



Foundation Scotland  
15 Calton Road  
Edinburgh  
EH8 8DL

Company Limited by Guarantee  
Company No. SC152949

Registered Charity  
Scottish Charity No. SC022910

# Annual Report and Financial Statements For the year ending 31 March 2024



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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 2024, which are prepared to meet the requirements for a directors' report and financial statements for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment [Scotland] Act 2005 and the Charities Accounts [Scotland] Regulations 2006 [as amended] the Companies Act 2006, and the Statement of Recommended Practice ['SORP'] applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK [FRS102] [Charity SORP].

## Chair's report

The last 12 months has seen a sustained challenge on our communities as the cost-of-living crisis has disproportionately impacted those suffering inequalities and those whose resilience is not well established nor robust. However, underpinning the work of Foundation Scotland this year has been an enhanced ethos of building for a stronger future and living by our own values.

We continue to focus on a move to upstream funding, seeking to address the root causes of inequality, hardship and poor outcomes in our communities aligned to our commitment to building a wellbeing economy. We have established our own Tackling Inequalities Fund Programme which delivers on this commitment. We are proud to be working with a small group of organisations who are driven to make life changing differences for individuals who, with support, guidance and encouragement are improving their own life outcomes, increasing their wellbeing, and reshaping their hopes and ambitions.

We remain the “go to” community benefit partner for the renewable energy sector and our footprint in rural areas continues to grow year on year with an increasing benefit profile being accrued through the informed and imaginative use of these funds. We have exciting plans for building a greater presence in the urban space through our coordination of the Edinburgh Regenerative Futures Fund, working alongside other independent and state funders to deliver a long-term programme to address urban poverty and inequality in and around our capital city.

We continue to work with our funded organisations toward their long-term goals, being with them on their journey and sharing their learning across our network. Our focus on being able to evaluate and articulate the impact of our funding has made enormous progress in this year. We have transitioned from a focus on funds held to a focus on funds distributed and are now in the early days of being able to demonstrate the impact that our funding has had on the people in our communities, as they provide us with numbers and stories of impact that we can collate and celebrate. Being able to evaluate, articulate and celebrate what has worked is key to our future. Our reputation relies on our effectiveness, and our ability to attract new donors centres on the trusted expectation that our funding is highly impactful.

The values that we hold as an organisation are focused on delivering for people, place, and planet. This common value of planet and being conscious of our duty to contribute to addressing the climate emergency has driven our adoption of socially responsible impact investing for the funds under our control. There is little doubt that the recent market conditions have not favoured this approach and that a considerable short-term gain in our holdings could have been made had we decided to follow the rise in value of fossil fuel portfolios. As a Board we knew we were pioneering in this values-based approach and still consider this to be the best approach in the medium to long term. Living by our values and being steadfast in our direction is important to us and we hope this stance builds respect.

Although there have been detrimental movements in some funds held which has lessened the ability of those elements to deliver impact this year, overall, through a combination of new invested funds and considerable growth in unrestricted funding, this year Foundation Scotland, as these accounts will show, has more financial resources to support our mission than ever before.

The ability of a Community Foundation to attract unrestricted donations, where the donor gives based on their trust and confidence in the organisation's reputation, track record, passion, ability, knowledge, and experience of delivering impactful funding is a measure of the quality of that Foundation. Against that measure Foundation Scotland has been remarkably successful in recent years.

This success has not come easily. Foundation Scotland is a team and we continue to invest in that team. We have an ambitious staff growth plan which we believe will give us the capacity and capability to realise our future ambitions. We are looking to further enhance our diverse and immensely talented Board and we continue to grow our donor base. Our donors, staff, senior management team and Trustees work together toward our common vision to build confident, thriving, and resilient communities across Scotland.

I would like to recognise and thank each of the members of that wider team. Each part of our team plays a different but essential role in our ability to support our communities.

Finally, I would like to celebrate all the thousands of local community organisations who we support each year. They inspire us to do what we do and provide us with our purpose, bringing us hope for a stronger future, together across Scotland.

Barry Sillers, Chair

## Chief Executive Officer's Report

This year, on behalf of our donors, we distributed over £22 million with award sizes ranging from £100 to £2 million. Our knowledge of the non-profit sector allows us to identify organisations across the country, including charities, social enterprises, and community groups, ensuring our awards make an impact and create lasting change.

We have been able to celebrate some milestone achievements, while also sowing the seeds for new work ahead and embracing our own learning journey. We have been able to reflect on how to better report on impact and start to look at building a knowledge and evidence base, not only to inform our own funding approach in the future, but also to share that learning with others to form stronger, more impactful partnerships.

We began to learn about the impact of our first thematic fund, 'Tackling Inequalities', which supports seven community organisations seeking to take an upstream and preventative focus to their work. We aim to ensure a learning approach across the Foundation, with any new funds or projects, so that any learning we have is evidence-based, reports on impact and includes the voices of those who have lived and/or local experience.

Many of the projects and initiatives we have been developing have seen some robust results. For example, our Revitalising Trusts Project, which is carried out in collaboration with the Office of the Charity Regulator [OSCR], surpassed a milestone of £5 million of 'stuck' charitable capital which was unlocked and revitalised, to better suit current day needs, and once again provide public benefit.

We continued to build on our work supporting communities to create Community Benefit Funds, and twenty new funds were established during the year. Related, we commissioned research into the range of models used in Scotland to plan for and administer these funds. We look forward to learning from this research, being delivered by the University of Strathclyde. It will prove invaluable, noting that by 2030 some £60 million per year is the anticipated total to benefit Scotland's communities from onshore wind farm community funding alone.

We also continued to set up Community Invested Funds, enabling whole communities to invest capital efficiently. These included Brora and Applecross communities.

Our Social Investment team worked hard to ensure a renewed growth in the opportunities pipeline, noting some hesitance in the social enterprise sector to consider debt. We opened investment across Scotland, having focussed previously on the central belt, and are pleased to note initial investments in both Scottish Borders and Highland communities.

We were very happy to welcome several new philanthropists, setting-up bespoke programmes with and for them. These range from individual and family philanthropists, charitable trusts, and companies, which include the Scottish Building Society, and Virgin Money during the year. One way to encourage philanthropy is to hold events with inspirational speakers, and we were delighted that philanthropist Jonathan Ruffer came to speak at our 'Mistakes in Philanthropy' gathering.

We continued to invest in our team, implementing findings from a review of pay and reward, to ensure we are well-aligned with our sector for attracting and retaining staff. We also invested in our capacity, by embarking on a team expansion, to grow the scale of our team in preparation for new funding programme management, and to enhance specific functions, such as impact, learning and knowledge.

These are just a few examples of the many achievements we have to look back on in the last year. But we have also taken stock of where we need to take steps forward to do more. The significant unrestricted donations received in the year will enable us to deepen and focus our attention and we have designated sums to accelerate progress in these areas.

I would like to thank 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. For more than 25 years, we have been working to strengthen communities across the country.

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

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

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

Since 1992, we have invested over £190m into communities. We are part of a movement of 47 Community Foundations in the UK, and of a global field of 2,000 foundations, each inspiring change in their community.

### As an independent funder we can do things differently.

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

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

This year, on behalf of our donors, we distributed over £22 million. Our knowledge of the non-profit sector allows us to identify organisations across the country, including charities, social enterprises, and community groups, ensuring our awards make an impact and create lasting change.

