



Foundation Scotland
15 Calton Road
Edinburgh
EH8 8DL

Company Limited by Guarantee
Company No. SC152949

Registered Charity
Scottish Charity No. SC022910

Annual Report and Consolidated Financial Statements For the year ending 31 March 2022

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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 2022, 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

The past year has been one of continued challenges for Scottish communities, but those challenges are changing in nature and now impacting different communities disproportionately. As the immediate response to the pandemic is now over, there is a need to urgently learn the lessons of that response, working coherently across the public, private and voluntary sectors to build greater resilience and sustainability for citizens and communities. Hopefully, by doing so, we can mitigate against future pandemics and protect those suffering inequality.

Foundation Scotland's vision of 'confident, thriving, resilient communities across Scotland' and our purpose of 'supporting communities to shape their future with the capacity and resources to deliver it' remain acutely relevant today and will continue to guide us tomorrow.

Our horizon has been extended, with a renewed focus on the long term, building resilience and sustainability through investment in early intervention and prevention. Still, the current and worsening cost of living crisis will require that we continue to balance the long term with the needs of those who require our support today.

Our ambition to harness finance for investment into communities lies at the heart of our daily business. The momentum in increasing our giving has been maintained coming out of the pandemic. Our funding to support and build communities remains around 70% higher than pre-pandemic level funding. Our giving this year equates to approximately £17.2m through more than 2,900 awards made to local groups and charitable organisations across Scotland.

Crucially, in addition to providing financial support, Foundation Scotland is at the centre of progressive impact assessment and knowledge sharing, working with Scottish communities. Through impact surveys, encouraging and responding to local feedback and pursuing education and learning opportunities, we have further enhanced our network, collected evidence of what works for communities and improved our learning. We are well placed to offer this knowledge and network to collaboratively shape future policy and legislation on community wealth building and the wellbeing economy approach. We look forward to furthering our engagement with the Scottish Government, offering our community reach, evidence-based case studies and our team's expertise in support of legislation and policy development in this critical area.

We have enhanced our longer-term resilience and sustainability approach, partnering with Wellbeing Economy Alliance Scotland (WEAll Scotland) to further develop our thinking. We're placing increased emphasis on planning 'upstream' by funding communities to build capacity and resilience to address root causes of need rather than respond to symptoms, and embracing a preventative approach which will lessen the need for reactive support in a 'downstream' direction in the future.

We have invested in our people, both within the executive staff and in the Board. Our staff provided us with valuable feedback through a wellbeing focused staff survey which has allowed us to take stock after the pandemic and redesign how and where we work, and how our teams work together. We have grown the capacity in our marketing and development functions to better engage with our existing donors, attract new donors, and to harness more funding into the community sector in Scotland.

Building on our successful Board recruitment process last year, we have designed and delivered an exemplar induction process for new trustees. This has been complemented by a restructure of our governance committee framework. Impact, responsible investment, and our people, all have dedicated Board committees allowing us to make full use of the skills, experience, and passion of existing and new trustees in driving our community foundation forward.

Aligned to our ambition for excellence, we have continued to invest in our business practices and systems. This includes mapping our work to the United Nations Sustainable Development Goals as our common language, improving our core administration, and embracing digital efficiency to release more capacity for learning, external engagement and impactful delivery in communities. Although the way we assess our added value has moved focus further away from purely the balance sheet, financial stewardship of the highest quality underscores trust and accountability to donors and the communities we support. In this context, it was with considerable pride that Foundation Scotland was highlighted as the leading UK community foundation in this regard during the UK Community Foundations' Quality Accreditation process.

Against the uncertain background of the pandemic, Foundation Scotland steadfastly delivered a range of projects which seek to amplify our social impact. We continue to share knowledge and promote our pioneering Impact Investment approach with EQ Investors, ensuring we use our capital to do good, and encourage others to. Working with the charity regulator OSCR on our Revitalising Trust Programme, we are reactivating dormant charitable assets to support communities and people in need. We have successfully integrated the Resilient Scotland team to ensure a supply of blended loans and grant finance to social enterprises. Finally, we have used our staff's ingenuity and agility, and the responsiveness of the trustees, to build a collaborative partnership with The Melting Pot to further strengthen the place of social enterprise. We seized this opportunity for our Edinburgh offices to support local social entrepreneurs when our own working office estate requirements were reassessed as part of our adjustment to how we work in the post-pandemic world.

As Scotland hosted the world during COP26, we partnered in a number of seminars and conferences on this world stage, holding to the mantra of think global, act local. We are committed to playing our part in contributing to climate action, from optimising our own operations and practice, to using our funding and influence with community organisations across Scotland to empower and support the climate justice agenda.

While the future economic outlook has grown more challenging, Foundation Scotland retains a considerable degree of resilience which provides confidence in our ability to support communities for the long term and offers staff assurance on job security and the future viability of the Foundation. This has been made possible through financial prudence with sustainability as a key for planning, expert investment, and the continued generous support of philanthropists inspired by the impact achieved by our funding and the community capacity and capability building support delivered by our staff and work.

Looking forward, we will balance our long-term investment in projects generated from the ground up, with the immediate challenges of the growing cost of living crisis to improve the wellbeing of those most affected. To do this, we will be adaptable and flexible, taking steps as an agile, open, and trusting funder to flex current grant streams to optimise our impact in support of these additional needs.

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

Barry Sillers, Chair

CEO's report

The dedication and expertise shown by colleagues in keeping all funding streams running during the pandemic has continued into our new blended workplace model, evidenced by the growing range of programmes they successfully deliver. This year our team adopted a new, permanent workplace model as we emerged from the pandemic. Through blending home-based working with appropriate support and flexibility, having a range of in-person meetings with colleagues and stakeholders is now our new normal. Thank you to all my colleagues for stepping up to this new way of working and adopting practices which make it a success.

We helped to bring some fantastic and deeply impactful projects to life in Scotland over the past year. Funding reached over 1,600 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 and more resilient Scotland.

We closed off the Covid-19 Response, Recovery and Resilience Fund, supporting communities throughout the pandemic. We were heartened by an independent assessment that our Fund was critical to people, organisations and communities as we enabled bridging funds several weeks before government support became available to them. The evaluation also highlighted that engagement with grant applicants, straightforward application process and fast turnaround times made all the difference for organisations working flat out to support their community, in a time of real crisis. We gained many lessons from delivering the programme, which will help inform future emergency response programmes.

We welcomed many new donors during the year, establishing new funding programmes, including philanthropists focused on place and theme. This included a new family fund supporting social enterprises called StartUp Mull, and PHP Healthcare launched a Community Impact Fund focussing on social prescribing initiatives across Scotland. We were also appointed to administer one additional community benefit fund on behalf of an existing renewable energy donor and established two new Education and Training sub funds in the Scottish Borders and in Dumfries & Galloway.

Alongside securing and delivering a wide range of private sector funded programmes, we pushed forward on many initiatives during the year, including:

- The first phase of Revitalising Trusts, a partnership project with OSCR, the charity regulator, to revitalise inactive charitable trusts. This has demonstrated that our informal and consistent outreach to representatives of such trusts is a critical step in engaging them in constructive dialogue, ultimately seeking to achieve public benefit with these assets.
- Setting up Community Invested Funds, as a means to diversify assets in a community, and creating a long-term investment vehicle for future grant support. New funds were established in Moray, South Ayrshire, and Stirlingshire.
- Integrating the Resilient Scotland team and the Jessica Fund, building on their ten-year track record of delivering blended finance, a loan + grant + mentoring approach for social enterprises, and embedding the model permanently within Foundation Scotland. In addition to the administration of the ongoing loan book, the team are focused on establishing a new fund with multiple partners and widening its geographic reach in Scotland.
- Embedding our approach to Impact Investment via EQ Investors, supporting an increase in donor assets transferred from traditional investment management to a model that focuses on businesses that do good in society, alongside a financial return. The model has been of interest to other foundations and community foundations in Europe, and we have developed a related Charity Invested Fund service, with Impact Investment as an underpinning proposition.
- Development of our upstream and preventative approach in our planning and fund design, working with all staff and trustees in collaboration with the Wellbeing Economy Alliance Scotland (WEAll Scotland), and reinvigorating and revising to how we're able to describe the difference we make, and tools to help our planning processes across the spectrum of prevention.

For the year ending 31 March 2022

We have invested in our team, systems, and practice during the year. In particular, we adopted new digital platforms to manage our workstreams and a new website to improve our digital engagement with stakeholders. We embarked on a new CRM database, set to provide donors, grant seekers, grantees, and investees with new functionality, alongside efficiency improvements for our operations. Team developments include welcoming a new staff member into a newly formed Marketing and Development team; and merging our Programmes and Philanthropy colleagues into a unified Philanthropy team.

We launched a staff wellbeing survey. The first survey deliberately explored the challenges of working in pandemic lockdown conditions and responding to the Way We Work framework, which paved the way for our new workplace model. The wellbeing agenda is embedded and will underpin our development as an organisation. While being adaptable and agile is a more substantial part of the new normal, we also recognise the critical importance of stability. We will work hard to ensure this alongside the benefits for the team and for stakeholders derived from infrastructure projects and operational enhancements. We look forward to a sustainable blend of in-person and digital work with colleagues and stakeholders as central to our approach.

Thank you to colleagues, donors, partners, and the leaders of projects funded in the last year for helping us to deliver together for more 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, investing 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 work successfully with a community to support them in their ambitions. 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 £150m into communities.

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 £17.2 million. Our knowledge of the non-profit sector allows us to find lesser-known organisations, including charities, social enterprises and community groups, ensuring our awards make an impact and create lasting change.

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

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 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
 Leslie Rance
 Mamta Patel
 Samantha Fiander
 Sarah Whitley
 Sharon Fairweather
 Shona Smith
 Stephen Connelly
 Stewart Carruth
 Tobias Jung
 Toby Anstruther [Vice Chair]

Finance Committee

Jennifer Duvall		Co-opted member
Leslie Rance	[Appointed 12 May 2021]	Trustee
Mamta Patel	[Appointed 27 May 2021]	Trustee
Sharon Fairweather	[Chair]	Trustee
Stephen Connelly	[Resigned 30 June 2021]	Trustee
Toby Anstruther	[Resigned 04 May 2021]	Trustee

Investment Committee

Angus Tulloch		Trustee
John Naylor		Co-opted member
Sarah Whitley	[Chair]	Trustee
Shona Smith	[Appointed 12 May 2021, Resigned 11 April 2022]	Trustee

People Committee - established 8 July 2021

Leslie Rance		Trustee
Samantha Fiander	[Chair]	Trustee
Toby Anstruther		Trustee

Risk and Impact Committee

Archie Ogilvie	[Appointed 29 July 2021]	Co-opted member
James Hilder		Trustee
Mamta Patel	[Appointed 12 May 2021]	Trustee
Rosie Tiller	[Resigned 31 March 2022]	Co-opted member
Stephen Connelly	[Chair]	Trustee
Tobias Jung	[Appointed 12 May 2021]	Trustee

Social Investment Committee

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

Senior Management

Giles Ruck	Chief Executive
Elizabeth Sams	Chief Finance and Operations Officer
Rachel Searle	Head of Communities and Impact
Vicki Corbett	Head of Development
Camille Craig	Head of Marketing
Helen Wray	Head of Programmes and Quality
Christopher Holloway	Head of Social Investment

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	2 nd 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
Rathbones Investment Management Ltd	George House, 50 George Square, Glasgow, G2 1EH
Standard Life Aberdeen plc	Standard Life House, 1 George Street, Edinburgh, EH2 2LL

Solicitors

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

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

Website

www.foundationscotland.org.uk

Structure, governance, and management

Legal and charitable status

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

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

Trustees

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

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

Trustees are appointed by the Board and serve for three years, after which period they may put themselves forward for reappointment up to a nine-year total. The Trustees meet for governance purposes four times a year, including a full away day, and hold an AGM. Those in office during 2021/22 and at the date of this report are set out in the reference and administrative details section of this report.

