of RRR Fund grantees; a community panel; North Glasgow - an urban community where we have multiple funding relationships; and a rural community, also with a range of funding connections.

We delivered the final aspects of a programme contracted by the Scottish Government's CARES (Community and Renewable Energy Scheme), which included community case study impact stories.

We partnered with The Wellbeing Economy Alliance Scotland (WEALL), to deliver a seminar with community stakeholders to inform plans for a research project to understand better how Foundation Scotland's place-based work supports and contributes to local 'Wellbeing Economies'. This process has informed a programme design that WEALL will deliver next year on our behalf.

We shared information and learning from our decision to and experience of transferring our investment funds to an impact portfolio, including through online seminars and media coverage, including in the financial press.

### **Ambition 4**

#### **Achieving excellence through our people, practice, and systems**

We undertook some small-scale reorganisation, including establishing a Central Systems Team, to standardise our core digital processes and generate new efficiencies swiftly. We also laid the groundwork to merge our Programmes and Philanthropy teams to support improved joined-up working.

We invested time in our staffing onboarding process, welcoming four new colleagues during the year, and supported the recruitment and induction for six new trustees.

A quality accreditation process was undertaken as part of our membership of UKCF (UK Community Foundations). We approached this as a cross-organisational effort and an opportunity to refresh a range of policies and achieve consistency and relevant links between our various policies. To improve transparency, we have published some of the foundation's major policy documentation on our new website.

We reshaped in-house grant assessment processes to improve our efficiency and joined-up working. Various benefits accrued include improved knowledge sharing and better management of peaks in workload across the organisation.

We moved to a new workplace model, which blends working from home with the use of workplace hubs (once it is safe to do so). This led to a lease of our Edinburgh office to The Melting Pot, an Edinburgh-based co-working organisation.

We established an internal Climate Action Working Group during the year and signed the Funder Commitment on Climate Change.

## Financial review

The Statement of Financial Activities for the year is set out on page 26 and the Balance sheet on page 27.

### Income

Total income for 2020-21 increased by £19.5m from £13.2m to £32.7m reflecting both new activity in response to the COVID-19 crisis and increased funding due to new donors joining the Foundation. Unrestricted donations and legacies, which allow the Foundation to cover its core costs and undertake strategic activities, increased from £60k to £1.28m, for which we are extremely grateful.

Overall, our investment income decreased by £225k. In October 2020, the Foundation changed its default investment fund from BNY Mellon, Growth and Income Fund for Charities, to EQ Impact Investors. The nature of the new impact funds means that there is a greater focus on long-term growth rather than income so the drop in income was expected and planned for.

Income for grant making increased by £18.4m driven by the establishment of new funds to respond to COVID-19, and increased donations from existing donors. COVID-19 related funds accounted for £7.6m of the increase of which £6.7m was received from the National Emergencies Trust's (NET) Coronavirus Appeal. £3.8m of the increase came from the establishment of new endowment funds, with £400k being the net additions made by existing endowment fund holders.

Other income held up as our consultancy work grew. This compensated for the fall in income from room lettings from the Carlton Road office, which was impacted by the lockdown restrictions in response to COVID-19.

### Expenditure

Total expenditure increased by £27.2m from £12.1m to £39.3m. Grants payable increased by £27.3m and unrestricted expenditure relating to grant and loan making activity reduced by £146k on the previous year.

Included in the grants payable figure were two transfers totalling £18.7m to other Trusts for general grant-making activity across Scotland. Removing these exceptional transfers, grantmaking was £20.6m. COVID-19 related grant-making accounted for £7.8m meaning that Non-COVID-19 grantmaking was £12.8m, an increase of £2.8m on the previous year.

The decrease in our unrestricted expenditure was due partly to staff working from home - resulting in lower occupancy and travel costs. Several staff posts remained unfilled during the year meaning that salary costs reduced by £82k too. Modest pay rises for all staff - in line with charity sector benchmarks - were applied.

Development costs reduced by £24k. Costs are based on the amount of time logged against marketing and development activity and this declined in the year.

The Foundation committed to supporting a Social Action Inquiry with £200k, and also provided a support grant to The Melting Pot (TMP) of £30k as they converted the former Foundation Scotland offices into a new co-working hub, as part of our new strategic collaboration with TMP. Both grants are being supported by Unrestricted Funds.

### Balance Sheet

Net Assets increased by £5.4m, driven primarily by an increase in Restricted Funds [£4.2m] and the impact of the donations on the Unrestricted Fund. Fixed assets were impacted by the £601k write down in the valuation of our main office, which is now being leased to a social enterprise and is therefore classified as an investment property.

Debtors increased by £0.9m due to two large gift aid claims remaining unpaid at year end - these were subsequently settled by the HMRC in April 2021. Bank and Cash increased reflecting the increase in restricted funds received - which are held in bank accounts as opposed to being invested.

Creditors increased due to an increase in the value of grants accrued. Grants accrued represent grants committed which may not be paid out for some time. The number of funds making multi-year commitments to grantees increased.

Lastly, the provision in relation to the defined benefit pension scheme reduced, due to the contributions paid in the year.

## Future plans

### Harnessing finance for investment into communities

- We will implement the pilot phase of Revitalising Trusts programme now that a partnership approach with OSCR (the Office of the Scottish Charity Regulator) has been agreed and an Advisor has been appointed to take this work forward. In the first phase we aim to test and refine our approach in reaching and liaising with representatives of inactive charitable trusts, and options to support them in re-activating, or winding-up and transferring charitable assets. With either option the objective is to achieve public benefit with charitable assets. Now, more than ever, the voluntary and community sector in Scotland will benefit from release of locked-up funds.
- We will continue to build on the early developments in supporting communities to create community-led endowment funds. This was paused during the initial pandemic period. Where it is helpful, we will offer matched-donation as an incentive for the community fundraising approach. We will also simplify the documented agreement process during the year.
- We will deliver on the final year of ten for the JESSICA (Scotland) Trust, following the successful integration of the Resilient Scotland team into the Foundation. In parallel, we will build on learning from successful delivery by Resilient Scotland over the past decade, and develop a new social investment fund relevant for the social enterprise market as organisations seek to deliver businesses with social value in a post-pandemic society.

### Working at the heart of transformational philanthropy

- We will reinvigorate the endowment service for individual and family philanthropists. We expect to widen the offer, including an option for them to join thematic and or place-based funds identified by the Foundation, while continuing to offer the options of us supporting their own grantmaking programme and self-directed grantmaking.
- We were delighted with the interest in our new Impact Investment approach, managed via EQ Investors, and we aim to use this as part of our marketing approach during the year, i.e. the proposition of achieving social impact with invested capital as well as from grantmaking.
- We will review our non-invested giving services, in particular ensuring that individuals taking their first big steps into charitable giving are offered a product that meets their needs now, and a pathway to transformative giving in future years. We will also look afresh at how the Foundation might best support people who are considering whether and how to leave a charitable legacy.
- We will continue to implement new, and deliver existing, place-based and thematic funds. We will continue to work collaboratively and seek to join-up funding streams when it is possible and relevant.