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

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

### Our Ambitions

We have created four long-term, transformational ambitions to underpin our work. We focus on:

- Harnessing finance for investment into communities
- Working at the heart of transformational giving
- Sharing our learning and impact to inform policy and practice and create new 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	[Resigned 27 September 2023]
James Hilder	
Jennifer Gordon	
Leslie Rance	
Mamta Patel	
Sarah Whitley	
Sharon Fairweather	
Shona Smith	[Resigned 14 May 2024]
Stephen Connelly	
Stewart Carruth	
Tobias Jung	
Toby Anstruther	[Vice Chair]

### **Finance Committee**

Jennifer Duvall		Co-opted member
Leslie Rance		Trustee
Mamta Patel		Trustee
Sharon Fairweather	[Chair]	Trustee

### **Investment Committee**

Angus Tulloch		Trustee
John Naylor		Co-opted member
Lisa Lim		Co-opted member
Sarah Whitley	[Chair]	Trustee

### **People Committee**

Jennifer Gordon		Trustee
Leslie Rance	[Chair]	Trustee
Toby Anstruther		Trustee

### **Impact and Risk Committee**

Archie Ogilvie	[Resigned 01 November 2023]	Co-opted member
James Hilder	[Resigned 01 November 2023]	Trustee
Jennifer Wallace	[Appointed 20 December 2023]	Co-opted member
Mamta Patel		Trustee
Sam Curran	[Appointed 20 December 2023]	Co-opted member
Stephen Connelly	[Chair]	Trustee
Tobias Jung		Trustee

### **Social Investment Committee**

Cameron Kinnaird		Co-opted member
Ian Marr	[Chair, Resigned 27 September 2023]	Trustee
Isla McCulloch	[Resigned 10 June 2024]	Co-opted member
James Hilder	[Appointed 01 November 2023]	Trustee
Jennifer Gordon		Trustee
John Kelly	[Resigned 23 September 2023]	Co-opted member
Stewart Carruth	[Chair, Appointed 28 September 2023]	Trustee

**Senior Management**

Giles Ruck	Chief Executive Officer
Elizabeth Sams	Chief Finance and Operations Officer
Deborah Cowan	Head of Communications
Rachel Searle	Head of Communities and Impact
Vicki Moore	Head of Development
Helen Wray	Head of 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**

Nationwide	71 George Street, Edinburgh, EH2 3EE
Royal Bank of Scotland plc	36 St Andrew Square, Edinburgh, EH2 2YB

**Investment advisors**

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

**Solicitors**

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

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

**Website**

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

## Structure, governance, and management

### Legal and charitable status

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

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

### Trustees

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

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 Annual General Meeting. Those in office during 2023/24 and at the date of this report are set out in the reference and administrative details section of this report.

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

### Committees

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

The Impact and Risk Committee meets four times a year and assists the Board in the fulfilment of its governance duties in relation to the reporting and development of an Impact framework and the oversight of risk across the Foundation. It also oversees the management of incidents and complaints.

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 Chief Executive Officer 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 2024, the Foundation employed 42 people, of whom 11 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 22 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 5 points with employees starting at point 1 and moving up a point annually until they reach the top. The Foundation aims to apply the increments each April, subject to affordability. In addition to moving points up a grade scale, the scales themselves change annually linked to a nationally recognised cost of living inflationary benchmark.

Pay Ratio and Gender Pay Gap

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

	2019-20	2020-21	2021-22	2022-23	2023-24
Ratio of highest salary to the median	-	2.36:1	2.49:1	2.52:1	2.59:1
Mean gender pay gap	-	22.4	32.7	28.4	30.1
Median gender pay gap	-	26.6	22.1	27.0	27.3



**Volunteers**

In addition to our Trustees, a further nine 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

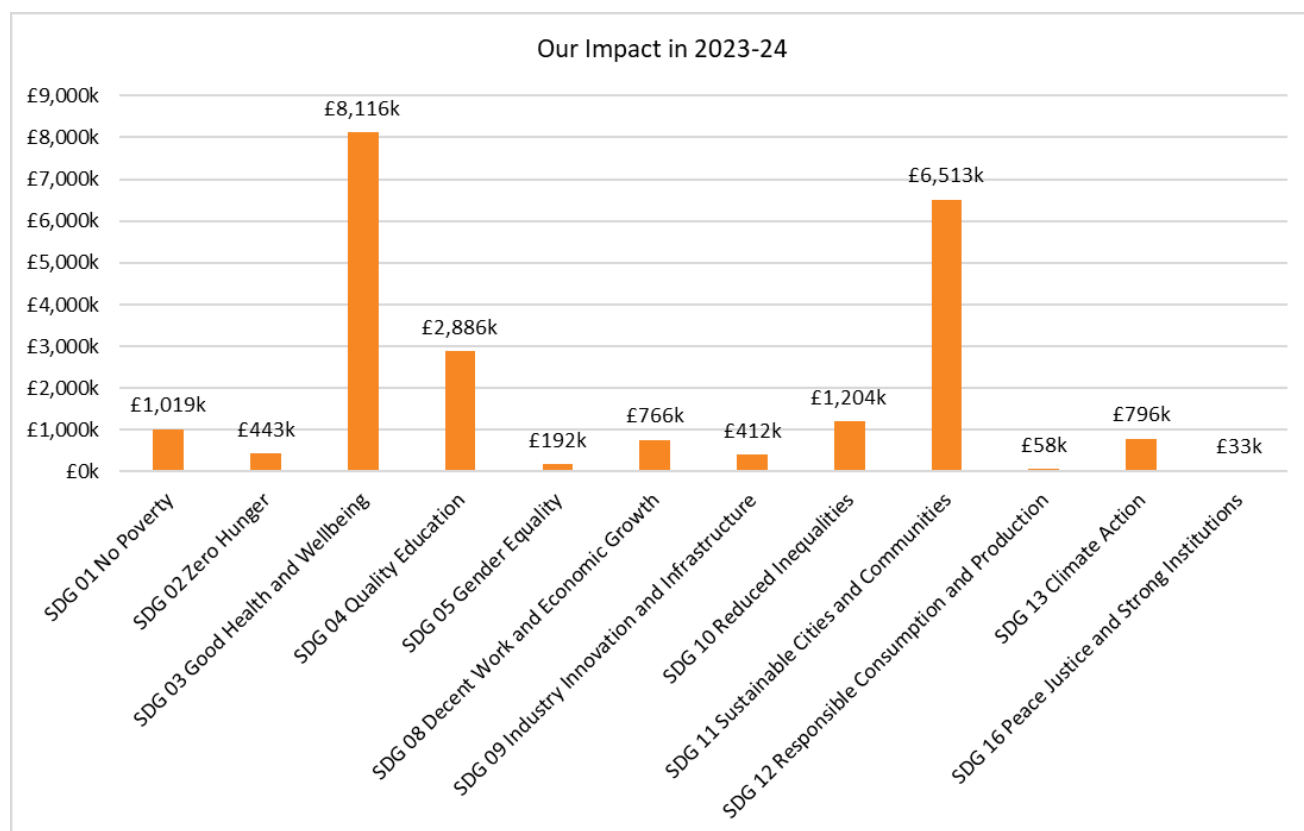
### Fund distribution

In total, the Foundation received 4,287 applications and made 3,030 awards totalling £22,437k on behalf of its funding donors during 2023-24:

Applications and awards summary	2019-20	2020-21	2021-22	2022-23	2023-24
Number of applications received for grants during year	3,744	5,579	4,057	4,417	4,287
Number of awards made in year	2,703	4,303	2,905	2,713	3,030
Total value of awards in year [including accruals]	£10,005k	£37,348k	£17,218k	£23,402k	£22,437k

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 Response, Recovery and Resilience [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 work this year

### **Ambition 1 - Harnessing finance for investment into communities**

#### **Our Measures**

	2019-20	2020-21	2021-22	2022-23	2023-24
Total Restricted Contributions for Grantmaking	£10.9m	£28.7m	£17.6m	£22.4m	£22.6m
Total Unrestricted Donations	£0.06m	£1.28m	£7.22m	£0.07m	£55.50m
Total Donor Invested Funds	£48.3m	£48.4m	£47.9m	£41.0m	£44.1m

#### **Revitalising Charitable Trusts – continued progress to revitalise trusts**

Through our Revitalising Trusts project, we continued to work with Charitable Trusts that have been dormant, to unlock funds and once again support local causes and achieve public benefit. During the third year of this project, we passed the £5 million mark of funds revitalised, with ten funds totalling £700k reorganised and managed by the Foundation.