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

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 Finance Committee meets five times a year and assists the Board in the fulfilment of its governance duties in relation to financial oversight. It undertakes detailed reviews of financial management, financial planning, and the financial performance of the Foundation and makes recommendations to the Board to help it mitigate risks and ensure financial sustainability.

The Investment Committee meets four times a year and assists the Board in the fulfilment of its governance duties in relation to the oversight of the Foundation's owned and stewarded investments – the impact fund portfolio, other fund holdings, equities, bonds, and cash. It undertakes detailed reviews of investment performance and makes recommendations to the Board.

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

The Risk and Impact Committee meets four times a year and assists the Board in the fulfilment of its governance duties in relation to the oversight of risk across the Foundation and the establishment of an Impact framework. It oversees the management of incidents and complaints. Given the acknowledgement of impact as a key risk it is also responsible for oversight of the Foundation's developing work on impact.

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

Management and staff

The 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 and Impact, the Head of Development, the Head of Marketing, the Head of Programmes and Quality, and the Head of Social Investment. On 31 March 2022, the Foundation employed 33 people, of whom 12 worked part-time.

Key management personnel remuneration

The key management personnel of the charity are 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 Foundation has a bespoke job evaluation scheme which seeks to be a fair, consistent and progressive framework for the measurement of job roles. All jobs, including the Senior Management Team, are evaluated by a panel, and placed in a grade. The salary for each grade is based on a benchmarking exercise from equivalent roles across the charity sector in the UK, from organisations which are comparable in nature, staffing size and turnover to the Foundation. Each grade has 6 points with employees starting at point 0 and moving up a point annually until they reach the top. The Foundation aims to apply the increments each April, subject to affordability. In addition to moving points up a grade scale, the scales themselves change annually linked to a nationally recognised cost of living inflationary benchmark.

Pay Ratio and Gender Pay Gap

The ratio of our highest salary rate to our median salary during 2022 was 2.49:1 [2021 - 2.36:1].

The Foundation is not required to report on gender pay gap, as it is below the threshold for reporting. However, we are committed to improving diversity, equity, and inclusion across all our activities and have carried out a review of gender pay, in line with the legislation, for the years 2022 and 2021 below:

	2022	2021
	%	%
Mean gender pay gap	32.7	22.4
Median gender pay gap	36.4	28.4

The Gender Pay Gap worsened in 2021/22 as a male junior member of staff, left the Foundation.

Volunteers

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

Trustees' indemnity insurance

As permitted by Section 233 of the Companies Act 2006, the 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

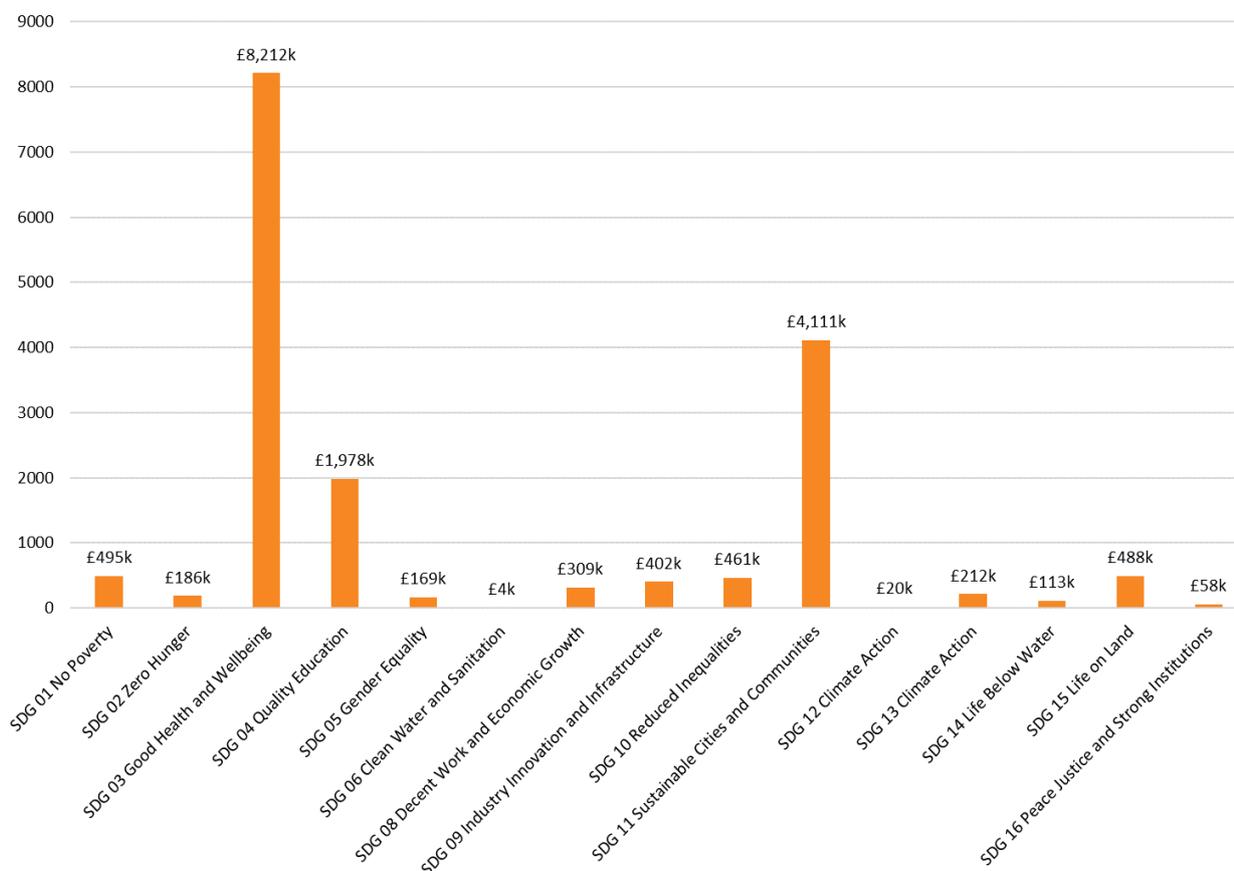
In total, the Foundation received 4,057 applications and made 2,905 awards totalling £17,218k on behalf of its funding donors during 2021/22:

Applications and awards summary	2017/18	2018/19	2019/20	2020/21	2021/22
Number of applications received for grants during year	2,774	2,822	3,744	5,579	4,057
Number of awards made in year	2,878	2,890	2,703	4,303	2,905
Total value of awards in year (including accruals)	£9,580k	£11,220k	£10,005k	£37,348k	£17,218k

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. The large increase in 2020/21 relates to pandemic response funding, via our Covid-19 RRR programme, including funds from the National Emergencies Trust.

Our awards met a broad spread of the 16 themed Sustainable Development Goals [SDGs] as shown below. In addition to measuring the monies spent, we also commission independent evaluations on the impact of our funding and we feed-in any learning from this into the design of subsequent programmes.

Our Impact in 2021-22 (£'000s)



Our work this year

Ambition 1

Harnessing finance for investment into communities

We implemented the first phase of the Revitalising Trusts programme, our unique partnership with the Office of the Scottish Charity Regulator (OSCR) which seeks to reactivate apparently inactive charitable trusts, ensuring public benefit from the charitable assets. More than ever, the voluntary and community sector in Scotland will benefit from the release of these locked-up funds. The programme was designed and tested, reaching representatives of charitable trusts that appear inactive, based on low or zero distribution of trust income on a consistent basis over the past five-year period. By the end of March 2022, we had reached 46 charitable trusts, with over a 70% initial response rate after the first contact. We're now actively supporting 12 trusts towards a formal outcome, including five which require a reorganisation scheme to either close or continue and seven trusts that require administrative support to reach their chosen outcome. This includes one trust that is closing and transferring its assets to Foundation Scotland for management.

We continued to build on the early developments in supporting communities to create Community Invested Funds. These provide a way for a community to diversify its assets, and a long-term capital fund invested responsibly, which can support future capital projects and/or regular grants for local projects. Where this is deemed helpful, we offer community builder capital up to £25,000 as an incentive for the community fundraising approach. New funds were established in the communities of Barr and Dailly in South Ayrshire, Kippen and Cambusbarron in Stirling, and the Cabrach, Dufftown, Glenlivet, Inveravon and Glenrinnies in Moray. We now manage 22 such Community Invested Funds.

As part of our objective to deliver blended loans and grant investment into social enterprises, we became the corporate trustee of the JESSICA (Scotland) Trust. This was supported by the National Lottery Communities Fund, the original donor which commissioned the Trust and the programme, and it honoured our commitment to Resilient Scotland, as they kept to their intention to wind down after ten years and seek to preserve their proven model of blended finance. They entrusted us to continue delivering the fund and managing their staff team. During the year, we received an independent review of Resilient Scotland's work over the decade, which praised the approach: "The blended approach introduced many to debt finance for the first time, often resulting in more positive attitudes towards such finance. The grant element helped them take on projects without taking on excessive debt as well as covering activities generating social or environmental benefits rather than income. Finally, it enabled Resilient Scotland to act as a bridge between grant and other social investment funds." Interest from social enterprises for new loans was modest during the year, understandable given many had seen poor trading returns during the pandemic. However, a pipeline of interest was re-established, and some new investments were made during the year totalling £161k.

We continue to be a leading provider of support to Scotland's communities involved with and impacted by community benefit funds, particularly linked to onshore wind farm projects. These donated funds from wind farm owners provide communities with unprecedented opportunities to drive forward transformative activity to support long term community sustainability. As well as administering funds with fund strategy and spend advised entirely by a local community panel, we also support the design and development of funds.

Ambition 2

Working at the heart of transformational giving

We continued to support over 400 individual and family philanthropists, companies, community companies and charitable trusts to provide grants to charities, social enterprises, and local community projects, in all areas of Scotland. We provided these donors with services including advice, planning, sourcing beneficiary organisations, running full grant programmes, and charity fund administration. Funding distributed totalled £17 million, with award sizes ranging from £500 to a million pounds.