### Sharing knowledge gained from experience to inform policy and practice

- We will build on collaboration established with stakeholders last year, in particular the Wellbeing Economy Alliance (WEAll), and with a range of other independent funders and civil society organisations via a Social Action Inquiry.
- We note and are encouraged by the development of the Scottish Government and COSLA's Place Principle in Scotland. We will seek to engage with stakeholders on this, and where helpful for increased learning and impact we will connect our place-based work with this developing body of practice.
- We will implement 'IMPACT 2', our approach to systematic social impact measurement. We have been through an extensive design phase, seeking to ensure ease of applying the methodology at a practical level with all funded organisations, while also ensuring the collated impact data can underpin stories of real change and growth in and across communities. The 'IMPACT 2' approach supports the design and development of funding programmes – as a starting point working with new donors and other funders, and will enable us to report in alignment with the United Nations Sustainable Development Goals and The Scottish Government's National Performance Framework.

Achieving excellence through our people, practice and systems

- We have adopted a new approach to the workplace, blending homeworking with work from co-working hubs. In tandem, we have invested in a range of digital platforms to support internal and external communication and workflow. We will spend time helping colleagues to embed new practices.
- We expect to invest significantly in improvement to our Customer Relationship Management platform, how this works with our other platforms and processes. We expect improvements to offer visible workflows for all colleagues and real-time information for a range of stakeholders. We will build on our approach to transparency, aiming to mainstream our pilot on publishing grants data on 360 Giving, and ensuring we make our 'grants map' prominent for all.
- Our financial planning shows various paths ahead, combining contributions – or 'fees' – for our services as a social enterprise, with unrestricted donations that enable us to grow and develop our services and achieve more social impact. Ours is a charitable business that combines a charitable proposition with aspects of a commercial service, and we will focus on getting that balance right in a 'Funder Plus' model during the year ahead, as one aspect of securing long-term sustainability.
- We will build on our journey to improve diversity, equity, and inclusion across the Foundation and across our work. Our work embraces multiple approaches and points of view, and we believe diversity drives innovation. We continue to build a team and a culture where difference is understood, welcomed, and supported by our shared values. Creating an environment where everyone, from any background, can do their best work is not just the right thing to do, it is also the smart thing. Diverse organisations are more innovative and better positioned to succeed – and in our case, better positioned to amplify the social impact of our work and support the very communities we seek to champion.
- We will also begin to embed our approach to climate action, ranging from paying attention to our own practice, including travel and procurement, as well as supporting those organisations which we fund to address climate action in their own community and context.

## 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.

In order 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 20.

The levels of reserves and designated funds are set by the Board, with advice from the Finance 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 are two peaks in the year – April and October. 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 is £380k.

- As the Foundation undertakes investment in its infrastructure and operating systems and in line with the current strategic plan, it will be operating a deficit budget in 2021-22. The unrestricted reserves necessary to support this deficit have been calculated as £300k.

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

- Investments in finance, HR, Risk Management and Strategy Execution software have been made in recent years. IT hardware was upgraded in 2019-20 and 2020-21 saw investment in improving the website. During 2021-22 upgrading the Grants and Loans Management System, critical in the next phase of the strategic plan, will be prioritised. The reserves necessary to support this activity are currently estimated at £250k of which £94k has already been designated.
- In accordance with its objective of increasing its endowment funds to support communities, the Foundation has committed £353k to match fund endowment building activity over the next two years which will be held in a designated fund.
- The current business model requires dividend income from an invested fund to contribute to the Foundation's operating income each year. The investment amount currently required to generate this annual income is £1.4m. The long-term aim is to increase operating income and hence negate the requirement to hold this capital sum as a designated fund.
- Foundation Scotland participates in a multi-employer defined benefit pension scheme which has been frozen to new entrants since 2010. The scheme is currently in deficit and the scheme actuary has estimated that if the Foundation ceased to participate, the resulting final liability would be £1.82m. It is not the Trustees' intention to crystallise this liability, but they wish to ensure that should the liability arise, that this could be discharged. The Foundation owns their office building in Edinburgh which was funded by unrestricted funds and the value is designated to partly discharge the majority of the pension fund liability £1.4m.

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

As at 31 March 2021 the required level of reserves is £4.9m and the actual level of unrestricted reserves held is £5.6m. The Board has agreed that the excess sum of £0.7m will be used to accelerate the investments arising from the 2020 - 2030 Strategic Plan.

## Investment policy

Foundation Scotland has a detailed investment policy which is available upon request.

Through its discretionary managed portfolios, Foundation Scotland pursues an investment objective of maximising total return from income and capital growth whilst seeking to maintain the real value of its investments after taking into account any withdrawals for grant making. Income is either re-invested or held as cash for distribution. So long as it is not detrimental to the financial return, the portfolios also seek to achieve positive social impact. Attention is paid both to the products and services provided by the underlying companies held in the portfolios, and to their business practices.

The Board agrees a level of cash to be withdrawn from the funds on an annual basis from capital [excluding Matched Endowments which are permanent in nature] and income. The level is reviewed annually to try and achieve long term sustainability. In setting the withdrawal rate, the Investment Committee will consider a range of issues including but not exclusively: investment performance; inflation; needs of beneficiaries; and also 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 gifting requirements.

Except for cash deposits, Foundation Scotland does not itself undertake any investing directly and uses a number of Investment Managers for this purpose. The mandates with these managers are reviewed at the time of their initial presentation to the Investment Committee.

There are no specific Environmental, Social or Governance (ESG) restrictions on the majority of our investment portfolios. However, where Foundation Scotland has day-to-day investment management responsibility, funds are now all invested in the Foundation Scotland EQ Impact Fund Portfolio, managed by EQ Investors. As at March 2021, this portfolio comprises around 12 externally managed impact-focused funds.

Notwithstanding the foregoing, the Trustees consider that both fund managers and Board directors of invested companies have an increasing stewardship responsibility to all their stakeholders. The Board also believe that funds and companies which ignore ESG issues may be more at risk of reputational, and consequently financial, damage.

It is the policy of Foundation Scotland to be as helpful as possible to potential donors. We will accept donations of investments as a transfer from a donor's personal investment portfolio and allow them to remain invested with the donor's investment manager subject to a minimum level of £500k. Where a donor does not have a sufficiently large fund to create a distinct portfolio, their monies will be invested in the Foundation Scotland EQ Impact Portfolio.

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 benchmarks on a quarterly basis and the minutes of these meetings and a summary performance report are reviewed by the Finance Committee and the Board.

As owners or legal custodians, Foundation Scotland held charity-designated investments with a value of £51.1m at the end of March 2021, compared with £50.5m at the end of the previous year. Of this figure, £22.2m (44%) was invested in the Foundation Scotland EQ Impact Fund Portfolio. The balance of funds, amounting to £28.9m (56 %) is invested as directed by the original donors, or their stockbroking agents- mainly in investment trusts and other collective vehicles. As owners or legal custodians, Foundation Scotland retains a close watching brief on the suitability of all investment assets, and on their overall performance.

For the year ending 31 March 2021

Historically we have not attempted to measure combined performance of the above investments. Given the different parties involved in the composition and selection of Foundation Scotland investment portfolios, evaluating this is not an easy task, and any benchmark used will have its drawbacks. In April 2019 we introduced our own internal performance measurement system and also decided to use the Teknometry\* peer group as a very approximate comparator. We are aware that measuring results on one or two years' performance can be very misleading, and we therefore also take note of the longer-term records of specific portfolios as part of the evaluation process. For the year to end March 2021, Foundation Scotland's combined investment portfolios produced a total capital and income return of 30.9%, compared with the average fund monitored by Teknometry of 25.3%. The corresponding figures for the two years to end March 2021, being the longest period for which combined data is available, are 23.4% and 16.4% respectively. We consider both the one and two year performances to be satisfactory in absolute and relative terms. Our portfolio exposure to strongly performing global equity markets was the principal contributor to these results.