#### **Widening Social Investment – investments in new regions: Scottish Borders and Highland**

We opened up marketing of our Social Investment offer across all of Scotland, from a previous focus in the central belt. In the first phase of a wider reach, investments were made in the Scottish Borders to support Eat, Sleep, Ride, a project which blends equestrian services with community enrichment programmes, and the GALE Centre in Highland, which is a hub for community local economic and social development based in Gairloch.

#### **Widening Social Investment – Community Shares – support approved**

During the year, the Social Investment Committee approved an approach to invest in community shares schemes in Scotland, typically as an anchor investor to help a community launch a share offer, or as final investor to help complete a finance package. No share positions were purchased during the year, however the principles and approvals to do so are now in place.

#### **Establishing Community Benefit Funds – twenty new funds**

We set up twenty new community-based funds from the renewable energy sector. These included a collaboration with the Great Glen Energy Co-operative, with their new fund supporting projects benefiting communities around Loch Ness. The fund swiftly made its first awards, supporting initiatives such as the Glen Urquhart Childcare Centre and individuals pursuing studies in Environmental Science.

Other new funds include partnerships with Haventus, owner of Ardersier Port and Harbour, near Nairn, and with Inch Cape Offshore Windfarm, which will provide initial benefit through a construction-related fund for onshore communities in East Lothian.

Our approach with these funds emphasises community decision-making and place-based initiatives, ensuring long-term benefits for local residents.

We set-up four Community Invested Funds, providing communities with the means to efficiently invest capital. These included the communities of Applecross, and Brora.

#### **Encouraging Philanthropic Funding – fourteen new advised funds, and service standards published**

During the year, fourteen Advised Funds were established, by philanthropic individuals, companies and by charitable trusts. Examples include the Scottish Building Society, whose programme is focussed on community facilities and services, transport, open spaces, affordable housing, community development, reduction of poverty, care for the elderly, and providing training opportunities and support for vulnerable youngsters.

Other examples include Virgin Money, and the Norwood Fund established on behalf of a philanthropic couple and focused on supporting harder to reach grassroots projects.

We also created and published our service standards for a range of invested fund products: Community Invested Fund, Charity Invested Fund, and a Donor Advised / Foundation Advised Fund.

**Encouraging Philanthropic Funding - support for priorities we identify, including via our new Tackling Inequalities Fund**

We received a £100k donation to support our Tackling Inequalities Fund. This has been pledged annually, for five years.

**Encouraging Philanthropic Funding - offer donors the opportunity to support our social investment loan plus grant model**

This did not progress during the year. However, it remains a relevant proposition for donors, as their donation would effectively be recycled and reused within the loan element of a social investment.

**Encouraging Philanthropic Funding – unrestricted funding**

The Foundation is fortunate to receive unrestricted fund donations each year. These enable us to target support in communities with specific needs and opportunities which are not met through our donor advised funds, and also enable us to test out approaches that seek to significantly amplify social impact. During the year we received an unprecedented £55 million of unrestricted funding, for which we will establish a ten-year deployment plan during 2024.

**Encouraging Philanthropic Funding – inspiring philanthropy events**

Part of our approach to encouraging new philanthropy is to deliver events with inspirational speakers. During the year we delivered our second 'Mistakes in Philanthropy' event, where philanthropist Jonathan Ruffer shared insights from his remarkable journey, emphasising the importance of resilience and adaptability in philanthropic endeavours. Jonathan's journey has been remarkable, and one which has already built quite a legacy. At the event, he mused, 'It's like everything else. If you predict one hundred things, you get three of them right.....'

**Ambition 2 - Working at the heart of transformational giving****Our Measures**

	2019-20	2020-21	2021-22	2022-23	2023-24
Total Annual Grant Distribution	£10.0m	£37.3m	£17.2m	£23.2m	£22.4m
Total Social Investment Loan Book	N/A	N/A	£2.5m	£2.4m	£2.6m

**Tackling Inequalities - building on our upstream approach to funding, with a wellbeing economy at its heart; and, monitor and evaluate the outcomes and impacts of our new Tackling Inequalities Fund**

We launched a Tackling Inequalities Fund, where seven projects have received a funding total of around £500,000. This is the first multi-funder 'thematic' fund that Foundation Scotland has delivered. The aim of the Fund is to provide organisations with the financial support to develop, test, implement or scale up activity that contributes to tackling and reducing inequalities either in their local areas or through their project more widely. Funding will help groups go beyond dealing with the symptoms of inequality and contribute to reducing it at its root causes. Giving agency to communities themselves to work in this 'upstream' way can help build an evidence base for what works and begin to challenge traditional systems.

The three-year funding programme is being delivered in partnership with the Wellbeing Economy Alliance Scotland, an organisation that envisions an economic system that has wellbeing at its heart, and ensures everyone can experience fairness and connection, and participate in the decisions that affect them. We began to bring the project leaders together whose organisations received funding in this Fund, to gain learning from their work and share this across the cohort. It was too early to apply any evaluation lens to the Fund, however collection of monitoring data has begun.

**Philanthropic Funds - support donors and philanthropists to invest impactfully, and in ways that are meaningful to them**

Foundation Scotland's collaboration with donors and partners continued to address pressing social challenges across Scotland. The spotlight on the Essentia Foundation showcased its impactful contributions to improving health, social welfare, and educational opportunities for children and young people. Through strategic grants, organisations like Crosshouse Children's Fund and ATLAS Arts are making a tangible difference in their communities.



Foundation Scotland's partnership with Crown Estate Scotland exemplifies our commitment to facilitating impactful philanthropy. Through initiatives like the Community Capacity Grants Programme, Foundation Scotland supports projects aimed at fostering economic, social, and environmental benefits in coastal communities. Recent grants awarded to organizations like Ionad Thròndairnis and Uig Development Trust underscore the programme's role in catalysing community-led development initiatives across Scotland.

We continued to promote the opportunity for a philanthropist to establish a legacy, and during the year discussed this with several individuals.

### **Community-Led Funding - support donors to invest impactfully, and in ways that are meaningful to them**

We work with more than three hundred communities across Scotland, supporting the set-up and on-going activities of many community benefit funds. These include the Vattenfall Clashindarroch Community Benefit fund, which surpassed £1 million in support, aiding 131 local initiatives, and injecting £9 million into the area. This Fund has also helped to generate a further £9 million into the local area since its launch, via match funding, which has supported local heritage and environmental projects. These include the new hide at Inverharroch Farm for the Cabrach Trust and local facilities such as the Gordon Rural Action Hub, which houses joined-up services for those people most vulnerable in the community, including those hardest hit by the cost-of-living crisis.

The team prepared for the first two years of funding for the South Kyle Wind Farm Community Benefit Fund. This is a £1.2 million fund that will help achieve transformative change for three East Ayrshire and one Dumfries & Galloway communities.

### **Social Investment**

Through investment into social enterprises, some of the initiatives we have supported include community hubs, creative, arts and cultural education projects, community recreation initiatives, climbing and bouldering centres, water sports enterprises, regeneration projects and an equine therapy and wellness centre. Our support creates unique value for social enterprises in Scotland by giving their owners the freedom to develop their businesses and be ambitious.