During the year, we welcomed several new philanthropists, setting-up bespoke programmes with them, and we established new community benefit funds from companies. These included a Scotland-wide fund to support social prescribing for PHP Healthcare; StartUp Mull which supported social enterprises instigated by an individual philanthropist; and a grassroots community sports fund for the Made by Sport initiative.

We focussed on several of the UN Sustainable Development Goals during the year, for example:

- **SDG Goal 4 – Quality Education:** The renewables sector has continued to invest in new Education and Training Funds. We now manage 16 across Scotland which collectively distributed over £450,000 over the past year to support individuals to boost their skills, qualifications and training and improve their employment opportunities. For example, one grantee used funding to pay for their ambulance driver training after deciding to become a paramedic after volunteering for the NHS during the pandemic.
- **SDG Goal 5 – Gender Equality:** We continue to deliver a range of awards on behalf of the Volant Charitable Trust and for the Women's Fund for Scotland. Examples include funding for Survivors of Human Trafficking in Scotland (SOHTIS) by Volant and funding from Women's Fund for Deaf Links Dundee to research domestic abuse and coercive control in the female deaf community living in Scotland.
- **SDG Goal 10 - Reducing Inequalities:** The Kilgallioch Community Wind Farm Fund recently supported Loreburn Housing Association with a grant to help establish the first Youth Foyer project in Dumfries & Galloway, and only the second in Scotland. Youth Foyers, which are recognised as international best practice, provide safe and secure housing, support and training for young people aged 16 -25.

We began to design our first thematic fund, focused on reducing inequalities (SDG 10). We aim to launch this in autumn 2022, working with multiple donors as partners to this new fund.

We continued to promote our new Impact Investment approach, managed by EQ Investors. This model seeks to ensure our invested capital does social good and the regular grantmaking that flows from the financial return on our investments. Over half of our invested funds are invested in this way, with several donors transferring their funds to this model. We are pleased that donors and communities are attracted by this approach and note this has become part of the reason for joining us.

Ambition 3

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

We commissioned an independent evaluation of our Covid-19 Response, Recovery and Resilience Fund, delivered during the pandemic. There were a wide range of lessons learned for us, should we be called on to respond similarly again. However, the overriding feedback was that our funding was critical to people, organisations and communities as we enabled bridging funds several weeks before government support being available to them. The evaluation also highlighted that our engagement with grant applicants, straightforward application process and fast turnaround times made all the difference for organisations working flat out to support their community in a time of real crisis.

We also ran a collaborative project with the Wellbeing Economy Alliance Scotland (WEAll Scotland) during the year. This work further developed our understanding of what a wellbeing economy might look like in Scotland and brought our thinking forward on upstream approaches to funding. While we will always retain a role in responsive funding, true to our heritage, purpose and need to react to communities' needs and opportunities, this project has helped us consider the spectrum of preventative approaches our work is supporting now and could support in the future.

As a funding partner of Scotland's Social Action Inquiry, we welcomed the opportunity to contribute to partner discussions. In the first part of the year, co-chairs and then co-leads were appointed and began scoping out the shape of the Inquiry based on the founding document. Alongside this, a team of seven guides reflecting the diversity of Scotland's populations were appointed to support and 'guide' the Inquiry's work. This informed a series of open conversations and in December the Inquiry was launched into the Scottish civil society landscape.

Our framework for measuring the quantitative value of our grant funding, known as 'IMPACT 2', was implemented during the year. The design and test phases were completed, and the systematic approach to social impact measurement is now rolled out across all grantmaking programmes. The collated impact data will underpin stories of real change and growth across communities. The 'IMPACT 2' approach supports the design and development of new funding programmes as a starting point in 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.

We responded to national policy consultations during the year. This included the Scottish Government's review of onshore wind energy as this relates directly to the community benefit services we deliver to communities and renewables project owners. We also responded to a review of charity law in Scotland, enabling the charity regulator (OSCR) to exercise greater powers, particularly relevant to the issue of dormant charitable trusts.

For the year ending 31 March 2022

The plight of the Ukrainian people became clear swiftly with the invasion in February 2022, and with the mass displacement of people also leading to the potential of refugees finding respite, or a home, in Scotland. Serving to further remind us of our interconnected world and the needs of all our communities, we connected with our community foundation networks in Poland and Ukraine to provide a channel for donors in Scotland to channel funding support as directly as possible.

Internally, following the forced separation created by the pandemic restrictions, we made up for lost time and restarted a programme of opportunities for staff and trustee to come together in person again, starting with a conference in autumn 2021, to build relationships and share learning, insights and perspectives.

Ambition 4

Achieving excellence through our people, practice, and systems

We applied the eight principles of being an open and trusting funder to our work during the year, championed by IVAR (the Institute for Voluntary Action Research). These have been adopted by a wide range of funders across the UK. These provide a helpful backdrop as we develop our own service standards and adapt our processes, such as ensuring the right degree of proportionality in the level of information requested of grant applicants.

Transparency is one of these principles, and we were delighted to join others in the UK in making grant decisions available on the 360 Giving platform, which is open to the public. We now publish data back to 2012 on 360 Giving, when our database was first implemented. Our data is updated and republished every quarter.

We introduced a consistent approach to our annual surveys to obtain learning and feedback from a range of our stakeholders: donors, grantees, and community panel members. Grant seekers told us they valued more in-depth fund information when new programmes were launched. In response, we have implemented webinars for each new fund to explain the details and processes, offering this live and then as a resource on our website ongoing. Community panel members told us they value learning from other community panel members in Scotland. In response, we have implemented a series of Hot Topics, webinars which ensure cross-Scotland attendance, with community approaches to climate action as an example of a first topic. Donors also noted their interest in joining thematic seminars, and we plan to deliver against this in the year ahead.

We continued to embed our approach to climate action. We paid attention to our own practice and embarked on sourcing an authentic method to offset our carbon footprint. We continued to support funded organisations to address climate action in their own community, building in a trigger question into all funding applications, irrespective of project theme. Our change in investment strategy to Impact Investment supports our climate action agenda. We also joined other funders in a range of seminars at COP26 in Glasgow to listen, learn and lend our voice.

The project to improve our Customer Relationship Management platform, our central database, began during the year and will be finished in 2022. We have designed a new CRM system, focussed on significant efficiency and user experience improvements for all colleagues, also delivering real-time information for a range of stakeholders specific to their service and context.

We developed a wellbeing agenda during the year, based on feedback from our post-pandemic staff wellbeing survey. The survey was our first, an independently delivered approach to all staff, taking the temperature of the organisation. A wide range of emerging themes will help us improve our approach to ensuring our Way We Work Framework supports all staff, no matter their role, team, or location. The survey will now run on a regular frequency.

We established an Income Generation Fund, using a significant proportion of our unrestricted funds. A small proportion of the total annual return underpins activities and functions that accelerate and amplify our strategic plan's ambitions. We underlined the importance of philanthropy through a merger of our Programmes-focused and Philanthropy-focused colleagues into one central Philanthropy team. We also formed a Marketing and Development team and increased their staff capacity during the year.

Our investment in our website and social media began to show returns with improvements in digital engagement and several new donor referrals achieved through online search for giving and other charity services.

Financial review

The Statements of Financial Activities for the year are set out on page 29-30 and the Balance sheet on page 31. As the Foundation acquired the Jessica Trust, group accounts are being prepared for this financial year and will be required for comparator purposes for financial year 2022-23.

Income

Total income for Foundation Scotland 2021-22 increased from £32.7m to £33.3m reflecting two exceptional transactions – the incorporation of the Jessica [Scotland] Trust [JST] of £6.7m and an unrestricted donation of £7.1m from one donor. Unrestricted donations and legacies, which allow the Foundation to cover its core costs and undertake strategic activities, increased from £1.2m to £7.2m, for which we are extremely grateful, and which has enabled the creation of an endowment to provide an income stream to support the Foundation's future core costs.

Overall, our investment income decreased by £397k. Over 60% of endowment funds are now invested in the Foundation Scotland EQ Investment Portfolio, which has a focus on long-term growth stocks rather than income, so the drop in income is explained and planned for. The social impacts from these investments are listed on page 21.

Income for grant making reduced by £11.7m. However, the previous year's income was exceptionally high due to the additional funds made available specifically to respond to COVID-19 of £7.6m and increased funding from existing donors responding to the crisis by adding more to their funds than usual.

Expenditure

Total expenditure for Foundation Scotland reduced from £39.3m to £19.5m with grants payable reducing by £20.1m on the previous year. However, included in the previous year were two transfers totalling £18.7m to other Trusts for general grant-making activity across Scotland. Removing these exceptional transfers and COVID-19 grantmaking from previous years figures means that 2020-21 routine grantmaking was £12.8m. Comparing like for like, 2021-22 grantmaking was therefore £4.4m up on the previous year.

Expenditure on development activities increased as staff were re-deployed from grantmaking activities, and one new position was created to support marketing activity. Additionally, development costs include time logged by staff across the organisation on development activities; post COVID-19 this activity has increased.

Unrestricted expenditure on loan and grantmaking reduced as more time was spent on development. Staff costs increased £68k due to the modest pay rises for all staff that were applied, which were in line with charity sector benchmarks.

Balance Sheet

Net Assets increased by £12.6m, driven by the addition of the JST fund and the unrestricted donation.

Fixed assets were impacted by the £200k write down in the valuation of our former main office (located in Edinburgh), which is now classed as an investment property, and it is leased to a social enterprise. Further sums were added to investments during the year, however by year end the valuation of these had fallen by £3.9m due to the effects of the UK's departure from the EU, post pandemic supply chain issues, and the war in Ukraine.

Debtors increased by £1.8m and now includes 38 loans issued by the JST which the Foundation now has title to. The two large gift aid claims included in the 2020-21 balance did not repeat. 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 decreased.

A provision was made for the rent over the outstanding lease of the Glasgow office as attempts to sub-let it or exit the lease have, so far, proved fruitless. The provision in relation to the defined benefit pension scheme reduced by £106k, due to the contributions paid in the year and the positive results from the triennial full actuarial valuation.