During this financial year, Foundation Scotland completed a major strategic review of the assets for which the organisation has direct investment responsibility. After conducting extensive research, the Board authorised the transfer of these — previously held in the Newton Income and Growth Fund — into a portfolio of social impact funds managed by EQ Investors. The transfer was completed in late 2020. We are proud to be the first UK Community Foundation to have taken this step, and we have aligned our investment policy much closer to those of Foundation Scotland's core social objectives.

A key factor in making this decision was our Board determining that there was a reasonable expectation for the new investment approach not to detract from (and possibly enhance) long-term investment returns. Given the near 100% equity exposure and global composition of these funds, the short-term investment performance of the portfolio is expected to be more volatile than that of a traditional charity investment vehicle, however, we are optimistic that our innovative policy — supported by the expertise of EQ Investors in selecting, monitoring and reporting on suitable funds — will lead to a continuation of satisfactory investment performance over the long term, coupled with achieving a demonstrably more positive social impact.

\*Teknometry CIG Charity Fund Universe, Teknometry Ltd. [www.teknometry.com](http://www.teknometry.com)

## Risks

The 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. Whilst not included in any score of risk, the velocity of risk is also assessed and used as an indication of whether formal contingency plans need to be established – with those of a high impact and high risk score requiring a plan. The Foundation introduced a risk and incident management system – RiskMate - during the year which has improved the 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 and the Risk and Impact Committee.
Chief Executive	Understands the most significant risks and leads on the mitigation activities assigned to the executive function.
Finance 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.
Risk and Impact Committee	Reviews the risks in RiskMate ensuring mitigating activities are being carried out. Reviews the risk statements in the Annual Report and Accounts.
Board	Reviews the strategic risks and incidents quarterly, 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.

Risk	Mitigating actions:
The Foundation fails to demonstrate its impact, effectiveness, and efficiency and loses trust.	Impact working group established, and systems being established to record impact. New reporting to donors on impact being rolled out in 2021-22. Continuous improvement and sustainability key objectives in the 2020-30 Strategic Plan.
The Foundation’s profile and reputation are insufficient to win new clients and retain existing ones.	Increased marketing and communications activities and campaigns being implemented, including review of donor personas leading to more accurate targeting of FS offers. Improved lead generation and follow-up being implemented through refreshed Marketing and Development Team resource, and via all teams’ combined efforts in donor stewardship – for retention and renewed and/or additional funding.
Unrestricted income is dependent on a few donors.	Additional stewardship being developed for retention of the small number of donors that provide unrestricted income. FS will promote its Theory of Change as a case for support, seeking a wider number of donors that provide unrestricted funding.

COVID-19 has been a lens through which the Foundation reviewed all its risks in the year. Initially, investments were the most affected however they recovered in the first two months of the financial year and have remained broadly stable since. The Foundation received over £7m additional funds for distribution related to COVID-19 and re-calibrated its systems to distribute these. The Board is conscious of the continued turbulence ahead and, although the Foundation has a strong reserve base, the Board is now managing risks more frequently.

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

## Financial Statements

### Disclosure of information to auditors

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



Barry Sillers  
Chair

8 July 2021

### Statement of Trustees' Responsibilities

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

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

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

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

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

We have audited the financial statements of Foundation Scotland [the 'charitable company'] for the period ended 31 March 2021 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 2021 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment [Scotland] Act 2005 and Regulation 8 of the Charities Accounts [Scotland] Regulations 2006 [as amended]

#### **Basis of opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

## Independent auditor's report to the Trustees and members 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 Trustees' Report which includes the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report which includes the Directors' Report has been prepared in accordance with applicable legal requirements.

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities and Trustee Investment [Scotland] Act 2005 and the Charities Accounts [Scotland] Regulations 2006 [as amended] require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, 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 Trustees and members of Foundation Scotland (continued)

### Auditor's responsibilities for the audit of the financial statements (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:

- 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 minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to investment property valuations and pension scheme deficit calculation assumptions; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: employment law (including the Working Time Directive); anti-bribery and corruption; and compliance with charity law and the UK Companies Act.

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.

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

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's 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.

*Henderson Loggie LLP*

James Davidson [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

12 July 2021  
11-15 Thistle Street  
Edinburgh  
EH2 1DF

## Statement of financial activities

[Incorporating the income and expenditure account - For the year ended 31 March 2021]

	Note	Unrestricted 2021 £000	Restricted 2021 £000	Endowment 2021 £000	Total Funds 2021 £000	Total Funds 2020 £000
<b>Income and Endowments from:</b>						
Donations and Legacies	2	1,282	-	-	1,282	60
Investments	3	58	14	670	742	967
Charitable activities						
Income for grant making	4	1,873	23,379	5,345	30,597	12,151
Other		83	-	-	83	69
<b>Total Income</b>		<b>3,296</b>	<b>23,393</b>	<b>6,015</b>	<b>32,704</b>	<b>13,247</b>
<b>Expenditure on:</b>						
Raising Funds - Development costs	5	190	-	-	190	214
Charitable activities						
Grants payable in furtherance of charitable objectives	6	230	35,697	1,421	37,348	10,005
Grant and loan making services	7	1,672	29	66	1,767	1,914
<b>Total Expenditure</b>		<b>2,092</b>	<b>35,726</b>	<b>1,487</b>	<b>39,305</b>	<b>12,133</b>
Net gains / [losses] on investments		[234]	-	12,201	11,967	[3,821]
<b>Net Income / [expenditure]</b>		<b>970</b>	<b>[12,333]</b>	<b>16,729</b>	<b>5,366</b>	<b>[2,707]</b>
Transfers between funds		96	16,517	[16,613]	-	-
<b>Net Income / [expenditure] after transfers between funds</b>		<b>1,066</b>	<b>4,184</b>	<b>116</b>	<b>5,366</b>	<b>[2,707]</b>
Actuarial gains/[losses] on defined benefit pension scheme		[12]	-	-	[12]	7
<b>Net movement in funds</b>		<b>1,054</b>	<b>4,184</b>	<b>116</b>	<b>5,354</b>	<b>[2,700]</b>
Total funds brought forward		4,609	10,638	48,308	63,555	66,255
<b>Total funds carried forward</b>		<b>5,663</b>	<b>14,822</b>	<b>48,424</b>	<b>68,909</b>	<b>63,555</b>

All of the charity's activities are continuing

**Balance sheet** Company No. SC152949

at 31 March 2021

	Notes	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	11	7	1,354
Investment property	11	1,400	718
Other investments	12	51,110	50,540
		<u>52,517</u>	<u>52,612</u>
<b>Current assets</b>			
Debtors	13	1,368	431
Cash at bank and in hand		18,164	13,138
		<u>19,532</u>	<u>13,569</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>[2,382]</u>	<u>[1,906]</u>
<b>Total assets less current liabilities</b>		17,150	11,663
<b>Creditors: amounts falling due after more than one year</b>	15	[588]	[533]
<b>Provision for liabilities and charges</b>	16	[170]	[187]
<b>Net assets</b>		<u>68,909</u>	<u>63,555</u>
<b>Funds</b>			
Endowment Funds – General	17,18 & 21	36,462	42,769
Endowment Funds – Revaluation reserve	17,18 & 21	11,962	5,539
		<u>48,424</u>	<u>48,308</u>
Restricted Funds	17,19 & 21	14,822	10,638
Unrestricted & Designated Funds – General	17,20 & 21	5,566	4,787
Unrestricted & Designated Funds – Revaluation reserve	17,20 & 21	97	[178]
		<u>5,663</u>	<u>4,609</u>
<b>Total Funds</b>		<u>68,909</u>	<u>63,555</u>