Our investment of Space @ The Broomhouse Hub exemplifies the transformative power of social investment in empowering local communities. For over 30 years, Space@ The Broomhouse Hub has delivered transformative personal, social and community development opportunities for local people in and around Broomhouse, Parkhead and Sighthill. The charity offers training, volunteering, and employment opportunities for those disadvantaged by poverty or other limiting factors, counselling and befriending support, community food initiatives including school holiday support, social groups for isolated older people, and a range of classes and groups designed to support mental health and wellbeing.

Across the last few years, the charity has tripled their staff capacity and doubled the reach of their vital support services post-pandemic. They cite the development of their multi-purpose community hub as the catalyst for this expansion. Foundation Scotland's social investment played a pivotal role in this development with expert advice and growth funding, which over time has totalled £500,000.

The Fairfield Sports and Leisure Club in Dundee provides another example. Investment in this social enterprise provides essential sports and social facilities to communities while creating employment opportunities. Bothwell Futures also serves as a notable example, with our support enabling the transformation of a disused library into a vibrant community hub.

### **Ambition 3 - Ensuring our impact and learning informs practice, policy and creates new opportunities**

Our measures under this ambition are being developed as we continue to imbed impact and learning and determine our wider role in policy development in Scotland.

#### **Community benefit models review**

Community Benefit Funds are designed to suit the community they benefit, and they vary in terms of governance, administration arrangements and impact. We aim to find out which approaches are most effective and where – and how – lessons could be learned and shared.

In order to do this, Foundation Scotland has appointed University of Strathclyde to undertake a study of the community benefit work we have been delivering for over 15 years in partnership with communities and energy and land developers across Scotland.

By reviewing key features of effective practice and lessons learned, this study aims to contribute to bridging the gap in knowledge and understanding about community benefit funds, and to be a resource to inform and influence evolving good practice in community led approaches to community benefit funds across other renewable technologies, emerging natural capital markets and the wider philanthropic and funding sectors.

With projected community benefit funding from onshore wind alone set to increase to over £60 million by 2030, it is really important that learning from practice to date is identified and shared to help inform the next era of community benefit arrangements and delivering long-term community wealth building.

#### **Autumn Gathering - hold multi-stakeholder events so that we can share our work and learning and create new partnerships**

A standout event during the year was our Gathering themed "Bringing Communities Together." Attended by stakeholders, partners, and friends from across Scotland, the event showcased Foundation Scotland's commitment to prioritising people and communities. Through engaging panel discussions, attendees heard firsthand accounts of how our funding and support are transforming lives and empowering communities.

Jamie, a young man whose life was positively impacted by the Kingdom Offroad Motorcycle Club, shared his journey of personal growth and empowerment. Similarly, Cari's story with the social enterprise Positive Changes underscored the transformative power of support and second chances. These narratives resonated deeply with attendees, highlighting the profound impact of funding and support.

#### **Upstream Mindset Toolkit**

Foundation Scotland's commitment to addressing root causes and promoting systems change was evident through its collaboration with the Wellbeing Economy Alliance (WEAll) Scotland. The development of the "Upstream Mindset" toolkit underscored a shift towards long-term thinking and action. We published guidance and practical tools to apply the Upstream Mindset in a funding context, signalling a strategic shift towards holistic community development.

#### **Partnership for Social Action – platform related to the Foundation at policy level**

Foundation Scotland emphasises the power of collaboration through partnerships like the Social Action Inquiry Scotland. Supported by multiple organisations including the Foundation, this initiative delves into community-led social action, showcasing stories of change through creative mediums like film, podcasts, and poetry. By amplifying community voices, the Inquiry aims to identify barriers and facilitators to effective social action, paving the way for more impactful interventions.

#### **Policy Level Activity – limited activity during the year**

Reflecting on the intention to seek platforms so that Foundation Scotland can have a voice at policy level, based on the knowledge and impact we have gathered through evaluating our funding, including contribution to cross-party and advisory groups at national level: we were limited by capacity during the year to progress this in any depth. We embarked on a programme of capacity growth in order to properly engage in this in future, and we began the recruitment process for a trustee with public affairs expertise.

**Our Impact Agenda – progress in impact reporting**

We made some progress against the intentions (1) to consolidate our impact agenda and streamline how we report on impact, centralising the voices of those with lived and local experience. In this way we can begin to create a learning and knowledge hub to share with others and to help us influence policy and practice; and (2) to collect Impact2 data to support a deeper understanding and reporting of impact across our funding programmes. In particular, we compiled and provided donor and fund specific reports, using aggregated social impact numeric data blended with narrative, qualitative data. We also appointed to the role of Impact, Learning and Knowledge Manager during the year, which will help to accelerate our work in this area.

**National Policy Consultation**

We responded to a consultation on 'Community Benefits for Electricity Transmission Network Infrastructure' and shared our insights from 15 years delivery in this area.

**Ambition 4 - Achieving excellence through our people, practice, and systems****Our Measures**

Our people measures are being developed, the measures below relate to the sustainability of our operating model and environmental footprint.

	2019-20	2020-21	2021-22	2022-23	2023-24
Salary Costs as a % Donor Contributions [fees] [see page 19]	93%	59%	97%	82%	109%
Carbon Emission [tCO2e] average per staff member [see page 27]	N/A	0.51	0.59	0.91	1.63

**Team Cohesion – invest in building an engaged and impactful team**

We held our Annual Conference, which gathers all staff, trustees, and committee members from across Scotland in Stirling. This fosters team cohesion and provides facilitated time and space to explore future organisational developments.

As an agile organisation, that blends digital and in-person working, we continued to deliver fortnightly all-staff catch ups where we share some of our work and experiences with others. These, alongside a range of other in-person meetings, will help us improve our approach to ensuring that our Way We Work Framework supports all staff, no matter their role, team, or location.

**Reward Review – invest in building an engaged and impactful team**

We completed a five-year Reward Review during the year, ensuring alignment with the employment and retention market with regard to staff remuneration and benefits. We used this opportunity to improve our role grading system and begin building career pathing.

**Team Expansion – invest in building an engaged and impactful team**

We welcomed new staff members during the year, as part of our Team Expansion Plan, seeking to be ready for new funds and developments as they are established, to enhance our overall management capacity, and to further build capacity in impact, learning, and knowledge.

We also welcomed two new co-opted members, Jennifer Wallace, and Sam Curran, to our Impact and Risk Committee. With expertise in policy development, community empowerment, and public safety, this will further strengthen our governance and strategic outlook.

**Development and Training Programme – individual and team progress**

While individuals did progress specific training and development we were unable to progress this in a cohesive cross-organisation way, based on limited time and capacity. However, we began recruitment for a People and Culture Business Partner role, who will implement this programme as part of their project portfolio.

**Diversity, Equity, and Inclusion Journey – limited progress**

Our intention to begin this process via a cross-Foundation audit did not commence, based on staff capacity. We explored an opportunity to engage with a programme delivered by Ten Years' Time, which uses a race-based lens with grant making foundations. This remains open to us, and it may be a helpful starting point in future, especially with the People and Culture Business Partner role supporting our lead capacity in this development.

### **Stakeholder Feedback**

We seek stakeholder feedback and value continuous improvement, leveraging digital surveys to enhance user experiences and inform future developments. This commitment underscores our focus on achieving excellence through our people, practice, and systems. One particular area of interest to us was the user experience of new technology we had adopted, via the launch of new online portals offering donors real time information on their giving and the impact it was having, and which also provided grant applicants instant access to their accounts, and an easier system for community panel members involved in fund assessment.

### **Open and Trusting Grantmaking**

We continued to apply 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 when developing service standards and processes.