Future plans

Harnessing finance for investment into communities

- We will continue with work on the set up of new funds in South Lanarkshire, Perth & Kinross, and Caithness and a process of community engagement linked to a pipeline fund in East Ayrshire, and in Dumfries & Galloway. We will also work with a new donor about arrangements for a community benefit package linked to a prospective offshore wind farm in the North of Scotland.
- We plan to develop further our Investing in Enterprise Fund, building on a ten-year social investment track record which has demonstrated the value of blended finance: loans plus grants and mentoring of social investees. The recent report from the Adebowale Commission on Social Investment supports an increase in blended social investment models across the UK. This is seen as a key component for developing the market. It also commented that "Philanthropic capital through charitable foundations has a critical role to play in growing the social enterprise sector and enabling the provision of more enterprise-centric finance". We're developing our thinking in discussion with potential partners, the National Lottery Community Fund, and Big Society Capital. We will also reach out to SOSEA, the economic agency for South Scotland.
- The Revitalising Trust Project will build on the initial phase and, with our relationship with OSCR, seek to engage inactive charitable trusts and ensure their assets achieve public benefit.
- We will provide specific invested fund services and publish service standards for different types of donors, including:
 - Community Invested Fund – providing whole communities with the means to efficiently invest capital
 - Charity Invested Fund – providing individual charities with the means to efficiently invest capital
 - Donor Advised / Foundation Advised Funds – continuation of an existing service for individual philanthropists, with clarity on the level of advice sought for fund distribution; we will also promote the opportunity to establish legacies

Working at the heart of transformational philanthropy

- We're starting to arrange more in-person engagement opportunities post pandemic restrictions, from taking donors to visit funded projects to reconnecting with our community panels in person.
- We're creating new communications materials, including an animation, to help illustrate How we Make a Difference, the outcome of our work with WEAll Scotland.
- We're developing a brand-new fund which focuses on tackling the root causes of inequalities, an upstream approach to our funding model, aligned with UN SDG (10)
- Our team is investigating new ways to support communities to address the cost of living crisis and surge in energy costs. While a crisis often requires a responsive or 'downstream' approach to funding, we'll work with our donors to meet the immediate demands whilst looking ahead to build resilience for future shockwaves.
- Marketing activity will showcase a range of new and refined products to the attention of our stakeholders. This includes legacies and a range of invested and non-invested funds for individuals, charities and companies.
- Our Revitalising Trusts Project will continue to roll out first contact letters to trusts identified under the project criteria. We are hopeful that we can guide more trusts requiring support to revitalise. The project will also be looking to pool its learning from the first year's activity with the knowledge from the experiences of the programme in England and how it worked with local authorities, in order to identify a pathway to help unlock action in Scottish local authorities to reactivate the trust funds under their stewardship.

Sharing knowledge gained from experience to inform policy and practice

- We will meet with the Scottish Government's Minister for Public Finance, Planning and Community Wealth, as part of our intended approach to provide information, case studies, and deepening our connection and reach with communities to help inform the legislation and policy on Community Wealth Building. Our staff Spring Conference will focus on Community Wealth Building. We're engaging with stakeholders in rural Scotland (Land Commission Scotland, Highlands & Islands Enterprise, and others) on the social value and positive impact gained from natural capital development and carbon sequestration projects.
- We'll be presenting at The Gathering, the largest event for the third sector in Scotland, to share learning with the wider sector. Our two seminars will focus on our collaboration with Wellbeing Economy Alliance Scotland and the Revitalising Trusts Project in partnership with OSCR.
- To offer our donors deeper insight into the impact of their funding and help improve our practices, we are investing in more independent evaluations of the funds we manage, starting with a report on the Volant Charitable Trust.
- We're planning a new autumn event to showcase our practice and social impact to our stakeholders.
- We'll begin to collate more IMPACT 2 data to support a deeper understanding and reporting of impact across our funding programmes.

Achieving excellence through our people, practice and systems

- We will build on our journey to improve diversity, equity, and inclusion across our work. We will continue to build a team and a culture where difference is understood, welcomed, and supported by our shared values. Our next steps will include identifying areas for ongoing improvement and establishing a Working Group to take this work forward.
- To support our wellbeing agenda, we will analyse workload levels for our teams and develop a competency framework to inform a development and training programme.
- Building on the success of our Impact Working Group, we will broaden the group's scope to become a Knowledge and Impact Working Group. The data generated by the new impact system will be used to inform policy and practice and feature in our internal and external communications.
- We will remain steadfast to our chosen Impact Investment approach, with the underpinning intention of using all our assets to do social good and avoid harms, and with a long-term horizon in mind of the value in technology and other sectors in which the Foundation Scotland EQ Impact Portfolio invests.
- Our new CRM will improve our efficiency and services both internally and externally. Our stakeholders will benefit from new portals for grant applicants, fund updates for grantees, donor access to fund statements and more.

Reserves policy

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

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

Free reserves are those that are available to spend on any charitable purpose. These are represented by Unrestricted Funds less Designated Funds [which includes fixed assets reserves]. In the case of the Foundation, free reserves are represented by the General Funds in note 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 £348k.
- 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 2022-23. The unrestricted reserves necessary to support this deficit have been calculated as £161k.

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 alongside IT hardware upgrades and a new website. During 2021-22, work commenced on a new Grants and Loans Management System which will be completed in 2022-23. The reserves necessary to complete this activity are currently estimated at £47k, which has been designated to this.
- In accordance with its objective of increasing its endowment funds to support communities, the Foundation has committed £328k to match fund endowment building activity over the next two years, which will be held in a designated fund.
- The current business model requires income from an invested fund to contribute to the Foundation's operating income each year. The Foundation was able to add £7.6m to this fund in 2021-22 increasing the fund to £9.0m, which will generate annual income to support future running costs. 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, although the deficit has reduced. The most recent actuarial valuation [December 2021] has estimated that if the Foundation ceased to participate, the resulting final liability would be £1.2m. 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 and they have designated a sum accordingly.
- The 2020-30 Strategic Plan requires investment to support work to achieve the ambitions set. The Board have designated £326k towards this.

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.

At 31 March 2022 the required level of reserves is £11.4m and the actual level of unrestricted reserves held is £12.4m. Given the macroeconomic uncertainties, the Board has agreed that the excess sum of £1.0m will be held as reserves for 2022-23, with the option of using an element to create an inequalities fund to support those most affected by the cost of living crisis.

Investment policy

Foundation Scotland has a detailed investment policy which is available on our website.

Through our 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 our 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 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 grantmaking requirements.

Except for cash deposits, Foundation Scotland does not itself undertake any investing directly. We use 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 2022, this portfolio comprises around 14 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 comparators 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 investments with a value of £56.1m at the end of March 2022, compared with £51.1m at the end of the previous year. Of this figure, £33.9m (60%) was invested in the Foundation Scotland EQ Impact Fund Portfolio. The balance of funds, amounting to £22.2m (40 %) 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.

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 comparator used will have its drawbacks. From April 2019 we introduced our own internal performance calculation system and also decided to use the Teknometry* peer group as our main approximate comparator. We do however, track performance against another seven comparators including the consumer price index plus 3%. We are aware that measuring results on three 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 ending March 2022, Foundation Scotland's combined investment portfolios produced a total capital and income return of -0.9%., compared with the average fund monitored by Teknometry of 6.5%. The corresponding figures for the three years to end March 2022, being the longest period, for which combined data is available, are 22.4% and 24.0% respectively.

For the year ending 31 March 2022

Until December 2021, Foundation Scotland’s combined investment portfolio had produced a total capital and income return of 35.6%, outperforming Teknometry by 7.0%, over the 33 months when comparable data was available. Since January 2022, the war in Ukraine, combined with post pandemic lockdown and inflationary surges following the UK’s departure from the EU, has impacted our EQ Portfolio in particular, which does not hold commodities or stocks in defence industries. Given the near 100% equity exposure and global composition of the EQ Portfolio, we expected the short-term investment performance to be more volatile but also its global composition to hedge against any UK specific economic downturn. We remain optimistic that the Portfolio’s emphasis on companies producing solution-focused products and services, an emphasis on renewables and recycling as well as sustainable business practices, will lead to a satisfactory performance over the long term, coupled with achieving a demonstrably more positive social impact. Our portfolios had minimal exposure to Russian and Belarussian stocks before the war in Ukraine and any residual holdings are being divested when the related exchanges permit trading.

In addition to the financial returns, we are pleased to report on the social impacts generated from the EQ Portfolio over the last year.

Environmental Impact		Social Impact	
Avoided 11,579 tonnes of CO2 emissions Equivalent to taking 2,517 cars off the road	Recycled 3,258 tonnes of waste Equivalent to 3,295 households annual waste	Treated 5,032 patients	Made 20,048 medical interventions
Generated 9.0 GWh of renewable energy Equivalent to 2,747 households’ usage	Installed 463 KW of renewable energy capacity Enough to supply 475 homes	Delivered 19,000 hours of school further and higher education	Reached 84 people with preventative healthcare
Provided 3.3 billion litres of clean water Equivalent to 26,227 households’ usage	Treated 196 million litres of wastewater Equivalent to 3,771 households’ wastewater	Provided 1,034 people in developing markets access to financial services	Given 157 people in developing markets access to mobile networks

Risks

Our Risk Management Policy includes an assessment of the strength of the underlying controls and mitigating measures. Risks are scored in terms of their impact and their likelihood. While not included in any score of risk, the velocity of risk is also assessed and used as an indication of whether formal contingency plans need to be established – with those of a high impact and high risk score requiring a plan. The Foundation uses a risk and incident management system – RiskMate - which ensures consistency, visibility and reporting around risks, mitigations, 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.
People Committee	Reviews and monitors the people-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.

The most significant risks facing the Foundation are:

Risk	Mitigating actions:
The Foundation fails to demonstrate and communicate impact leading to a poor profile, reputation, and inability to grow.	A member of the SMT has been given specific responsibility for the development of impact measurement and its communication to stakeholders. An Impact Project Plan, containing a series of initiatives to improve the measurement and communication of impact, was established in 2021 and tracking progress against the plan has been overseen by a sub-group of the Risk and Impact Committee. The Foundation entered into a strategic partnership with the Wellbeing Economy Alliance Scotland with the aim of shifting its grantmaking to deliver sustainable longer-term resilience and preventative funding. The work will conclude in June 2022.
The Foundation’s profile and reputation are insufficient to win new clients and retain existing ones.	The Foundation has refreshed its website, increased marketing and communications resource and has a detailed marketing and communications plan for the year, which supports the Strategic Plan. Live opportunities tracking has been introduced and a Development Team established to provide increased focus. Marketing and development metrics have been introduced and are tracked quarterly. Service offerings have been refined and simplified. Tailored stewardship plans are in place for most donors and will be finalised for all donors by June 2022.
Unrestricted income is dependent on a few donors.	Additional stewardship is being developed for the retention of the small number of donors that provide unrestricted donations and for those donors whose fund contributions from restricted funds are significant. FS will promote its “How we make a difference” as a case for support, seeking a wider number of donors that provide unrestricted funding.
Data and information systems are damaged by a cyber-attack.	Threat software is in place. Cyber security training is mandatory for all staff and trustees who access Foundation systems. Cyber Essentials certification is in place and is re-examined annually. A Business Continuity plan is in place with local backups supplementing online backups since April 2021 and enhanced rolling backup systems in place since October 2021. Cyber risk remains high and open.

COVID-19 remains likely to continue to impact on many parts of society. However, the UK and Scottish Governments’ public health approach is now geared towards “living with the virus”, with individuals and organisations adapting where necessary. The Foundation therefore expects to see the acute impacts of COVID-19 to reduce. This unexpected global level risk has been replaced by another - macroeconomic upheaval, arising partly as consequence of post COVID-19 and supply shortages in part due to the UK leaving the EU, and further exacerbated by the war in Ukraine affecting people, core industries and markets. This upheaval is now manifesting itself in many aspects of our society, including a cost-of-living crisis in the UK, and is now the lens through which the Foundation is reviewing all its activities and risks. Initially, our investments were affected however they have begun to stabilise. The Foundation is aware however, that the cost-of-living crisis will impact not only its internal operations but the propensity to give and will lead to increased demand for grant support. The Board is conscious of the continued turbulence ahead and, although the Foundation has a strong reserve base, manages risks 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 and will be kept under active review. It is recognised that systems can only provide reasonable assurance that major risks have been adequately managed.