These financial statements were approved by the Board on 8 July 2021 and were signed on its behalf by:



Barry Sillers [Chair]

**Cash flow statement** for the year ended 31 March 2021

	2021 £000	2020 £000
<b>Net income as per the statement of financial activities</b>	5,366	[2,707]
<b>Adjustments for;</b>		
Depreciation charge	53	69
[Gains]/losses on investments	[11,967]	3,821
Losses/[Gains] on sale of fixed assets	13	-
Interest and dividend income	[742]	[967]
[Increase]/decrease in debtors	[937]	114
[Decrease]/increase in creditors	531	[1,222]
Increase / [decrease] in defined benefit pension provision	[29]	[21]
<b>Net cash provided by operating activities</b>	<u>[7,712]</u>	<u>[913]</u>
<b>Cash flows from investing activities:</b>		
Dividends & interest from investments	742	967
Purchase of property, plant, and equipment	[2]	[9]
Proceeds from sale of investments	45,622	5,867
Purchase of investments	<u>[33,624]</u>	<u>[4,210]</u>
<b>Net cash used in investing activities</b>	12,738	2,615
<b>Change in cash and cash equivalents in the reporting period</b>	5,026	1,702
<b>Cash and cash equivalents at the beginning of the reporting period</b>	13,138	11,436
<b>Cash and cash equivalents at the end of the reporting period</b>	<u>18,164</u>	<u>13,138</u>

## Notes forming part of the financial statements

### 1. Accounting policies

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

#### Status of the company

The Foundation is a company, incorporated in Scotland with the registered address as on page 9 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] 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 including the impact of the COVID-19 pandemic 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.

#### 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.

#### 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 timesheets and non-salary costs are allocated on a pro-rata basis.

For the year ending 31 March 2021

**Notes forming part of the financial statements**

Funds

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

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

Further details of the nature and purpose of funds and the basis of transfers are given in notes 18,19,and 20.

Fixed assets and depreciation

Fixed assets are included at cost.

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

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

Investment properties

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

Valuations are carried out every 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 market value at the balance sheet date.

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

Leases

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

Pension scheme

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

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 charity 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.

Cash at bank and in hand

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

Creditors

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

Financial instruments

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

Taxation status

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

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

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

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

**2. Income from donations and legacies**

	Unrestricted	Restricted	Endowment	Total Funds 2021	Total Funds 2020
	£000	£000	£000	£000	£000
Income from donations and legacies					
Individuals	1,211	-	-	1,211	3
Trusts	2	-	-	2	2
Corporates	69	-	-	69	55
<b>Total</b>	<b>1,282</b>	<b>-</b>	<b>-</b>	<b>1,282</b>	<b>60</b>
Year ended 2020	60	-	-	60	

**3. Income from investments**

	Unrestricted	Restricted	Endowment	Total Funds 2021	Total Funds 2020
	£000	£000	£000	£000	£000
Income from Investments					
Dividends	45	-	635	680	896
Bank Interest	13	14	35	62	71
<b>Total</b>	<b>58</b>	<b>14</b>	<b>670</b>	<b>742</b>	<b>967</b>
Year ended 2020	130	15	822	967	

**4. Income from charitable activities**

	Unrestricted	Restricted	Endowment	Total Funds 2021	Total Funds 2020
	£000	£000	£000	£000	£000
Income from charitable activities					
Non-Invested Funds	1,873	23,379	-	25,252	10,996
Invested funds	-	-	5,345	5,345	1,155
<b>Total</b>	<b>1,873</b>	<b>23,379</b>	<b>5,345</b>	<b>30,597</b>	<b>12,151</b>
Year ended 2020	1,179	9,817	1,155	12,151	

Public sector funding

BIG Lottery - Jessica				-	266
				-	266

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

	Unrestricted	Restricted	Endowment	Total Funds 2021	Total Funds 2020
	£000	£000	£000	£000	£000
Staff costs	101	-	-	101	107
Travel, training & recruitment	-	-	-	-	-
Property	-	-	-	-	-
Website and IT	14	-	-	14	11
Office costs	7	-	-	7	17
Professional fees	11	-	-	11	17
Support costs (Note 8)	57	-	-	57	62
	<u>190</u>	<u>-</u>	<u>-</u>	<u>190</u>	<u>214</u>
Year ended 2020	214	-	-	214	

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

	Unrestricted	Restricted	Endowment	Total Funds 2021	Total Funds 2020
	£000	£000	£000	£000	£000
Grant making from non-invested funds	230	18,650	-	18,880	7,031
Grant making funds from invested funds	-	17,047	1,421	18,468	2,974
	<u>230</u>	<u>35,697</u>	<u>1,421</u>	<u>37,348</u>	<u>10,005</u>
Year ended 2020	-	9,947	58	10,005	

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

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

		2021 £000	2020 £000
<b>North</b>	Highland	1,146	447
	Orkney	22	1
	Shetland	77	22
	Western Isles	537	4
<b>North East</b>	Aberdeen City	257	295
	Aberdeenshire	431	381
	Moray	267	66
<b>East</b>	Angus	200	58
	Dundee City	283	75
	Fife	673	192
	Perth and Kinross	360	109
<b>Central</b>	Clackmannanshire	146	56
	East Dunbartonshire	66	16
	Falkirk	466	145
	North Lanarkshire	581	121
	South Lanarkshire	350	270
	Stirling	291	263
	West Dunbartonshire	88	15
<b>West</b>	Argyll and Bute	442	175
	East Renfrewshire	72	4
	Glasgow City	3,894	1,076
	Inverclyde	181	64
	Renfrewshire	338	59
<b>South East</b>	East Lothian	233	105
	Edinburgh City	4,886	2,908
	Midlothian	195	56
	West Lothian	420	119
	Scottish Borders	486	285
<b>South West</b>	Dumfries and Galloway	1,562	1,393
	East Ayrshire	125	9
	North Ayrshire	184	26
	South Ayrshire	479	257
<b>Scotland-Wide</b>	Grant to organisations with a Scotland-wide remit	16,245	-
<b>Other</b>	Outside Scotland	1,365	933
<b>Total</b>		<b>37,348</b>	<b>10,005</b>

**7. Loan and Grant Making Services**

Analysed by expenditure type

	Unrestricted	Restricted	Endowment	Total Funds 2021	Total Funds 2020
	£000	£000	£000	£000	£000
Staff costs	955	-	-	955	1,013
Travel, training & recruitment	2	-	-	2	60
Property	-	-	-	-	7
Website and IT	66	-	-	66	59
Office Costs	8	-	-	8	13
Professional fees	90	29	66	185	161
Support costs (Note 8)	551	-	-	551	601
	<u>1,672</u>	<u>29</u>	<u>66</u>	<u>1,767</u>	<u>1,914</u>
Year ended 2020	1,794	79	41	1,914	