Transparency is one of the IVAR principles, and we continue to make 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.

### **Climate Action**

We continued to embed our approach to climate action. Following an assessment of our carbon footprint we identified and invested in two carbon offset schemes, one live scheme overseas, and one in Scotland which is at an early stage of development.

We introduced a question for every grant applicant during the year, asking about what action they are taking on a local level to improve the environment, and/or to focus on climate action. This has proven a helpful nudge, as well as a method for us to begin to build better insights into grassroots climate action. In particular we note that many rural communities were advanced in their thinking and action, in a way that is less clear in the urban context.

### **Customer Relationship Management System [CRM] Portal for Efficient Decision-making by Community Panels**

We continued to improve the CRM functionality for all stakeholders. With whole of organisation support, and the engagement of our panel members and donors, we rolled out an online decision-making system which has improved efficiency and cut the turnaround time from point of application to award of grants. Not all panels have had the capacity to move to the new system and ways of enabling this will be examined in 2024-25.

### **Cyber Essentials Enhanced Accreditation**

We reviewed a number of accreditation schemes with the intention of using one as a framework for reducing cyber-risks. None of the schemes appeared to offer us the robust challenge we wanted and we decided to focus instead on improving cyber threat awareness training for staff. All staff now receive training monthly with related follow-up testing.

### **Data Analysis from CRM to make Data-Informed Decisions**

The new CRM has provided data insights, for example on how staff time is spent, and this has been an initial stage against the intention. The next stages will explore how the data informs opportunities to improve efficiency in tasks that can be more streamlined, and/or potentially allocated to appropriate staff / teams, alongside tasks which are more qualitative in nature and are necessarily more time-intensive. This comprehensive view of the data, i.e. quantitative and qualitative will help inform our capacity requirements, team sizes, skillsets, product services, product pricing and so on.

## Financial review

The Statement of Financial Activities for the year is set out on page 33 and the Balance Sheet on page 34.

### Income

The results for the year were dominated by the receipt of an extraordinary donation of £55m, gifted to Foundation Scotland by one of its longstanding donors. Receipt of a sum of this scale requires careful planning to ensure it creates long-term impact. Consequently, in the first instance, designated funds have been established, based on initially identified proposed areas of activity. The Board has agreed that this sum be held in short-term deposits, rather than invested, until the timeframe for its deployment has been established.

Receipt of this sum and placing unrestricted funds on 35-day deposit has meant that income from bank interest has increased from £217k to £1.25m in the year. Interest on loans from social investment activity increased as new loans were established which have interest weighted toward the beginning of the loans. 65% of endowment funds are now invested in the Foundation Scotland EQ Investment Portfolio [FSEQIP], although this has a focus on long-term growth stocks rather than income, dividend income increased by £26k on the previous year. Importantly, the FSEQIP also produces social returns which are listed on page 24.

Whilst new funds opened in the year, overall contributions to grant-making funds reduced by £1.2m as donors with larger funds were impacted by global economic conditions.

### Expenditure

Total expenditure for Foundation Scotland reduced by £0.6m from £25.4m to £24.8m with reduced grants expenditure being offset by increased costs in grant and loan making services.

Development costs increased by £70k on 2022-23. These costs include time logged by staff across the organisation on development work as well as the annual programme of in person events.

Unrestricted expenditure on loan and grantmaking services increased as planned. In line with the first phase of the staff expansion plan, headcount increased by 12% and modest pay rises for all staff, inline with charity sector benchmarks were applied. An independently commissioned reward review reported and the results of this will be incorporated in 2024-25.

Costs related to recruitment and headcount [such as IT costs] increased by £80k on 2022-23. IT costs also rose due to two projects in the year – one focusing on laptop replacement and the other migrating the finance system to an online version. Property costs increased by £39k due to the devaluation of the investment property and other property costs were offset by negotiating an early exit from the Glasgow office with the consequent release of the onerous contract provision. Professional fees fell £87k as the Customer Relationship Management system and Wellbeing Alliance projects in 2022-23 did not repeat. The Foundation continued to be impacted by inflation which saw some costs increase 7% in the year.

### Balance Sheet

Net Assets increased by £60.6m, driven primarily by receipt of the extraordinary donation of £55m and the increase in investments by £3.7m

The valuation of our former main office (located in Edinburgh), which is now classed as an investment property and leased to a social enterprise, was formally valued. The valuation, based on rental income streams, fell by £25k. £2.2m was added to investments during the year and £3.0m withdrawn for grantmaking purposes. In addition, there was a £5.2m gain in investments – as opposed to a £4.3m loss the year before.

Debtors decreased by £1.3m as accrued income in 2022-23 did not repeat and gift aid reduced to normal levels. The provision of bad debts increased by £41k with loans assessed in line with our provisioning methodology. Cash balances increased due to the £55m donation.

Creditors decreased due to a decrease in the value of grants accrued. Grants accrued represent grants committed which may not be paid out for some time. Provisions reduced due to planned repayments of the defined benefit deficit and the elimination of the onerous contract provision.

## Future plans

### Ambition 1 - Harnessing finance for investment into communities

- Through our Revitalising Trusts project, we will continue to work with Charitable Trusts that have been dormant to unlock funds and support local causes.
- We will continue to increase our Social Investment reach, so that it covers more geographical regions of Scotland.
- We will provide more extensive direct community investment, including Community Shares.
- We will continue to work on the set up of new community-based funds from the renewable energy and land sectors.
- We will continue to provide philanthropists, companies, and charitable trusts with the means to establish charitable funds, and gain advice and support on best approaches and programmes to deliver grant and other fund distribution.
- We will continue to provide specific invested fund services:
  - 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 – a service for individual philanthropists, with clarity on the level of advice sought for fund distribution; we will also promote the opportunity to establish legacies
- We will offer donors the opportunity to support priorities we identify, including via our new Tackling Inequalities Fund.

### Ambition 2 - Working at the heart of transformational philanthropy.

- We will launch the Edinburgh Regenerative Futures Fund, a multi-funder, co-designed programme, working in the context of anti-poverty and anti-racism in the capital.
- We will monitor the outcomes and impacts of our new Tackling Inequalities Fund and widen learning from the Fund.
- We will establish 'Transform', a programme with a mainly upstream, preventative focus, and which will enable ten-year deployment of between £50 million and £60 million unrestricted funding.
- We will continue to support donors and philanthropists to invest impactfully, and in ways that are meaningful to them.

### Ambition 3 - Sharing knowledge gained from experience to inform policy and practice.

- We will respond to national policy consultations relevant to our stakeholders and our work.
- We will continue to seek platforms so that Foundation Scotland can have a voice at a policy level, using our knowledge and impact we have gathered through evaluation of our funding.
- We will share learning from our Review of Community Benefit Funding in Scotland, research delivered by the University of Strathclyde.
- We will continue to gather impact data and provide relevant reports, which blend quantitative and qualitative information.
- We will hold multi-stakeholder events so that we can share our work and learning and create new partnerships.

**Ambition 4- Achieving excellence through our people, practice, and systems.**

- We will appoint to a new role of People and Culture Business Partner, which will enable a wide range of staff engagement, wellbeing, and development initiatives, such as:
  - Team Expansion Plan, ensuring the right capacity and capability across our teams;
  - Improvements in our diversity, equity, and inclusion policy and practice;
  - Learning and Development audit and programme.
- We will build on the successful implementation of our new CRM and continue to seek and implement improvements for all stakeholders.
- We will use the improved data and analytics available from our CRM, blended with qualitative information, to make well-informed decisions around our workflow, to ensure the right efficiencies, and ultimately the best possible services to donors, community panels, and grantees.
- We will frame our approach to the challenges and opportunities of Artificial Intelligence

## 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 19.

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 is one peak in the year – April To provide for lags in income coming through and to ensure positive cash flow, two months of operating costs will be held – in liquid form – in unrestricted reserves. The sum required to cover this is £385k.
- As the Foundation undertakes investment in line with the current strategic plan, net expenditure of £681k in 2024-25 will be covered by both income generated during the year and reserves that have been purposefully established to support these investments.