Sustainability

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

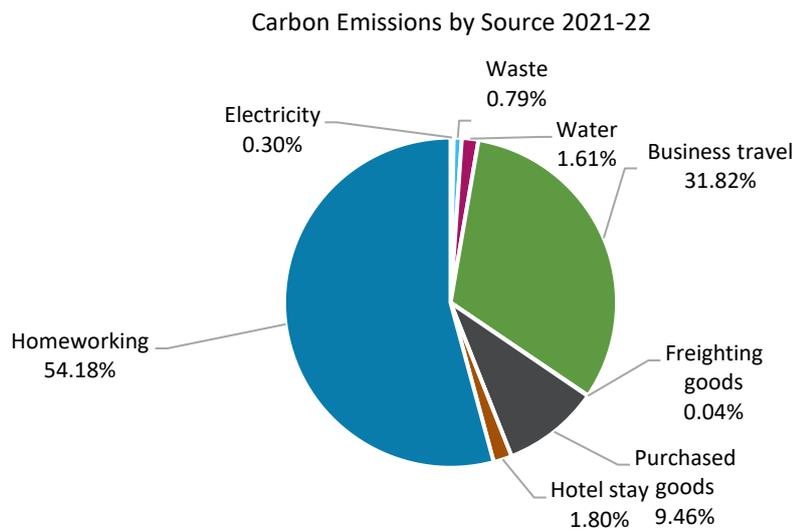
The Foundation’s carbon footprint has been calculated for 2020-21 and 2021-22, in accordance with the Greenhouse Gas [GHG] Protocol¹ which categorises carbon emissions as scope 1,2 or 3 emissions:

	2022 tCO2e	2021 tCO2e
Scope 1 – Direct GHG emissions occur from sources that are owned or controlled by Foundation Scotland. Fuel combustion, company vehicles.	0	0
Scope 2 – This includes indirect GHG emissions that arise from the generation of purchased electricity consumed by Foundation Scotland. Purchased electricity, heat, and steam.	0	0
Scope 3 – An optional reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of Foundation Scotland but occur from sources not owned or controlled by the organisation directly. Purchased goods and services, business travel, and employees working from home.	19.34	16.93

By way of context, the carbon footprint per person in Scotland is 13 tCO2e². The Board and staff are examining ways to reduce and, where this is not possible, offset the Foundation’s omissions.

¹ <https://ghgprotocol.org/corporate-standard>

² www.zerowastescotland.org.uk



Most of our emissions are from homeworking – based on 30 full time equivalent members of staff working at home – with business travel accounting for 31.82% of emissions. Emissions have increased since 2020-21, during which travel was suppressed due to the COVID-19 pandemic restrictions. The Foundation will therefore be using the more realistic 2021-22 calculations as the baseline from which to measure its progress in reducing emissions.

The Foundation has deliberately focused on calculating the emissions that it can directly influence. We will continue to seek to influence its service providers and grantees to adopt carbon reduction strategies. The Foundation Scotland EQ Impact Fund Portfolio – where over 60% of the investments are held - produces carbon emission statistics. In 2021-22 the portfolio produced 38,000 tCO₂e which although highly significant when compared with the Foundation's controllable emissions, was still 63% lower than would have been produced had the investments been held in the FTSE 100 index.

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

7 July 2022

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 2022 which comprise the Group & Charity Statement of Financial Activities, the Group & Charity Balance Sheets, the Group and Charity Cash Flow Statements 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 Group and charitable company's affairs as at 31 March 2022 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 Regulations 6 and 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.



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

8 July 2022
11-15 Thistle Street
Edinburgh
EH2 1DF

Group consolidated statement of financial activities

[Incorporating the income and expenditure account - For the year ended 31 March 2022]

	Note	Unrestricted 2022 £000	Restricted 2022 £000	Endowment 2022 £000	Total Funds 2022 £000	Total Funds 2021 £000
Income and Endowments from:						
Donations and Legacies	2	7,220		-	7,220	1,282
Donations and legacies – Opening reserves Jessica (Scotland) Trust	1		6,350		6,350	
Investments	3	15	113	326	454	742
Charitable activities						
Income for grant making	4	1,041	15,024	2,644	18,709	30,597
Other		93			93	83
Total Income		8,369	21,487	2,970	32,826	32,704
Expenditure on:						
Raising Funds - Development costs	5	354	-	-	354	190
Charitable activities						
Grant and loan expenditure in furtherance of charitable objectives	6	8	16,668	-	16,676	37,348
Grant and loan making services	7	1,514	342	126	1,982	1,767
Total Expenditure		1,876	17,010	126	19,012	39,305
Net gains / [losses] on investments		[138]	-	[1,137]	[1,275]	11,967
Net Income / [expenditure]		6,355	4,477	1,707	12,539	5,366
Transfers between funds		389	1,788	[2177]	-	-
Net Income / [expenditure] after transfers between funds		6,744	6,265	[470]	12,539	5,366
Actuarial gains/[losses] on defined benefit pension scheme		76	-	-	76	[12]
Net movement in funds		6,820	6,265	[470]	12,615	5,354
Total funds brought forward		5,663	14,822	48,424	68,909	63,555
Total funds carried forward		12,483	21,087	47,954	81,524	68,909

All of the charity's activities are continuing

Charity statement of financial activities

[Incorporating the income and expenditure account - For the year ended 31 March 2022]

	Note	Unrestricted 2022 £000	Restricted 2022 £000	Endowment 2022 £000	Total Funds 2022 £000	Total Funds 2021 £000
Income and Endowments from:						
Donations and Legacies	2	7,220	-	-	7,220	1,282
Donations and legacies – Donation from Jessica (Scotland) Trust		-	6,728	-	6,728	
Investments	3	15	4	326	345	742
Charitable activities						
Income for grant making	4	1,257	15,024	2,644	18,925	30,597
Other		93			93	83
Total Income		8,585	21,756	2,970	33,311	32,704
Expenditure on:						
Raising Funds - Development costs	5	354	-	-	354	190
Charitable activities						
Grants payable in furtherance of charitable objectives	6	8	17,210	-	17,218	37,348
Grant and loan making services	7	1,730	69	126	1,925	1,767
Total Expenditure		2,092	17,279	126	19,497	39,305
Net gains / [losses] on investments		[138]	-	[1,137]	[1,275]	11,967
Net Income / [expenditure]		6,355	4,477	1,707	12,539	5,366
Transfers between funds		389	1,788	[2,177]	-	-
Net Income / [expenditure] after transfers between funds		6,744	6,265	[470]	12,539	5,366
Actuarial gains/[losses] on defined benefit pension scheme		76	-	-	76	[12]
Net movement in funds		6,820	6,265	[470]	12,615	5,354
Total funds brought forward		5,663	14,822	48,424	68,909	63,555
Total funds carried forward		12,483	21,087	47,954	81,524	68,909

All of the charity's activities are continuing

Balance sheets Company No. SC152949

at 31 March 2022

	Notes	Group 2022 £000	Charity 2022 £000	Charity 2021 £000
Fixed assets				
Tangible assets	11	3	3	7
Investment property	11	1,200	1,200	1,400
Other investments	12	56,163	56,163	51,110
		<u>57,366</u>	<u>57,366</u>	<u>52,517</u>
Current assets				
Debtors	13	3,142	3,142	1,368
Cash at bank and in hand		24,659	24,659	18,164
		<u>27,801</u>	<u>27,801</u>	<u>19,532</u>
Creditors: amounts falling due within one year	14	<u>[3,116]</u>	<u>[3,116]</u>	<u>[2,382]</u>
Total assets less current liabilities		24,685	24,685	17,150
Creditors: amounts falling due after more than one year	15	[399]	[399]	[588]
Provision for liabilities and charges	16	[128]	[128]	[170]
Net assets		<u>81,524</u>	<u>81,524</u>	<u>68,909</u>
Funds				
Endowment Funds – General	17 & 20	39,778	39,778	36,462
Endowment Funds – Revaluation reserve	17 & 20	8,176	8,176	11,962
		<u>47,954</u>	<u>47,954</u>	<u>48,424</u>
Restricted Funds	18 & 20	21,087	21,087	14,822
Unrestricted & Designated Funds – General	19 & 20	12,483	12,483	5,566
Unrestricted & Designated Funds – Revaluation reserve	19 & 20	-	-	97
		<u>12,483</u>	<u>12,483</u>	<u>5,663</u>
Total Funds		<u>81,524</u>	<u>81,524</u>	<u>68,909</u>

These financial statements were approved by the Board on 7 July 2022 and were signed on its behalf by:

Barry Sillers [Chair]

Cash flow statement for the year ended 31 March 2022

	Group 2022 £000	Charity 2022 £000	Charity 2021 £000
Net income as per the statement of financial activities	12,539	12,539	5,366
Adjustments for;			
Depreciation charge	4	4	53
Revaluation	200	200	-
[Gains]/losses on investments	1,275	1,275	[11,967]
Losses/[Gains] on sale of fixed assets	-	-	13
Interest and dividend income	[345]	[345]	[742]
[Increase]/decrease in debtors	[1,774]	[1,774]	[937]
[Decrease]/increase in creditors	545	545	531
Increase / [decrease] in provisions	34	34	[29]
Net cash provided by operating activities	<u>12,478</u>	<u>12,478</u>	<u>[7,712]</u>
Cash flows from investing activities:			
Dividends & interest from investments	345	345	742
Purchase of property, plant, and equipment	-	-	[2]
Proceeds from sale of investments	23,656	23,656	45,622
Purchase of investments	[29,984]	[29,984]	[33,624]
Net cash used in investing activities	<u>[5,983]</u>	<u>[5,983]</u>	<u>12,738</u>
Change in cash and cash equivalents in the reporting period	6,495	6,495	5,026
Cash and cash equivalents at the beginning of the reporting period	18,164	18,164	13,138
Cash and cash equivalents at the end of the reporting period	<u>24,659</u>	<u>24,659</u>	<u>18,164</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.

Basis of consolidation

The consolidated financial statements include the financial statements made up to 31 March 2022 of the charitable company and The Jessica (Scotland) Trust charity number SC043048 which the charity controlled as sole corporate trustee from 1 April 2021 till it's wind up on 31 March 2022. The consolidation method was acquisition accounting. The turnover of the Trust in the year was £109,208, the expenditure of the trust was £596,882, there was a write back of the bad debts provision of £1,091,839 and the surplus for the period was £378,468.

Income

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

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

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

Expenditure

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

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

Funds

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

- 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.

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:

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

Leases

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

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.

Loans

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

Cash at bank and in hand

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

Creditors

Creditors are recognised where the 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.

Provisions

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

Financial instruments

The 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.

Contingent liability

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

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the 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.