**8. Unrestricted costs and split of support costs**

	Delivery costs		Governance	Support costs		Total 2021	Total 2020
	Development	Grant and loan making services		Operations and Executive	Property and offices		
	£000	£000	£000	£000	£000	£000	£000
Staff costs	101	955	43	180	29	1,308	1,387
Travel, training & recruitment	-	2	19	5	-	26	70
Property costs	-	-	-	-	101	101	143
Website and IT	14	66	-	66	9	155	155
Office costs	7	8	14	40	26	95	113
Professional fees	11	90	29	41	6	177	140
	<u>133</u>	<u>1,121</u>	<u>105</u>	<u>332</u>	<u>171</u>	<u>1,862</u>	<u>2,008</u>
Reallocation of support costs	57	551	[105]	[332]	[171]	-	-
	<u>190</u>	<u>1,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,862</u>	<u>2,008</u>
Year ended 2020	214	1,794	-	-	-	2,008	

**9. Staff Costs**

	2021 £000	2020 £000
Wages and salaries	1,126	1,124
Termination costs	-	83
Social security costs	117	119
Pension costs – defined contribution scheme	62	61
	<u>1,305</u>	<u>1,387</u>
Interest expense in respect of defined benefit pension scheme	4	7
Actuarial gains/ [losses] on defined benefit pension schemes	[8]	7
Deficit pension contributions paid	29	28

At the end of the financial year pension contributions amounting to £9,020 [2019 £8,667] were payable and are included in creditors.

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

	2021 £000	2020 £000
Staff Costs	476	495

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

	2021	2020
£60,000 - £70,000	2	1
£70,000 - £80,000	-	1
£80,000 - £90,000	1	-
£120,000 - £130,000	-	1

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

	2021	2020
Community Investment	14	13
Executive	3	2
Finance and Operations	4	4
Philanthropy	5	6
Programmes	3	4
Resilient	4	5
	<u>33</u>	<u>34</u>

Members of the Board of Trustees are not remunerated by the Foundation; 0 [2020: 2] Trustee received expenses during the year totalling £0 [2020: £295] for attending meetings and attending training courses. The Trustees had Trustees Indemnity Insurance in place during the year.

**10. Net incoming resources**

Net incoming resources is stated after charging:

	2021 £000	2020 £000
Depreciation and other amounts written off tangible fixed assets	188	69
Write down of investment property	601	-
Auditor's remuneration		
Audit of these financial statements	14	13
Other services - payroll	4	4
VAT services	1	2

**11. Tangible Fixed Assets**

	Land and Buildings £000	Investment Land and Buildings £000	Fixtures, Fittings and Equipment £000	Total £000
<b>Cost</b>				
At beginning of year	1,418	718	211	2,347
Additions	-	-	2	2
Transfer	[1,418]	1,418	-	-
Revaluation	-	[736]	-	[736]
Disposals	-	-	[102]	[102]
At end of year	<u>-</u>	<u>1,400</u>	<u>111</u>	<u>1,511</u>
<b>Depreciation</b>				
At beginning of year	107	-	168	275
Charge for year	28	-	25	53
Reclassification	[135]	135	-	-
Disposals	-	-	[89]	[89]
Revaluation	-	[135]	-	[135]
At end of year	<u>-</u>	<u>-</u>	<u>104</u>	<u>104</u>
Net Book Value 31 March 2021	<u>-</u>	<u>1,400</u>	<u>7</u>	<u>1,407</u>
Net Book Value 31 March 2020	<u>1,311</u>	<u>718</u>	<u>43</u>	<u>2,072</u>

All assets are held for charitable purposes.

During the year, the property previously classified under Land and Buildings was leased to a tenant and is now classified under Investment Land and Buildings. A valuation was carried out by an external expert resulting in a write down of the value by £736k. The next revaluation is being planned for March 2023. The historic cost of the investment property is £2,136m.

**12. Other investments**

	2021 £000	2020 £000
Market value as at 1 April	50,540	56,018
Additions	33,624	4,210
Disposal proceeds	[45,622]	[5,867]
Net investment gain/[loss]	12,568	[3,821]
Market value at 31 March	<u>51,110</u>	<u>50,540</u>
Historical value at 31 March	39,051	45,180
Represented by:		
Cash and fixed interest securities	2,554	16,306
Listed shares	822	697
Unlisted shares	8	8
Investment trusts and unit trusts	47,726	33,529
	<u>51,110</u>	<u>50,540</u>

Investments comprising more than 5% of market value

Cash on deposit		16,050
Newton Growth & Income Fund for Charities		14,165
Monks Investment Trust	3,444	
BMO Responsible Global Equity	2,799	
EP Global Opportunities Trust	2,761	
Janus Henderson Global Sustainable Equity	2,696	

The main risk to the Foundation from financial instruments lies in the combination of uncertain economic conditions 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**

	2021 £000	2020 £000
Loans	267	283
Other	1,002	81
Prepayments and accrued income	27	29
Trade Debtors	29	4
VAT	43	34
	<u>1,368</u>	<u>431</u>

Included within loans is £135k of loans which are repayable after one year. Other debtors relates to two Gift Aid Claims which were received from HMRC in April.

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

	2021 £000	2020 £000
Trade creditors	47	64
Other	1	2
Tax and social security	12	7
Accruals and deferred income	2,322	1,833
	<u>2,382</u>	<u>1,906</u>

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

	2021 £000	2020 £000
Accruals and deferred income	588	533
	<u>588</u>	<u>533</u>

**16. Provision for liabilities and charges**

Defined benefit pension scheme net present value of deficit contributions payable

	2021 £000	2020 £000
Provision at start of period	187	215
Unwinding of the discount factor [interest expense]	4	7
Deficit contribution paid	[29]	[28]
Remeasurements - impact of any change in assumptions	-	-
Remeasurements - amendments to the contribution schedule	8	[7]
Provision at end of period	<u>170</u>	<u>187</u>

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

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

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

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

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

Deficit contributions

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

**From 1 April 2019 to 30 September 2026: £1.4m per annum [payable monthly and increasing by 3% each year on 1<sup>st</sup> April]**

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

**From 1 April 2016 to 30 September 2031: £292,376 per annum [payable monthly]**

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

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

Income and expenditure account impact

	2021 £000	2020 £000
Interest expense	4	7
Remeasurements - impact of any change in assumptions	8	[7]
Remeasurements - amendments to the contribution schedule	-	-

Assumptions

	2021	2020	2019
Rate of discount	0.86	2.57	1.46

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

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

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

**17. Funds**

	Unrestricted £000	Restricted £000	Endowment £000	Total Funds £000
At 31 March 2020	4,609	10,638	48,308	63,555
Movement in resources:				
Incoming	3,296	23,393	6,015	32,704
Outgoing	[2,092]	[35,726]	[1,487]	[39,305]
Gains and losses	[234]	-	12,201	11,967
Actuarial gain	[12]	-	-	[12]
Transfers	96	16,517	[16,613]	-
As at 31 March 2021	<u>5,663</u>	<u>14,822</u>	<u>48,424</u>	<u>68,909</u>

	Unrestricted £000	Restricted £000	Endowment £000	Total Funds £000
At 31 March 2019	5,461	8,091	52,703	66,255
Movement in resources:				
Incoming	1,438	9,832	1,977	13,247
Outgoing	[2,008]	[10,026]	[99]	[12,133]
Gains and losses	[381]	-	[3,440]	[3,821]
Actuarial gain	7	-	-	7
Transfers	92	2,741	[2,833]	-
As at 31 March 2020	<u>4,609</u>	<u>10,638</u>	<u>48,308</u>	<u>63,555</u>