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

- The IT Infrastructure Fund – to support technological innovation and to ensure IT hardware is fit for purpose.
- The Pension Scheme Deficit Fund – to support any deficit arising from the multi-employer defined benefit pension scheme, which has historically been in deficit. The scheme was closed to new entrants in 2010.
- The Income Generation Fund – to generate returns to contribute to the Foundation's operating income each year.
- The Strategic Plan Investment Fund – to support the execution of the Strategic Plan.
- The Endowment Builder Fund - to support the establishment of Endowment Funds.
- Upstream-Place-Community-led Fund - to build community capacity and community-owned assets through seed funding combined with support for community-led planning of funds allocated to specific communities of place, in city, urban and rural areas.
- Upstream – Thematic Development Fund - to improve lives of people affected within social issue themes, by supporting leaders of thematic work and by funding development of their related programmes.
- Upstream – Sector Infrastructure Fund - to support specific third sector and charity sector infrastructure organisation development, which in turn helps to build capacity in the local communities they serve.
- Midstream – Grassroots Support Fund – to ensure a regular flow of small and local community organisation support which may not have an upstream focus, but which is not in crisis response.
- Downstream – Responsive – to support communities in some form of short-term crisis, such as affected by floods or other environmental disasters.
- Development – Social Investment Fund – to continue to grow models of funding in support of social enterprise and community-owned asset development.
- Development – Philanthropy – to accelerate the growth of new donors.

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. The amounts identified to be designated as at 31 March 2024 to be able to deliver the Strategic Plan total £68.2m and the actual level of unrestricted reserves held is £69.6m. Given the economic uncertainties, the Board has agreed that the excess sum of £1.4m will be held as reserves for 2024-25.



## Investment Policy and Performance

Foundation Scotland has a detailed investment policy which is available on our website. Except for cash deposits, Foundation Scotland does not itself undertake any investing directly. We use several Investment Managers for this purpose.

As owners or legal custodians, Foundation Scotland held investments with a value of £52.9m at the end of March 2024, compared with £49.2m at the end of the previous year. Of this figure, £34.6m (65%) is invested at Foundation Scotland's discretion in a portfolio of around 15 social impact funds managed by EQ investors – "The FS EQ Impact Portfolio". The balance of funds, amounting to £16.2m (33%) is invested as directed by the original donors, or their stockbroking agents, mainly in investment trusts and other collective vehicles.

Through the FS EQ Impact Portfolio, we pursue an investment objective of maximising total return from income and capital growth whilst seeking to maintain the real value of our investments after taking into account any withdrawals for grant making. Income is either re-invested or held as cash for distribution. This Portfolio also seeks to achieve positive social impact. Broker and donor-managed funds are encouraged to pursue similar investment objectives. Attention is paid both to the products and services provided by the underlying companies held in the portfolios, and to their business practices.

Other than the FS EQ Impact Portfolio, there are no specific Environmental, Social or Governance (ESG) restrictions on most of our investment 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 will be more at risk of reputational, and consequently financial, damage.

The Board agrees a level of cash to be withdrawn from the funds on an annual basis from capital and income. The level is reviewed annually 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 the needs of Foundation Scotland guided by our Strategic Plan. The current standard level of withdrawal is four percent per annum, less Foundation Scotland's administration fee. With the prior agreement of Foundation Scotland, the level of cash withdrawal for any specific fund may be varied to suit the donor's grantmaking requirements.

It is the policy of Foundation Scotland to be as helpful as possible to potential donors. We 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 FS 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 their relevance is seriously limited by the diversity of managers, fund objectives and styles involved, we only began measuring combined Foundation Scotland investment performance in April 2019. Over the year to end March 2024, a total Foundation Scotland return of 10.4% is recorded versus the appropriate Asset Risk Consultants [ARC] peer group average figure of 10.9%. For the last two years, the corresponding figures are 2.6% and plus 6.1%.

In January 2021, we transferred our discretionary investments from a mainstream fund into the FS EQ Impact Portfolio. Over the year to March 2024, an FS EQ Impact Portfolio return of 9.0% is recorded, marginally below that of the corresponding ARC number of 10.9% but ahead of CPI + 3% (6.2%). For the 39 -month period since the inception of the FS EQ Impact Portfolio the corresponding figures are 6.6%, 16.5% and 28.5% respectively.

During the year returns from indices were skewed by the huge outperformance of what is often referred to as the Magnificent 7 of US Technology companies, which account for a significant proportion of US and therefore global markets. The remainder of the US market and particularly the smaller companies that EQ invests in globally performed less well during the period and produced minimal returns. This background has made it difficult for most fund managers to match the performance of the world indices and EQ, with its focus on socially impactful companies, has not been an exception.

During the period EQ have reassessed some of the funds held and reorientated the portfolio. Recent performance has been more encouraging.

For the year ending 31 March 2024

The longer-term challenges of climate change and issues that arise from rapid AI adoption, both positive and negative, are where the EQ portfolios are focused. These issues are not going away, but this does not always synchronise with short term moves in markets, particularly when, for example there is a rise in the oil price as the portfolios are not exposed to fossil fuels. However, investing in companies that are on the right side of history and look after their shareholders should be beneficial over time. We are aware that the financial performance over the last three years has not been satisfactory and are monitoring this closely.

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

Environmental Impact		Social Impact	
Avoided 8,230 tonnes of CO2 emissions Equivalent to taking 1,789 cars off the road	Recycled 844 tonnes of waste Equivalent to 854 households annual waste	Treated 8,442 patients	Made 9,498 medical interventions
Generated 7GWh of renewable energy Equivalent to 2,608 households' usage	Installed 558 KW of renewable energy capacity Enough to supply 634 homes	Delivered 175,000 hours of school, further and higher education	Reached 2,000 people with preventative healthcare
Provided 58 million litres of clean water Equivalent to 451 households' usage	Treated 3.9 billion litres of wastewater Equivalent to 30,615 households' wastewater	Provided 720 people in developing markets access to financial services	Given 407 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 management system – RiskMate - which ensures consistency, visibility and reporting around risks, incidents, and complaints.

Responsibilities for risk management are outlined below: -

Staff	Report incidents on RiskMate and assist in identifying risks.
Team Heads	Build a risk management culture in their team, ensure controls are carried out and identify and report changed risks on RiskMate.
Chief Finance and Operations Officer	Develops the risk management policy, develops the risk and incident management system [including RiskMate], co-ordinates risk management and controls activity, reviews RiskMate and compiles reports for the Chief Executive and the Impact and Risk 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.
Impact and Risk Committee	Reviews the risks in RiskMate ensuring mitigating activities are being carried out. Reviews the risk statements in the Annual Report and Accounts.
Social Investment Committee	Reviews and monitors the social investment risks and progress against the related mitigating actions.
Board	Reviews the strategic risks and incidents bi-annually, 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 Senior Management Team [SMT] has specific responsibility for the development of impact measurement and its communication to stakeholders. An Impact Framework, containing a series of initiatives to improve the measurement and communication of impact, has been developed. The Foundation's aim is to shift its grantmaking to deliver sustainable longer-term resilience and preventative funding which is being operationalised.
Concentration of donor base.	We benefit from long-standing relationships with a small number of large donors alongside many small donors. We exercise additional stewardship to retain these large donors while continuing our efforts to diversify our donor base to ensure longer term stability.
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 use the Foundation's 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 and enhanced rolling backup systems are also in place.