Notes forming part of the financial statements

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

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

Group	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2022 £000	2021 £000
Individuals	7,144	-	-	7,144	1,211
Trusts	2	6,350	-	6,352	2
Corporates	74	-	-	74	69
Total	7,220	6,350	-	13,570	1,282
Year ended 2021	1,282	-	-		1,282

Charity	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2022 £000	2021 £000
Individuals	7,144	-	-	7,144	1,211
Trusts	2	6,728	-	6,730	2
Corporates	74	-	-	74	69
Total	7,220	6,728	-	13,948	1,282
Year ended 2021	1,282	-	-		1,282

3. Income from investments

Group	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2022 £000	2021 £000
Dividends	6	-	325	331	680
Bank Interest	9	4	1	14	62
Loan interest	-	109	-	109	-
Total	15	113	326	454	742
Year ended 2021	58	14	670		742

Charity	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2022 £000	2021 £000
Dividends	6	-	325	331	680
Bank Interest	9	4	1	14	62
Total	15	4	326	345	742
Year ended 2021	58	14	670		742

4. Income from charitable activities

Group	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2022 £000	2021 £000
Non-Invested Funds	1,041	15,024	-	16,065	25,252
Invested funds	-	-	2,644	2,644	5,345
Total	1,041	15,024	2,644	18,709	30,597
Year ended 2021	1,873	23,379	5,345	-	30,597

Charity	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2022 £000	2021 £000
Non-Invested Funds	1,257	15,024	-	16,281	25,252
Invested funds	-	-	2,644	2,644	5,345
Total	1,257	15,024	2,644	18,925	30,597
Year ended 2021	1,873	23,379	5,345	-	30,597

5. Costs of raising funds: Development

	Unrestricted	Restricted	Endowment	Total Funds 2022	Total Funds 2021
	£000	£000	£000	£000	£000
Staff costs	170	-	-	170	101
Travel, training & recruitment	-	-	-	-	-
Property	-	-	-	-	-
Website and IT	23	-	-	23	14
Office costs	2	-	-	2	7
Professional fees	11	-	-	11	11
Support costs (Note 8)	148	-	-	148	57
	<u>354</u>	<u>-</u>	<u>-</u>	<u>354</u>	<u>190</u>
Year ended 2021	190	-	-	-	190

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

Group	Unrestricted	Restricted	Endowment	Total Funds 2022	Total Funds 2021
	£000	£000	£000	£000	£000
Grant making from non-invested funds	8	15,368	-	15,376	18,880
Grant making funds from invested funds	-	2,166	-	2,166	18,468
Loans provision for bad debts	-	[1,092]	-	[1,092]	-
Loans written off	-	226	-	226	-
	<u>8</u>	<u>16,668</u>	<u>-</u>	<u>16,676</u>	<u>37,348</u>
Year ended 2021	230	35,697	1,421	-	37,348

Charity	Unrestricted	Restricted	Endowment	Total Funds 2022	Total Funds 2021
	£000	£000	£000	£000	£000
Grant making from non-invested funds	8	15,044	-	15,052	18,880
Grant making funds from invested funds	-	2,166	-	2,166	18,468
	<u>8</u>	<u>17,210</u>	<u>-</u>	<u>17,218</u>	<u>37,348</u>
Year ended 2021	230	35,697	1,421	-	37,348

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

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

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

		2022 £000	2021 £000
North	Highland	1,040	1,146
	Orkney	62	22
	Shetland	-	77
	Western Isles	68	537
North East	Aberdeen City	141	257
	Aberdeenshire	517	431
	Moray	605	267
East	Angus	61	200
	Dundee City	174	283
	Fife	478	673
	Perth and Kinross	195	360
Central	Clackmannanshire	145	146
	East Dunbartonshire	34	66
	Falkirk	116	466
	North Lanarkshire	66	581
	South Lanarkshire	222	350
	Stirling	537	291
	West Dunbartonshire	16	88
West	Argyll and Bute	295	442
	East Renfrewshire	20	72
	Glasgow City	1,032	3,894
	Inverclyde	56	181
	Renfrewshire	115	338
South East	East Lothian	174	233
	Edinburgh City	6,860	4,886
	Midlothian	97	195
	West Lothian	372	420
	Scottish Borders	384	486
South West	Dumfries and Galloway	1,598	1,562
	East Ayrshire	49	125
	North Ayrshire	83	184
	South Ayrshire	538	479
Scotland-Wide	Grant to organisations with a Scotland-wide remit	-	16,245
Other	Outside Scotland	1,068	1,365
Total		17,218	37,348

7. Loan and Grant Making Services

Analysed by expenditure type

Group	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2022 £000	2021 £000
Staff costs	687	167	-	854	955
Travel, training & recruitment	5	1	-	6	2
Property	-	-	-	-	-
Website and IT	5	-	-	5	66
Office Costs	22	1	-	23	8
Professional fees	90	132	126	348	185
Support costs (Note 8)	705	41	-	746	551
	<u>1,514</u>	<u>342</u>	<u>126</u>	<u>1,982</u>	<u>1,767</u>
Year ended 2021	1,672	29	66	-	1,767

Charity	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
	£000	£000	£000	2022 £000	2021 £000
Staff costs	854	-	-	854	955
Travel, training & recruitment	6	-	-	6	2
Property	-	-	-	-	-
Website and IT	5	-	-	5	66
Office Costs	23	-	-	23	8
Professional fees	96	69	126	291	185
Support costs (Note 8)	746	-	-	746	551
	<u>1,730</u>	<u>69</u>	<u>126</u>	<u>1,925</u>	<u>1,767</u>
Year ended 2021	1,672	29	66	-	1,767

9. Staff Costs

	Group & Charity 2022 £000	Charity 2021 £000
Wages and salaries	1,182	1,126
Social security costs	123	117
Pension costs – defined contribution scheme	68	62
	<u>1,373</u>	<u>1,305</u>
Interest expense in respect of defined benefit pension scheme	1	4
Actuarial gains/ [losses] on defined benefit pension schemes	78	[8]
Deficit pension contributions paid	29	29

At the end of the financial year pension contributions amounting to £9,759 [2021 £9,020] 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:

	Group & Charity 2022 £000	Charity 2021 £000
Staff Costs	490	476

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

	Group & Charity 2022	Charity 2021
£60,000 - £70,000	2	2
£70,000 - £80,000	-	-
£80,000 - £90,000	1	1

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

	Group & Charity 2022	Group 2021
Community Investment	13	14
Executive	1	1
Finance and Operations	7	4
Marketing and Development	3	2
Philanthropy	6	8
Resilient	3	4
	<u>33</u>	<u>33</u>

Members of the Board of Trustees are not remunerated by the Foundation; No Trustee received expenses or other benefits during the year. The Trustees had Trustees Indemnity Insurance in place during the year.

Notes forming part of the financial statements

10. Net incoming resources

Net incoming resources is stated after charging:

	Group 2022 £000	Charity 2022 £000	Charity 2021 £000
Depreciation and other amounts written off tangible fixed assets			188
Write down of investment property	200	200	601
Auditor's remuneration			
Audit of these financial statements	18	18	14
Other services - payroll	5	5	4
VAT services	3	3	1

11. Tangible Fixed Assets

Group & Charity	Investment Land and Buildings £000	Fixtures, Fittings and Equipment £000	Total £000
Cost			
At beginning of year	1,400	111	1,511
Additions	-	-	-
Revaluation	[200]		[200]
Disposals		[100]	[100]
At end of year	<u>1,200</u>	<u>11</u>	<u>1,211</u>
Depreciation			
At beginning of year	-	104	104
Charge for year	-	4	4
Disposals	-	[100]	[100]
At end of year	<u>-</u>	<u>8</u>	<u>8</u>
Net Book Value 31 March 2022	<u>1,200</u>	<u>3</u>	<u>1,203</u>
Net Book Value 31 March 2021	<u>1,400</u>	<u>7</u>	<u>1,407</u>

All assets are held for charitable purposes.

The investment property under Investment Land and Building is leased to a tenant. A valuation was carried out by an external expert resulting in a write down of the value by £200k. The next revaluation is being planned for March 2024. The historic cost of the investment property is £2,136m.

12. Other investments

	Group & Charity 2022 £000	Charity 2021 £000
Market value as at 1 April	51,110	50,540
Additions	31,661	33,624
Disposal proceeds	[25,333]	[45,622]
Net investment gain/[loss]	[1,275]	12,568
Market value at 31 March	56,163	51,110
Historical value at 31 March	48,038	39,051
Represented by:		
Cash and fixed interest securities	4,140	2,554
Listed shares	388	822
Unlisted shares	8	8
Investment trusts and unit trusts	51,627	47,726
	56,163	51,110
<u>Investments comprising more than 5% of market value</u>		
Cash on deposit	4,139	
Impax Environmental Leaders	3,103	
BMO Responsible Global Equity	4,100	2,799
Fidelity Sustainable Water	2,972	-
Ninety One Global Environmental	2,930	
Schroder Global Sustainable Value Equity	2,895	
Baillie Gifford Worldwide Positive Change	2,876	
Monks Investment Trust	-	3,444
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

	Group & Charity 2022 £000	Charity 2021 £000
Current proportion of loans receivable	425	267
Other	172	1,002
Prepayments and accrued income	568	27
Trade Debtors	10	29
VAT	-	43
	<u>1,175</u>	<u>1,368</u>
Debtors due in more than one year		-
Loans receivable 2-5 years	1,579	-
Loan receivable greater than 5 years	702	-
Bad debt provision	[314]	-
	<u>3,142</u>	<u>1,368</u>

Other debtors relates to a Gift Aid Claim which was received from HMRC in April.

There are 38 loans which make up the Loans Receivable balance. The repayment terms on the loans range from 6 months to 10 years with the majority being 10 years. The rates of interest on the loans range from 5.00% to 6.75%.

Loans under the Making Enterprise Happen programme [24 loans] are secured based on 25% of the value of the remaining balance.