18. Endowment Funds

Endowment Fund	Purpose – to provide income for grant making funds which support	Balance brought forward £000	Income & Gains £000	Expense £000	Transfer £000	Balance carried forward £000
Alexander Trust	young people and older people in Aberdeenshire and the Isle of Bute	145	31	-	[6]	170
B and P Johnson Family Foundation Endowment	grant making activity - UK-wide	-	552	-	-	552
The Beatrice Foundation	general grantmaking activity - Scotland-wide	140	29	-	[6]	163
Bertha Fund	grant making activity with a focus on Perth and Kinross	463	94	[1]	[29]	527
Betty & Roy Ure Trust	voluntary organisations and charities in Arran	1,016	211	[2]	[42]	1,183
Bluebird Trust	causes related to the environment, human rights, ill-health or other disadvantage – UK and overseas	165	159	-	[5]	319
Booby Birds	Support of breast cancer organisations	87	19	-	[4]	102
Bottomley Charitable Trust	grant making activity - UK-wide	149	58	[1]	[2]	204
Brunton Endowment Trust	general grantmaking activity – Scotland-wide, particularly Aberdeenshire.	239	55	-	[10]	284
Budge Foundation	grant making activity - UK-wide	259	62	[2]	[15]	304
Campbell Crowson Fund	elderly, health and disability issues- Scotland-wide	163	34	-	[7]	190
Carrick Futures	general charitable activity - in the Carrick futures communities in South Carrick	279	84	-	[2]	361
Cervus Trust	general charitable activities - Scotland-wide	237	67	-	[10]	294
Coram Trust	rural and urban regeneration projects, especially housing - Scotland-wide	201	43	-	6	250
David and Averil Macdonald Charitable Fund	general grantmaking - Elgin, Tain, Islay and Broxburn areas	1,169	240	[2]	[73]	1,334
Douglas McDougall	general grantmaking activity - UK and overseas	131	54	-	[1]	184
Elizabeth Drummond Fund	general educational projects - Scotland-wide	876	353	[4]	[39]	1,186
ENCOMM Endowment	general charitable activity and development – East Nairnshire	-	258	-	[1]	257
Sutherland Page Trust	general educational projects - Scotland-wide	-	2,968	[4]	[54]	2,910
F Laing Family Trust	general grantmaking activity - Scotland-wide	94	20	-	[4]	110
Forbes Fund	general grantmaking activity - in the Highlands	326	68	[1]	[14]	379
Fountainhall Trust	educational activities – UK-wide	752	833	-	[63]	1,522
Garpel Fund	general grantmaking activity - UK and overseas	9,258	6,722	[1]	[502]	15,477
Gartmhor Trust	disadvantaged families, supporting talented young people – Edinburgh and Fife priority but Scotland wide considered	1,727	545	[1]	[75]	2,196
Gateway Exchange	people achieve their potential	276	57	-	[12]	321
George and Grace Thomson Trust	general grantmaking activity – Dundee. Scholarships at Heriot Watt - Edinburgh	211	40	-	[43]	208
Gillian Charlotte Campbell Fund	general grantmaking in Edinburgh and East Lothian, Lanarkshire and the Scottish Borders	265	55	-	[11]	309
Glebefoot Charitable Trust	community groups - Scotland-wide, NE of Scotland in particular	630	130	[1]	[26]	733
Glenkerie Community	general charitable activity and development - Glenkerie area of the Scottish Borders	148	31	-	[1]	178
Gordon Brown Memorial Fund	families affected by cancer and the development of youth sport particularly rugby	244	50	-	[10]	284

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Endowment Fund	Purpose— to provide income for grant making funds which support	Balance brought forward £000	Income & Gains £000	Expense £000	Transfer £000	Balance carried forward £000
The Julie and Loren Hufstetler Foundation	general grantmaking activity - UK-wide	86	19	-	[1]	104
Irene Sproule	the Church of Scotland congregation at Coldstream Parish Church	98	20	-	[4]	114
Karen Napier Charitable Trust	education - UK-wide and overseas	493	88	-	[179]	402
Mary Janet King Trust	general grant-making activity with a focus on music - Scotland-wide	184	70	-	[22]	232
Kinross-shire Fund	communities, projects & groups - Kinross-shire area	189	38	-	[12]	215
Leckie Family Trust	general grantmaking activity - Scotland-wide	142	323	[1]	[18]	446
Leckie Family Trust - EB	general grantmaking activity - Scotland-wide	85	31	-	94	210
Live Well Charitable Fund	alleviate poverty - Edinburgh area	246	56	[2]	[15]	285
Logie Trust	general grantmaking activity - Scotland-wide	107	-	-	-	107
McNab Family Charitable Trust	general grantmaking activity - Scotland-wide	218	45	-	[9]	254
NF Trust	general grantmaking activity - Scotland-wide	18,208	688	[1]	[15,401]	3,494
Ochil Developments Blackford Community Fund	general charitable activity and development - Blackford area	346	72	[1]	[6]	411
Paraclete Trust	general grantmaking activity - Scotland-wide	339	95	[2]	[14]	418
Parish of Stow Community	general grantmaking activity – Parish of Stow	85	18	-	[1]	102
Path Trust	general grantmaking activity - UK-wide	132	27	-	[6]	153
Philippians 4:19	general grantmaking activity - Scotland-wide	916	258	[7]	[39]	1128
Prudential Fund	general grantmaking activity - Stirling area.	115	24	-	[2]	137
Robert & Edith McMillan Edinburgh Music School Trust	Edinburgh Music School activities at Broughton High School	163	34	-	[4]	193
Russell Trust	general grantmaking activity - UK and overseas	130	130	-	[1]	259
Seed Change Trust	general grantmaking activity-UK-wide	88	19	-	[4]	103
The Snowdrop Trust	general grantmaking activity-UK-wide	-	347	[1]	-	346
Tanner Foundation	general grantmaking activity - UK and overseas	811	159	[966]	[4]	-
Urras Oighreachd Ghabhsainn [UOG] Community	general grantmaking activities - within the community of the Galston Estate	508	128	[441]	[3]	192
Victoria League in Scotland [VLS] Trust	education activity - Scotland-wide	155	31	-	[14]	172
Viewforth Trust	general grantmaking activity-UK-wide	936	601	[10]	[152]	1,375
Ward Family Trust	general grantmaking activity - UK and overseas	613	236	[4]	[85]	760
William Grant Piping Trust	music activity - Scotland-wide	587	120	[1]	[28]	678
William Hunter Trust	relief of poverty with a priority - Edinburgh and the Lothians	568	130	[4]	[29]	665
Women's Fund WFS	projects which benefit women - Scotland-wide	173	49	-	[2]	220
		46,372	17,778	[1,461]	[17,022]	45,667
Other Endowments funds with less than £100k		1,936	438	[26]	409	2,757
<b>Total Endowment Funds</b>		<b>48,308</b>	<b>18,216</b>	<b>1,487</b>	<b>[16,613]</b>	<b>48,424</b>
<b>Year ended 2020</b>		52,703	1,977	[3,539]	[2,833]	48,308