Risk	Mitigating actions:
Failure to harness the benefits of AI technology.	We are aware of the opportunities arising from the adoption of AI technology and have undertaken informal trials with several AI tools. Following these trials, we are developing an AI Policy and strategy.
Social Impact Investment Strategy fails to achieve satisfactory long-term returns.	Specialist Investment Committee is in place including three members with fund management experience. There are regular interactions with the Investment Manager and there are formal reviews annually. Investment performance tracked against 18 comparators and benchmarks.

The shocks that have beset the world, show no sign of abating. War and conflict, populism, polarisation, and disinformation continue to destabilise all aspects of society. Combined with the climate crisis, economic uncertainty and accelerating technological change the poorest parts of our society will continue to be disproportionately impacted. In the UK there will be a General Election, with anticipated changes to regulation, legislation, and economic strategy - which will create uncertainty even if the changes generate medium to long-term benefits. The Foundation is aware that these multiple shocks and stressors are impacting not only its internal operations but the propensity to give and demands 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 its carbon footprint. The Foundation is responsible for impacting on the environment primarily through the delivery of its services, through the day-to-day functioning of the organisation.

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

	2024 tCO2e	2023 tCO2e
Scope 1 – Direct GHG emissions occur from sources that are owned or controlled by Foundation Scotland. Fuel combustion, company vehicles.		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
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.	60.17	29.95

By way of context, the carbon footprint per person in Scotland is 13 tCO2e<sup>2</sup>.

Most of our emissions are from homeworking – based on 39 full time equivalent members of staff working at home – with homeworking and IT equipment purchases each accounting for 30% of emissions and business travel accounting for the remaining 40% of emissions. Emissions have increased since 2022-23, partly linked to increased staff numbers but also due to the one-off IT replacement programme during 2023-24. We expect average emissions to fall in 2024-25.

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

The Foundation has deliberately focused on calculating and offsetting the emissions that it can directly influence. We will continue to seek to influence our service providers and grantees to adopt carbon reduction strategies. The Foundation Scotland EQ Impact Fund Portfolio – where over 65% of the investments are held - produces carbon emission statistics. In 2023-24 the portfolio produced 5,000 tCO2e which was 73% lower than would have been produced had the investments been held in the FTSE 100 index.

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

## Financial Statements

### Disclosure of information to auditors

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

*Sharon Fairweather*

Sharon Fairweather  
Trustee and Chair of the Finance Committee

4 July 2024

### Statement of Trustees' Responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

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

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

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

### Opinion

We have audited the financial statements of Foundation Scotland [the 'charitable company'] for the year ended 31 March 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland [United Kingdom Generally Accepted Accounting Practice].

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment [Scotland] Act 2005 and Regulation 8 of the Charities Accounts [Scotland] Regulations 2006 [as amended].

### Basis of opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

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

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

### **Responsibilities of Trustees**

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

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

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

We have been appointed as auditor under section 44[1][c] of the Charities and Trustee Investment [Scotland] Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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



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

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

As part of our planning process:

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

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

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

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

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

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

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's Trustees, as a body, in accordance with Section 44 [1][c] of the Charities and Trustee Investment [Scotland] Act 2005 and regulation 10 of the Charities Accounts [Scotland] Regulations 2006 [as amended]. Our audit work has been undertaken so that we might state to the members and the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Keith Macpherson*

**Keith Macpherson [Senior Statutory Auditor]**

**For and on behalf of Henderson Loggie LLP**

**Chartered Accountants**

**Statutory Auditor**

**Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006**

04-07-2024

11-15 Thistle Street  
Edinburgh  
EH2 1DF

## Statement of financial activities

[Incorporating the income and expenditure account - For the year ended 31 March 2024]

	Note	Unrestricted 2024 £000	Restricted 2024 £000	Endowment 2024 £000	<b>Total Funds 2024 £000</b>	Total Funds 2023 £000
<b>Income and Endowments from:</b>						
Donations and Legacies	2	55,509	-	-	<b>55,509</b>	71
Investments	3	1,063	412	482	<b>1,957</b>	872
Charitable activities						
Income for grant making	4	1,093	19,833	1,719	<b>22,645</b>	23,871
Other		142	-	-	<b>142</b>	152
<b>Total Income</b>		<b>57,807</b>	<b>20,245</b>	<b>2,201</b>	<b>80,253</b>	24,966
<b>Expenditure on:</b>						
Raising Funds - Development costs	5	499	-	-	<b>499</b>	429
Charitable activities						
Grant and loan expenditure in furtherance of charitable objectives	6	15	22,462	-	<b>22,477</b>	23,235
Grant and loan making services	7	1,793	22	96	<b>1,911</b>	1,835
<b>Total Expenditure</b>		<b>2,307</b>	<b>22,484</b>	<b>96</b>	<b>24,887</b>	25,499
Net gains / [losses] on investments		1,265	-	4,002	<b>5,267</b>	[4,333]
<b>Net Income / [expenditure]</b>		<b>56,765</b>	<b>[2,239]</b>	<b>6,107</b>	<b>60,633</b>	[4,866]
Transfers between funds		632	2,379	[3,011]	-	-
<b>Net Income / [expenditure] after transfers between funds</b>		<b>57,397</b>	<b>140</b>	<b>3,096</b>	<b>60,633</b>	[4,866]
Actuarial gains/[losses] on defined benefit pension scheme		[1]	-	-	[1]	[1]
<b>Net movement in funds</b>		<b>57,396</b>	<b>140</b>	<b>3,096</b>	<b>60,632</b>	[4,867]
Total funds brought forward		12,252	23,332	41,073	<b>76,657</b>	81,524
<b>Total funds carried forward</b>		<b>69,648</b>	<b>23,472</b>	<b>44,169</b>	<b>137,289</b>	76,657

**Balance sheet Company No. SC152949**

at 31 March 2024

	Notes	<b>2024</b> £000	<b>2023</b> £000
<b>Fixed assets</b>			
Tangible assets	11	-	-
Investment property	11	1,175	1,200
Other investments	12	52,993	49,258
		<u>54,168</u>	<u>50,458</u>
<b>Current assets</b>			
Debtors	13	3,059	4,357
Cash at bank and in hand		85,120	27,404
		<u>88,179</u>	<u>31,761</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>[3,951]</u>	<u>[4,501]</u>
<b>Total current assets less current liabilities</b>		84,228	27,260
<b>Creditors: amounts falling due after more than one year</b>	15	[1,102]	[989]
<b>Provision for liabilities and charges</b>	16	[5]	[72]
<b>Net assets</b>		<u><b>137,289</b></u>	<u><b>76,657</b></u>
<b>Funds</b>			
Endowment Funds – General	17 & 20	34,792	36,274
Endowment Funds – Revaluation reserve	17 & 20	9,377	4,799
		<u>44,169</u>	<u>41,073</u>
Restricted Funds	18 & 20	23,472	23,332
Unrestricted & Designated Funds	19 & 20	69,648	12,252
<b>Total Funds</b>		<u><b>137,289</b></u>	<u><b>76,657</b></u>

These financial statements were approved by the Board on 4 July 2024 and were signed on its behalf by:

*Sharon Fairweather*

Sharon Fairweather [Trustee and Chair of the Finance Committee]