14. Creditors: amounts falling due within one year

	Group & Charity 2022 £000	Charity 2021 £000
Trade creditors	72	47
Other	-	1
Tax and social security	15	12
Accruals	17	33
Grants payable	3,012	2,289
	<u>3,116</u>	<u>2,382</u>

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

	Group & Charity 2022 £000	Charity 2021 £000
Grants payable	399	588
	<u>399</u>	<u>588</u>

**16. Provision for liabilities and charges
 Group & Charity**

	2022 £000	2021 £000
Defined benefit pension scheme net present value of deficit contributions payable		
Provision at start of period	170	187
Unwinding of the discount factor [interest expense]	1	4
Deficit contribution paid	[29]	[29]
Remeasurements - impact of any change in assumptions	[1]	
Remeasurements - amendments to the contribution schedule	[77]	8
Provision at end of period	64	170
Office Rental – Onerous Contract	64	-
	128	170

Defined benefit pension scheme net present value of deficit contributions payable

The company participates in a multi-employer scheme which provides benefits to some 82 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 2020. This actuarial valuation was certified on 21 December 2021 and showed assets of £153.3m, liabilities of £160.0m and a deficit of £6.7m. 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:

From 1 April 2022 to 30 September 2024: £1.5m per annum [payable monthly and increasing by 3% each year on 1st April]

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

	2022 £000	2021 £000
Interest expense	1	4
Remeasurements - impact of any change in assumptions	[1]	8
Remeasurements - amendments to the contribution schedule	[77]	-

Assumptions

	2022	2021	2019
Rate of discount	2.30	0.86	2.57

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 £1.2m as at 30 September 2020. 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. Endowment Funds

Endowment Fund	Purpose – to provide income for grant making funds which support	Balance brought forward £000	Income & Gains £000	Expense & Losses £000	Transfer £000	Balance carried forward £000
Alexander Trust	young people and older people in Aberdeenshire and the Isle of Bute	170	3	[1]	[7]	165
B and P Johnson Family Foundation Endowment	grant making activity - UK-wide	552	7	[2]	[3]	554
Barr Community	general charitable activity and development – Barr	98	4	-	29	131
The Beatrice Foundation	general grantmaking activity - Scotland-wide	163	3	[1]	[10]	155
Bertha Fund	grant making activity with a focus on Perth and Kinross	527	10	[2]	[33]	502
Betty & Roy Ure Trust	voluntary organisations and charities in Arran	1,183	23	[5]	[49]	1,152
Bluebird Trust	causes related to the environment, human rights, ill-health or other disadvantage – UK and overseas	319	33	[1]	[4]	347
Booby Birds	Support of breast cancer organisations	102	2	-	[4]	100
Bottomley Charitable Trust	grant making activity - UK-wide	204	4	[2]	[206]	-
Brunton Endowment Trust	general grantmaking activity – Scotland-wide, particularly Aberdeenshire.	284	8	[1]	[12]	279
Budge Foundation	grant making activity - UK-wide	304	6	[2]	[20]	288
Campbell Crowson Fund	elderly, health and disability issues- Scotland-wide	190	3	[1]	[8]	184
Carrick Futures	general charitable activity - in the Carrick futures communities in South Carrick	361	7	[2]	23	389
Cervus Trust	general charitable activities - Scotland-wide	294	251	[19]	[15]	511
Coram Trust	rural and urban regeneration projects, especially housing - Scotland-wide	250	3	[1]	4	256
David and Averil Macdonald	general grantmaking - Elgin, Tain, Islay and Broxburn areas	1,334	25	[5]	[83]	1,271
Dorenell Community	general charitable activity and development – Dufftown & District, Glenlivet & Inveravon; Glenrinnnes, The Cabrach	-	232	[109]	792	915
Douglas McDougall	general grantmaking activity - UK and overseas	184	4	[15]	[5]	168
Elizabeth Drummond Fund	general educational projects - Scotland-wide	1,186	111	[13]	[49]	1,235
ENCOMM Endowment	general charitable activity and development – East Nairnshire	257	4	[1]	[2]	258
F Laing Family Trust	general grantmaking activity - Scotland-wide	110	2	-	[5]	107
Forbes Fund	general grantmaking activity - in the Highlands	379	8	[2]	[16]	369
Fountainhall Trust	educational activities – UK-wide	1,522	222	[134]	[211]	1,399
Garpel Fund	general grantmaking activity - UK and overseas	15,477	72	[1,396]	[736]	13,417
Gartmhor Trust	disadvantaged families, supporting talented young people – Edinburgh and Fife priority	2,196	271	[1]	[92]	2,374
Gateway Exchange	people achieve their potential	321	7	[1]	[13]	314
George and Grace Thomson Trust	general grantmaking activity – Dundee. Scholarships at Heriot Watt - Edinburgh	208	5	[1]	[72]	140
Gillian Charlotte Campbell Fund	general grantmaking in Edinburgh and East Lothian, Lanarkshire and the Scottish Borders	309	5	[1]	[13]	300
Glebefoot Charitable Trust	community groups - Scotland-wide, NE of Scotland in particular	733	14	[3]	[31]	713
Glenkerie Community	general charitable activity and development - Glenkerie area of the Scottish Borders	178	3	[1]	[2]	178
Gordon Brown Memorial Fund	families affected by cancer and the development of youth sport particularly rugby	284	5	[1]	[12]	276
Irene Sproule	the Church of Scotland congregation at Coldstream Parish Church	114	2		[5]	111

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Endowment Fund	Purpose – to provide income for grant making funds which support	Balance brought forward £000	Income & Gains £000	Expense & Losses £000	Transfer £000	Balance carried forward £000
The Julie and Loren Hufstetler Foundation	general grantmaking activity - UK-wide	104	100	[10]	[1]	193
Karen Napier Charitable Trust	education - UK-wide and overseas	402	353	[2]	[259]	494
Kinlochaline Trust	general grantmaking activity - UK and overseas	63	136	-	[3]	196
Kinross-shire Fund	communities, projects & groups - Kinross-shire area	215	4	[1]	[13]	205
Leckie Family Trust	general grantmaking activity - Scotland-wide	446	428	[1]	[40]	833
Leckie Family Trust - EB	general grantmaking activity - Scotland-wide	210	4	[1]	[9]	204
Live Well Charitable Fund	alleviate poverty - Edinburgh area	285	6	[1]	[12]	278
Logie Trust	general grantmaking activity - Scotland-wide	107	-	-	[107]	-
Make Trust	general grantmaking activity - Scotland-wide	-	846	[57]	[104]	685
Mary Janet King Trust	general grant-making activity with a focus on music - Scotland-wide	232	4	[1]	[10]	225
McNab Family Charitable Trust	general grantmaking activity - Scotland-wide	254	4	[1]	[11]	246
NF Trust	general grantmaking activity - Scotland-wide	3,494	234	[1]	[12]	3,715
Ochil Developments Blackford Community Fund	general charitable activity and development - Blackford area	411	8	[2]	[3]	414
Paraclete Trust	general grantmaking activity - Scotland-wide	418	6	[10]	[17]	397
Parish of Stow Community	general grantmaking activity – Parish of Stow	102	-	[1]	24	125
Path Trust	general grantmaking activity - UK-wide	153	3	[1]	[6]	149
Philippians 4:19	general grantmaking activity - Scotland-wide	1128	15	[27]	[46]	1,070
Prudential Fund	general grantmaking activity - Stirling area.	137	2	[1]	[2]	136
Robert & Edith McMillan Edinburgh Music School Trust	Edinburgh Music School activities at Broughton High School	193	3	[1]	[3]	192
Russell Trust	general grantmaking activity - UK and overseas	259	9	-	[11]	257
Seed Change Trust	general grantmaking activity-UK-wide	103	2	-	[4]	101
The Snowdrop Trust	general grantmaking activity-UK-wide	346	7	[1]	[15]	337
Sutherland Page Trust	general educational projects - Scotland-wide	2,910	219	[12]	[122]	2,995
Urras Oighreachd Ghabhsainn [UOG] Community	general grantmaking activities - within the community of the Galston Estate	192	3	[1]	[2]	192
Victoria League in Scotland [VLS] Trust	education activity - Scotland-wide	172	4	[1]	[20]	155
Viewforth Trust	general grantmaking activity-UK-wide	1,375	41	[5]	[245]	1,166
Ward Family Trust	general grantmaking activity - UK and overseas	760	50	[5]	[100]	705
William Grant Piping Trust	music activity - Scotland-wide	678	12	[3]	[28]	659
William Hunter Trust	relief of poverty with a priority - Edinburgh and the Lothians	665	12	[3]	[32]	642
Women's Fund WFS	projects which benefit women - Scotland-wide	220	4	[1]	[2]	221
		45,827	3,878	[1,875]	[2,085]	45,745
Other Endowments funds with less than £100k		2,597	[1,778]	1,482	[92]	2,209
Total Endowment Funds		48,424	2,100	[393]	[2,177]	47,954
Year ended 2021 - Charity		48,308	18,216	[1,487]	[16,613]	48,424

18. Restricted Funds

Restricted Fund	Purpose – to support	Balance brought forward £000	Income £000	Expense £000	Transfer £000	Balance carried forward £000
Charity						
Annandale and Nithsdale Community Benefit Company	activities that support the rural regeneration and sustainability – 42 council areas Annandale and Nithsdale	105	240	[179]	-	166
Baillie Gifford Community Awards Fund	general activities – Scotland-wide	261	242	[200]	-	303
Baillie Gifford Giving	charities individuals and groups - UK-wide	1,178	5,478	[6,340]	-	316
Ballantrae Community Fund	community projects – Ballantrae	91	51	[31]	-	111
Blackcraig Wind Farm Community Fund	community projects - Carsphairn; Glencairn; Dunscore; St Johns Town of Dalry; New Galloway; Balmaghie; Crossmichael; Parton; Corsock & Kirkpatrick Durham; Balmaclellan	136	251	[266]	-	121
Cairnryan Community Fund	community projects – Cairnryan	101	23	[8]	[5]	111
Carrick Futures	community projects - Barrhill, Barr, Pinwherry & Pinmore, Colmonell & Lendalfoot, Ballantrae and Girvan	471	254	[277]	[25]	423
East Neuk of Fife	thriving communities in the East Neuk of Fife	201	-	8	-	209
EDF Burnhead Moss Community Fund [Limerigg & Slamannan]	community projects – Limerigg and Slamannan	128	-	-	9	137
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Dufftown & District)	community projects – Dufftown and District	121	-	[115]	93	99
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Glenlivet & Inveravon)	community projects – Glenlivet & Inveravon	127	-	[90]	93	130
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Glenrinnnes)	community projects – Glenrinnnes	163	-	[7]	93	249
EDF Renewables Dorenell Wind Farm Community Benefit Fund (The Cabrach)	community projects – The Cabrach	170	-	[136]	93	127
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Cross Area)	community projects – Cross Area	176	-	[175]	93	94
EDF Renewables Dorenell Wind Farm Special Projects	community projects - Dufftown & District, Glenlivet & Inveravon;	792	-	-	[792]	-
RWE Bad a Cheo Wind Farm Community Fund [Watten]	Glenrinnnes, The Cabrach charities and groups - in the Watten Community Fund area	72	-	-	39	111
RWE Camster Community Fund [Tannach & District]	charities and groups - in the Camster Community Fund area	139	-	[32]	61	168
RWE Camster Community Fund [Watten]	charities individuals and groups - three community council areas	203	-	[9]	61	255
GG Trust	charities individuals and groups - UK-wide	137	-	[609]	650	178
Moidart Trust	charities individuals and groups - UK-wide	108	-	[20]	-	88
NF Trust	general grantmaking activity - Scotland-wide	109	-	[16]	-	93
Julie and Loren Hufstetler Foundation	general grantmaking activity - UK-wide	134	-	[60]	-	74
The Viewforth Trust	general grantmaking activity-UK-wide	135	-	[174]	115	76
TP Trust	charities individuals and groups - UK-wide	624	-	[210]	-	414
Falck Assel Valley Wind Farm Community Fund (Barr)	community projects – Barr	114	32	[19]	[5]	122