19. Restricted Funds

Restricted Fund	Purpose – to support	Balance brought forward £000	Income £000	Expense £000	Transfer £000	Balance carried forward £000
Annandale and Nithsdale Community Benefit Company	activities that support the rural regeneration and sustainability – 42 council areas Annandale and Nithsdale	126	195	[216]	-	105
Auchterless, Inverkeithny and Fisherford Community Fund	local groups - Auchterless, Inverkeithny, Fisherford in Aberdeen shire	129	-	-	24	153
Baillie Gifford Community Awards Fund	general activities - Scotland-wide	250	244	[234]	1	261
Blackcraig Wind Farm Community Fund	community projects - Carsphairn; Glencairn; Dunscore; St Johns Town of Dalry; New Galloway; Balmaghie; Crossmichael; Parton; Corsock & Kirkpatrick Durham; Balmaclellan	52	251	[167]	0	136
Cairnryan Community Fund	community projects – Cairnryan	68	26	-	7	101
Carrick Futures	community projects - Barrhill, Barr, Pinwherry & Pinmore, Colmonell & Lendalfoot, Ballantrae and Girvan	388	180	[97]	0	471
EDF Burnhead Moss Community Fund [Limerigg & Slamannan]	community projects – Limerigg and Slamannan	111	-	[6]	23	128
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Dufftown & District)	community projects – Dufftown and District	-	-	[60]	181	121
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Glenlivet & Inveravon)	community projects – Glenlivet & Inveravon	-	-	[54]	181	127
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Glenrinnnes)	community projects – Glenrinnnes	-	-	[18]	181	163
EDF Renewables Dorenell Wind Farm Community Benefit Fund (The Cabrach)	community projects – The Cabrach	-	-	[11]	181	170
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Cross Area)	community projects – Cross Area	-	-	[5]	181	176
EDF Renewables Dorenell Wind Farm Special Projects	community projects - Dufftown & District, Glenlivet & Inveravon; Glenrinnnes, The Cabrach	-	792	-	-	792
RWE Camster Community Fund [Tannach & District]	charities and groups - in the Camster Community Fund area	97	-	[7]	49	139
RWE Camster Community Fund [Watten]	charities individuals and groups - three community council areas	174	-	[20]	49	203
Fa/c Baillie Gifford	charities individuals and groups - UK-wide	340	5,772	[4,934]	-	1178
Fa/c East Neuk of Fife	thriving communities in the East Neuk of Fife	201	-	-	-	201
Fa/c GG	charities individuals and groups - UK-wide	159	-	[497]	475	137
Fa/c Moidart Trust	charities individuals and groups - UK-wide	309	-	[105]	[96]	108
Fa/c NF Trust	general grantmaking activity - Scotland-wide	70	-	[78]	117	109
Fa/c The Julie and Loren Hufstetler Foundation	general grantmaking activity - UK-wide	53	96	[15]	-	134
Fa/c The Viewforth Trust	general grantmaking activity-UK-wide	9	48	[162]	240	135
Fa/c TP	charities individuals and groups - UK-wide	254	480	[110]	-	624
Falck Assel Valley Wind Farm Community Fund (Barr)	community projects – Barr	82	31	1	-	114

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Falck Assel Valley Wind Farm Community Fund (Pinwherry)	community projects – Pinwherry	72	31	-	-	103
Foundation Scotland Emergency Fund – COVID Gartmhor Trust (Distribution Fund)	those affected by COVID-19 – Scotland-wide disadvantaged families, supporting talented young people – Edinburgh and Fife priority but Scotland wide considered	138	591	[558]	[141]	30
Hadyard Hill Community Fund [Barr]	community projects - Barr	12	-	[11]	118	119
Hadyard Hill Community Fund [Pinwherry & Pinmore]	community projects – Pinwherry & Pinmore	120	50	[18]	[100]	52
Harthill Wind Ltd Community Fund [HEG]	community projects -	138	50	[3]	-	185
Kilgallioch Community Fund	community projects – Wigtownshire & South Carrick community projects - Ettrick & Yarrow, Lilliesleaf, Ashkirk & Midlem	97	-	[6]	23	114
Langhope Rig Wind Farm Community Benefit Fund A Made by Sport - Clubs in Crisis	community projects – Wigtownshire & South Carrick and Upper Teviotdale & Borthwick Water sports clubs – Scotland-wide	123	452	[564]	-	11
Minnycap Community Benefit Fund	community projects – Johnstone, templand and Kirkpatrick Juxta	66	-	[18]	89	137
Old Luce Community Fund [Scottish Power Renewables Kilgallioch]	community projects –Old Luce Community Council area	-	403	-	-	403
Sankalpa Foundation	business development and the rural economy – Gate House of Fleet	158	82	[18]	-	222
Stroupster Wind Farm Community Benefit Fund	community projects - Dunnet and Canisbay	401	[11]	[133]	[1]	256
The Ross Girls Trust	general grantmaking activity - UK-wide	83	10	85	-	178
The Viewforth Trust	general grantmaking activity-UK-wide women, children and young people at risk and facing social deprivation – Scotland-wide	265	169	[72]	[61]	301
The Volant Charitable Trust Fund	community projects - Harthill, Eastfield & Greenrigg	92	151	[16]	-	227
Torrance Farm Wind Park Community Fund [HEG]	community projects - Huntly, Strathbogie, Tap O'Noth, Cabrach	-	469	-	[94]	375
Vattenfall Clashindarroch Wind Farm Community Fund	community projects – Aberdeenshire, City of Aberdeen	408	721	[763]	-	366
Vattenfall Unlock our Future Fund	Community projects - West Loch Fyne, Dunadd, Lochgilphead	134	-	[6]	30	158
Ventient Energy A'Chruach Community Fund	community projects - Coalburn and Douglas & Glespin Community Council areas	298	209	[105]	-	402
Ventient Energy Galawhistle Wind Farm Community Fund	community projects - Tweedsmuir, Broughton, Drumelzier, Coulter, Biggar, Symington, Roberton, Lamington and Skirling	170	1	[124]	-	47
Ventient Energy Glenkerie Wind Farm Community Fund	community projects - Auchterless, Inverkeithny, Fisherford	95	163	[57]	[15]	186
Ventient Gordonstown Community Fund [Auchterless, Inverkeithny & Fisherford]	community projects - Watten	148	-	[86]	-	62
Wathegar 2 Wind Farm Community Benefit Fund [Watten]	community projects – Tannach and District	119	80	[58]	-	141
Wathegar Wind Farm Community Fund [Tannach & District]		129	-	-	24	153
		79	-	[6]	42	115
		91	[2]	[22]	35	102
		6,179	11,734	[9,354]	1,719	10,278
Other Restricted funds with less than £100k		4,459	11,659	[26,372]	14,798	4,544
<b>Total Restricted Funds</b>		<b>10,638</b>	<b>23,393</b>	<b>[35,726]</b>	<b>16,517</b>	<b>14,822</b>
Year ended 2020		8,091	9,832	[10,026]	2,741	10,638

**20. Unrestricted and Designated Funds**

	Balance brought forward £000	Income £000	Expense £000	[Losses]/ Gains £000	Transfer £000	Actuarial Gains/ [losses] £000	Balance carried forward £000
<u>General Funds</u>							
General Fund	337	3,296	[2,092]	[509]	582	[12]	1,602
Revaluation Reserve	[178]	-	-	275	-	-	97
<u>Designated Funds</u>							
IT Developments	150	-	-	-	[56]	-	94
Endowment Building Fund	280	-	-	-	73	-	353
Income Generation Fund	1,400	-	-	-	-	-	1,400
Pension Scheme Deficit Fund	1,750	-	-	-	-	-	1,750
Strategic Plan Implementation Fund	870	-	-	-	[503]	-	367
As at March 2021	<u>4,609</u>	<u>3,296</u>	<u>[2,092]</u>	<u>[234]</u>	<u>96</u>	<u>[12]</u>	<u>5,663</u>
<u>General Funds</u>							
General Fund	3,276	1,438	[2,008]	32	[2,408]	7	337
Revaluation Reserve	235	-	-	[413]	-	-	[178]
<u>Designated Funds</u>							
IT Developments	150	-	-	-	-	-	150
Endowment Building Fund	400	-	-	-	[120]	-	280
Income Generation Fund	1,400	-	-	-	-	-	1,400
Pension Scheme Deficit Fund	-	-	-	-	1,750	-	1,750
Strategic Plan Implementation Fund	-	-	-	-	870	-	870
As at March 2020	<u>5,461</u>	<u>1,438</u>	<u>[2,008]</u>	<u>[381]</u>	<u>92</u>	<u>7</u>	<u>4,609</u>

Transfers

IT Developments Designated Fund transfers related to the development of the new web site.