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Restricted Fund	Purpose – to support	Balance brought forward £000	Income £000	Expense £000	Transfer £000	Balance carried forward £000
Charity						
Falck Assel Valley Wind Farm Community Fund (Pinwherry)	community projects – Pinwherry & Pinmore	103	32	[5]	-	130
Fountainhall Trust	educational activities – UK-wide	6	-	[80]	204	130
Foresight Kinegar Wind Farm Community Fund [Oldhamstocks]	community projects – Oldhamstocks	71	-	-	32	103
Gartmhor Trust	disadvantaged families, supporting talented young people – Edinburgh and Fife priority but Scotland wide considered	119	-	[76]	79	122
Hadyard Hill Community Fund [Dailly]	community projects – Dailly	89	[7]	[23]	60	119
Hadyard Hill Community Fund [Pinwherry & Pinmore]	community projects – Pinwherry & Pinmore	185	[7]	[19]	60	219
Harthill Wind Ltd Community Fund [HEG]	community projects -	114	-	[45]	24	93
Kilgallioch Wind Farm Community Benefit Fund	community projects – 28 Community Council areas across South Ayrshire and Dumfries & Galloway	11	618	[489]	-	140
Jessica Fund	social enterprise projects – Scotland-wide	-	6,728	-	-	6,728
Ladbrokes [GVC]	Community projects with a focus on sport and healthy activity	4	260	[161]	-	103
Langhope Rig Wind Farm Community Benefit Fund A	community projects – Ettrick & Yarrow, Lilliesleaf, Ashkirk & Midlem and Upper Teviotdale & Borthwick Water	137	-	[41]	19	115
Logie Trust	charities individuals and groups - Scotland-wide	-	-	-	107	107
Made by Sport – Clubs in Crisis	sports clubs – Scotland-wide	403	[15]	[388]	-	-
Minnygap Community Benefit Fund	community projects – Johnstone, templand and Kirkpatrick Juxta	222	81	[26]	[70]	207
Old Luce Community Fund [Scottish Power Renewables Kilgallioch]	community projects –Old Luce Community Council area	256	[7]	[172]	360	437
Sankalpa Foundation	business development and the rural economy – Gate House of Fleet	178	-	-	-	178
Stroupster Wind Farm Community Benefit Fund	community projects - Dunnet and Canisbay	301	181	[75]	[49]	358
The Ross Girls Trust	general grantmaking activity – UK-wide	227	-	[10]	-	217
The Viewforth Trust	general grantmaking activity-UK-wide	375	-	[500]	125	-
The Volant Charitable Trust Fund	women, children and young people at risk and facing social deprivation – Scotland-wide	366	720	[495]	-	591
Torrance Farm Wind Park Community Fund [HEG]	community projects - Harthill, Eastfield & Greenrigg	158	-	[26]	31	163
Vattenfall Clashindarroch Wind Farm Community Fund	community projects - Huntly, Strathbogie, Tap O'Noth, Cabrach	402	216	[259]	-	359
Vattenfall Unlock our Future Fund	Community projects – Aberdeenshire and Aberdeen City	46	286	[103]	-	229
Ventient Energy A'Chruach Community Fund	Community projects - West Loch Fyne, Dunadd, Lochgilphead	186	164	13	-	363
Ventient Energy Galawhistle Wind Farm Community Fund	Community projects – Coalburn and Douglas & Glespin Community Council areas	62	262	[56]	-	268
Ventient Energy Glenkerie Wind Farm Community Fund	community projects – Tweedsmuir, Broughton, Drumelzier, Coulter, Biggar, Symington, Roberton, Lamington and Skirling	141	72	[95]	-	118
Ventient Gordonstown Community Fund [Auchterless, Inverkeithny & Fisherford]	community projects - Auchterless, Inverkeithny, Fisherford	153	-	-	26	179

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Charity						
Wathegar 2 Wind Farm Community Benefit Fund [Watten]	community projects – Watten	115	-	-	44	159
Wathegar 2 Wind Farm Community Benefit Fund [Tannach]	community projects – Tannach	79	-	[10]	31	100
Wathegar Wind Farm Community Fund [Tannach & District]	community projects – Tannach and District	102	[2]	[15]	37	122
Whiteside Hill Wind Farm Community Fund [Kirkconnel & Kelloholm]	community projects – Kirkconnel & Kelloholm	88	-	[7]	62	143
Wild Salmonid Support Fund		60	132	[72]	-	120
		<u>10,755</u>	<u>16,285</u>	<u>[12,200]</u>	<u>1,755</u>	<u>16,595</u>
Other Restricted funds with less than £100k		4,067	5,471	[5,079]	33	4,492
Total Charity Restricted Funds		<u>14,822</u>	<u>21,756</u>	<u>[17,279]</u>	<u>1,788</u>	<u>21,087</u>
Group						
Jessica (Scotland) Trust consolidation adjustments			[269]	269		
Total Group Restricted Funds		<u>14,822</u>	<u>2,092</u>	<u>[17,010]</u>	<u>1,788</u>	<u>21,087</u>
Year ended 2021 - Charity		<u>10,638</u>	<u>23,393</u>	<u>[35,726]</u>	<u>16,517</u>	<u>14,822</u>

19. Unrestricted and Designated Funds

	Balance brought forward	Income	Expense	[Losses]/ Gains	Transfer	Actuarial Gains/ [losses]	Balance carried forward
	£000	£000	£000	£000	£000	£000	£000
Charity							
<u>General Funds</u>							
General Fund	1,602	8,585	[2,092]	-	[6,608]	76	1,563
Revaluation Reserve	97	-	-	[138]	41	-	-
<u>Designated Funds</u>							
IT Developments	94	-	-	-	[47]	-	47
Endowment Building Fund	353	-	-	-	[25]	-	328
Income Generation Fund	1,400	-	-	-	7,600	-	9,000
Pension Scheme Deficit Fund	1,750	-	-	-	[531]	-	1,219
Strategic Plan Implementation Fund	367	-	-	-	[241]	-	126
Strategic Plan Implementation Fund – [SMT]	-	-	-	-	200	-	200
Charity as at March 2022	5,663	8,585	[2,092]	[138]	389	76	12,483
Group							
Less recharges of costs to Jessica (Scotland) Trust		[216]	216				
Group as at March 2022	5,663	8,369	1,876	[138]	389	76	12,483
Charity							
<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	4,609	3,296	[2,092]	[234]	96	[12]	5,663

Transfers

IT Developments Designated Fund transfers related to the development of the new CRM system.

Endowment Building Fund transfers represented contributions made during the year to Community Endowment Builder Funds

Income Generation Fund transfers represented the transfer from General funds to create an endowment to support the running costs of the Foundation.

Pension Scheme Deficit Fund transfers represented the release back to the General Funds because of the improved position on the defined benefit pension scheme.

Strategic Plan Implementation Funds transfers represented support to several projects during the year and to the establishment of the delegated designated fund for the SMT to manage.

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.

19. Unrestricted and Designated Funds [Continued]

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.

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

20. Analysis of net assets between funds

Fund balances at year end are represented by:

Group & Charity	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Tangible fixed assets	-	-	1,203	1,203
Investments	47,954	-	8,209	56,163
Net current assets	-	21,486	3,199	24,685
Creditors due after more than one year	-	[399]	-	[399]
Provisions	-	-	[128]	[128]
	<u>47,954</u>	<u>21,087</u>	<u>12,483</u>	<u>81,524</u>

Fund balances at the previous year end were represented by:

Charity	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>

21. Operating lease commitments

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

	Group & Charity 2022 £000	Charity 2021 £000
Within 1 year	-	39
In the second to fifth years inclusive	-	54
After 5 years	-	-
	<u>-</u>	<u>93</u>

Operating lease payments in the year totalled £34,526 [2021; £39,808].

22. Operating lessor commitments

	Group & Charity 2022 £000	Charity 2021 £000
Within 1 year	60	-
In the second to fifth years inclusive	185	-
After 5 years	-	-
	245	-

Operating lessor commitments are in respect of property rental income.

23. Ultimate controlling party and related party transactions

The Trustees control the activities of the charity.

UK Community Foundations provides membership and associated central IT platforms for UK Community Foundations. For these services £37,915 [2021: £ 32,945] 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 £0 [2021: £2,289].

The following organisations, to which a Foundation Scotland Trustee is related, received grants in 2021-22:

Organisation	Grants paid	FS Trustee/Committee Member	Relationship with Recipient
Scottish Refugee Council	1,200	Stewart Carruth	Wife works for the Scottish Refugee Council
Venture North Cooperative Limited	8,182	Isla McCulloch	Employed by Cooperatives UK
Macmillan Cancer Support	2,622	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Macmillan Cancer Relief	10,580	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Macmillan Cancer Relief East of Scotland	306	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
The Growth Partnership	5000	Ian Marr	Employed by The Growth Partnership
Paisley YMCA	4,976	John Naylor	President YMCA
Broughty Ferry YMCA	4,000	John Naylor	President YMCA
Wishaw Young Mens Christian Association (YMCA)	3,230	John Naylor	President YMCA
Tain and District Youth Cafe (YMCA)	13,927	John Naylor	President YMCA
Denny and Dunipace YMCA	7,168	John Naylor	President YMCA
YMCA Scotland	10,100	John Naylor	President YMCA
Edinburgh International Festival Endowment Fund	72,000	Sarah Whitley	Trustee Edinburgh International Festival Endowment Fund
Saint Andrew Boat Club	574,400	Sarah Whitley	Trustee
Didasko Education Co. Ltd	60,500	Sarah Whitley	Trustee
Leuchie House Short Break Centre	15,500	Angus Tulloch	Wife Trustee of Leuchie House
Pittenweem Tennis Club Ltd	2,021	Toby Anstruther	Trustee
George Watson's College	250	Stephen Connelly	Chair - Watsons Malawi Partnership
George Watson's Family Foundation	150,000	Stephen Connelly	Chair - Watsons Malawi Partnership

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The equivalent information for 2020-21 was:

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		Toby Anstruther	Wife is a Trustee
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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.

From 1st April 2021, Foundation Scotland became the corporate trustee of the Jessica [Scotland] Trust succeeding Resilient Scotland Limited. In 2020-21, there was one Trustee of Foundation Scotland who was also a Trustee of Resilient Scotland Limited.

Invoices totalling £211,224 were issued to the Jessica [Scotland] Trust during the year and the total amount due at the year-end was £0.

Invoices totalling £245,028 were issued to Resilient Scotland Limited in 2020/21. The total amount due on 31 March 2021 was £19,259.

24. Contingent liabilities

Contingent liabilities relate to grant and loan awards offered during the year where settlement is dependent on the recipient fulfilling various stated terms and conditions, the outcome of which is uncertain. The total of grant contingent liabilities at 31st March for the Group and Charity was £1,926,321 [2021: Charity £2,253,121].

25. Financial Instruments

	Group 2022 £000	Charity 2022 £000	Charity 2021 £000
Assets measured at fair value through profit & loss	53,223	53,223	52,510

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