Endowment Building Fund transfers represented contributions made during the year to Community Endowment Builder Funds and a transfer from the Strategic Plan Implementation Fund £300k.

Strategic Plan Implementation Funds represented support to the Endowment Builder initiative and a multi-year commitment to a strategic partnership with the Social Action Enquiry.

Designated Funds purposes

IT Developments – to fund IT developments over the next 2-3 years in line with the strategic plan.

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.

Pension Scheme Deficit Fund – to provide a sum equivalent to the buy-out value of the final salary pension scheme.

Strategic Plan Implementation Fund – to resource activities in line with the new strategic plan.

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

Fund balances at year end are represented by:

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Tangible fixed assets	-	-	1,407	1,407
Investments	48,424	-	2,686	51,110
Net current assets	-	15,410	1,740	17,150
Creditors due after more than one year	-	[588]		[588]
Provisions	-	-	[170]	[170]
	<u>48,424</u>	<u>14,822</u>	<u>5,663</u>	<u>68,909</u>

Fund balances at the previous year end were represented by:

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Tangible fixed assets	-	-	2,072	2,072
Investments	48,308	-	2,232	50,540
Net current assets	-	11,171	492	11,663
Creditors due after more than one year	-	[533]		[533]
Provisions	-	-	[187]	[187]
	<u>48,308</u>	<u>10,638</u>	<u>4,609</u>	<u>63,555</u>

**22. Operating lease commitments**

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

	2021 £000	2020 £000
Within 1 year	39	39
In the second to fifth years inclusive	54	94
After 5 years		
	<u>93</u>	<u>133</u>

Operating lease payments in the year totalled £39,808 [2020; £38,510].

### 23. Ultimate controlling party and related party transactions

The Trustees control the activities of the charity.

Trustees made donations totalling £0 to Foundation Scotland during the year [2020: £0].

UK Community Foundations provides membership and associated central IT platforms for UK Community Foundations. For these services £32,945 [2020: £ 27,350] was charged during the period. Toby Anstruther is a Director of UK Community Foundations. The amount due to UK Community Foundations at the year-end was £2,289 [2020: £86].

The following organisations, to which a Foundation Scotland Trustee is related, received grants in 2020-21:

Organisation	Grants paid	FS Trustee/Committee Member	Relationship with Recipient
Scottish Refugee Council	484,006	Stewart Carruth	Wife works for the Scottish Refugee Council
Straiton Village Cooperative Ltd	5,000	Isla McCulloch	Employed by Cooperatives UK
SHRUB Cooperative	5,000	Isla McCulloch	Employed by Cooperatives UK
Macmillan Cancer Support	2,154	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Paisley YMCA	2,549	John Naylor	President YMCA
Tollcross YMCA	3,903	John Naylor	President YMCA
YMCA Edinburgh	2,900	John Naylor	President YMCA
Kirkcaldy YMCA	4,750	John Naylor	President YMCA
Tain and District Youth Cafe (YMCA)	2,250	John Naylor	President YMCA
Montrose YMCA	3,000	John Naylor	President YMCA
Denny and Dunipace YMCA	10,000	John Naylor	President YMCA
Renfrew YMCA SCIO	4,544	John Naylor	President YMCA
Tain and District Youth Cafe (YMCA)	13,927	John Naylor	President YMCA
Paisley YMCA	4,699	John Naylor	President YMCA
YMCA Edinburgh	2,000	John Naylor	President YMCA
Renfrew YMCA SCIO	1,544	John Naylor	President YMCA
Montrose YMCA	5,000	John Naylor	President YMCA
Paisley YMCA	5,871	John Naylor	President YMCA
Tollcross YMCA	2,970	John Naylor	President YMCA
Renfrew YMCA SCIO	4,420	John Naylor	President YMCA
YMCA Glenrothes	5,103	John Naylor	President YMCA
YMCA Scotland	100	John Naylor	President YMCA
Renfrew YMCA SCIO	2,940	John Naylor	President YMCA
Tain and District Youth Cafe (YMCA)	4,400	John Naylor	President YMCA
YMCA Edinburgh	15,000	John Naylor	President YMCA
Edinburgh International Festival Endowment Fund	40,000	Sarah Whitley	Trustee Edinburgh International Festival Endowment Fund
Saint Andrew Boat Club	24,800	Sarah Whitley	Trustee
Sunart Community Company	2,210	James Hilder	Trustee Sunart Community Company
Scottish Enterprise Academy	3,000	James Hilder	Commissioned to work to Social Enterprise Academy
Leuchie House	7,500	Angus Tulloch	Wife Trustee of Leuchie House
UKCF	20,000	Toby Anstruther	Trustee

The following organisation, to which a Foundation Scotland Trustee is related, repaid a loan in 2020-21:

Anstruther Improvements Association	100,000.00	Toby Anstruther	Wife is a Trustee
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The equivalent information for 2019-20 was:

Organisation	Grants paid	FS Trustee/Committee Member	Relationship with Recipient
7th Edinburgh North East (Leith Sea Scouts) Group	1,000.00	John Naylor	Trustee of Craigmmond District Scouts
Leuchie House Short Break Centre	3,500.00	Angus Tulloch	Wife is a Trustee
Preston Lodge Learning Foundation	900.00	Angus Tulloch	Trustee
Saint Andrew Boat Club	15,730.00	Sarah Whitley	Trustee
Y Care International	300.00	John Naylor	President YMCA
YMCA Scotland	100.00	John Naylor	President YMCA
Tolcross YMCA	3,875.50	John Naylor	President YMCA
Paisley YMCA	5,870.50	John Naylor	President YMCA
Anstruther Improvements Association	200,000.00	Toby Anstruther	Wife is a Trustee

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.

In 2020-21, there was one Trustee of Foundation Scotland who was also a Trustee of Resilient Scotland Limited. In 2019-20 there was one Trustee who was a Trustee of Resilient Scotland. Invoices totalling £245,028 [2020: £265,944] were issued to Resilient Scotland Limited during the year. The total amount due at the year-end was £19,259 [2020: £22,999].

#### 24. Contingent liabilities

Contingent liabilities relate to grant awards offered during the year where settlement is dependent on the recipient fulfilling various stated terms and conditions, the outcome of which is uncertain. The total at 31<sup>st</sup> March was £2,253,121 [2020: £1,669,908].

#### 25. Financial Instruments

	2021 £000	2020 £000
Assets measured at fair value through profit & loss	52,510	51,285

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