**Cash flow statement** for the year ended 31 March 2024

	2024 £000	2023 £000
<b>Net income as per the statement of financial activities</b>	60,633	[4,866]
<b>Adjustments for</b>		
Depreciation charge	-	3
Revaluation	25	-
[Gains]/losses on investments	[5,267]	4,333
Interest and dividend income	[1,321]	[735]
[Increase]/decrease in debtors	1,298	[1,215]
[Decrease]/increase in creditors	[437]	1,975
Increase / [decrease] in provisions	[68]	[56]
<b>Net cash provided by operating activities</b>	[5,770]	[561]
<b>Cash flows from investing activities:</b>		
Dividends & interest from investments	1,321	735
Proceeds from sale of investments	72,180	15,780
Purchase of investments	[70,648]	[13,208]
<b>Net cash used in investing activities</b>	2,853	3,306
<b>Change in cash and cash equivalents in the reporting period</b>	[2,917]	2,745
<b>Cash and cash equivalents at the beginning of the reporting period</b>	27,404	24,659
<b>Cash and cash equivalents at the end of the reporting period</b>	85,120	27,404

## Notes forming part of the financial statements

### 1. Accounting policies

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

#### Status of the company

The Foundation is a company, incorporated in Scotland with the registered address as on page 8 and limited by guarantee of its members and does not have a share capital. Each member has undertaken to contribute an amount not exceeding £1 towards any deficit arising in the event of the company being wound up. (Note, all Directors are members and vice-versa). If on the winding up of the company any assets remain after satisfaction of all the company's debts and liabilities, such assets shall be given or transferred to some charitable body or bodies whose objects are altogether or in part similar to the objects of the company.

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

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

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment assets and are in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland [FRS 102] issued in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland [FRS 102] and the Charities Accounts [Scotland] Regulations 2006 and the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS 102.

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

#### Income

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

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

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

#### Expenditure

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

Salary costs are allocated across activities based on 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:

- Expendable endowment funds represent those assets which are held for long term investment by the charity.
- Restricted funds are funds which must be used for specific activities which have been declared by the donor.
- General funds are expendable at the discretion of the Board of Trustees in the furtherance of the objects of the Foundation.
- Designated funds are a sub-set of general Funds which have been earmarked for specific purposes.

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

### Fixed assets and depreciation

Fixed assets are included at cost.

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 Foundation is demonstrably committed to terminate the employment of an employee.

### Debtors

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

#### Loans

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

#### Cash at bank and in hand

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

#### Creditors

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

#### Provisions

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

#### Financial instruments

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

#### Taxation status

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

#### Contingent liability

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

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

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

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

- Determine whether leases entered into by the Foundation as a lessee and lessor are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.
- The recoverability of loan debtors is determined using a risk profile matrix to calculate the risk of default for each loan issued. The risk of default determines the level of bad debt provision.



The following is the Foundation'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.

#### Investment Property

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

## 2. Income from donations and legacies

	Unrestricted	Restricted	Endowment	Total Funds 2024	Total Funds 2023
	£000	£000	£000	£000	£000
Individuals	55,449	-	-	55,449	6
Trusts	3	-	-	3	-
Corporates	57	-	-	57	65
Total	<u>55,509</u>	<u>-</u>	<u>-</u>	<u>55,509</u>	<u>71</u>
Year ended 2023	71	-	-	-	71

## 3. Income from investments

	Unrestricted	Restricted	Endowment	Total Funds 2024	Total Funds 2023
	£000	£000	£000	£000	£000
Dividends	63	-	481	544	518
Bank Interest	1,000	257	1	1,258	217
Loan interest	-	155	-	155	137
Total	<u>1,063</u>	<u>412</u>	<u>482</u>	<u>1,957</u>	<u>872</u>
Year ended 2023	245	203	424	-	872

## 4. Income from charitable activities

	Unrestricted	Restricted	Endowment	Total Funds 2024	Total Funds 2023
	£000	£000	£000	£000	£000
Non-Invested Funds	1,093	19,833	-	20,926	22,708
Invested funds	-	-	1,719	1,719	1,163
Total	<u>1,093</u>	<u>19,833</u>	<u>1,719</u>	<u>22,645</u>	<u>23,871</u>
Year ended 2023	1,455	21,253	1,163	-	23,871

5. Costs of raising funds: Development

	Unrestricted	Restricted	Endowment	Total Funds 2024	Total Funds 2023
	£000	£000	£000	£000	£000
Staff costs	275	-	-	275	245
Travel, training & recruitment	2	-	-	2	2
Property	-	-	-	-	1
Website and IT	16	-	-	16	19
Office costs	13	-	-	13	6
Professional fees	10	-	-	10	16
Support costs (Note 8)	183	-	-	183	140
	<u>499</u>	<u>-</u>	<u>-</u>	<u>499</u>	<u>429</u>
Year ended 2023	429	-	-		429

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

	Unrestricted	Restricted	Endowment	Total Funds 2024	Total Funds 2023
	£000	£000	£000	£000	£000
Grant making from non-invested funds	15	19,844	-	19,859	19,095
Grant making from invested funds	-	2,578	-	2,578	4,307
Increase/[decrease] in loans provided for	-	40	-	40	[207]
Loans written off	-	-	-	-	40
	<u>15</u>	<u>22,462</u>	<u>-</u>	<u>22,477</u>	<u>23,235</u>
Year ended 2023	1	23,234	-	-	23,235

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

		2024 £000	2023 £000
<b>North</b>	Highland	1,829	1,356
	Orkney	-	38
	Shetland	5	-
	Western Isles	63	43
<b>North East</b>	Aberdeen City	210	163
	Aberdeenshire	739	651
	Moray	490	514
<b>East</b>	Angus	44	37
	Dundee City	222	288
	Fife	922	361
	Perth and Kinross	221	179
<b>Central</b>	Clackmannanshire	95	67
	East Dunbartonshire	23	18
	Falkirk	746	430
	North Lanarkshire	185	120
	South Lanarkshire	234	287
	Stirling	548	458
	West Dunbartonshire	9	11
<b>West</b>	Argyll and Bute	509	324
	East Renfrewshire	13	9
	Glasgow City	1,171	1,844
	Inverclyde	64	44
	Renfrewshire	136	80
<b>South East</b>	East Lothian	279	329
	Edinburgh City	6,806	9,619
	Midlothian	96	135
	West Lothian	466	232
	Scottish Borders	564	466
<b>South West</b>	Dumfries and Galloway	2,424	2,793
	East Ayrshire	524	23
	North Ayrshire	57	118
	South Ayrshire	1,024	733
<b>Other</b>	Outside Scotland	1,719	1,632
<b>Total</b>		<b>22,437</b>	<b>23,402</b>

## 7. Loan and Grant Making Services

Analysed by expenditure type

	Unrestricted	Restricted	Endowment	Total Funds 2024	Total Funds 2023
	£000	£000	£000	£000	£000
Staff costs	1,010	-	-	1,010	924
Travel, training & recruitment	23	-	-	23	17
Property	7	4	-	11	8
Website and IT	4	1	-	5	8
Office Costs	20	6	-	26	66
Professional fees	56	11	96	163	282
Support costs (Note 8)	673	-	-	673	530
	<u>1,793</u>	<u>22</u>	<u>96</u>	<u>1,911</u>	<u>1,835</u>
Year ended 2023	1,682	54	99	-	1,835

## 8. Unrestricted costs and split of support costs

	Delivery costs			Support costs				
	Development	Grant and loan making services	Governance	Operations and Executive	Property and offices	Total 2024	Total 2023	
	£000	£000	£000	£000	£000	£000	£000	
Staff costs	275	1,010	51	350	-	1,686	1,547	
Travel, training & recruitment	2	23	7	64	-	96	59	
Property costs	-	7	19	4	42	72	33	
Website and IT	16	4	-	140	-	160	80	
Office costs	13	20	5	53	1	92	122	
Professional fees	10	56	58	55	7	186	270	
	<u>316</u>	<u>1,120</u>	<u>140</u>	<u>666</u>	<u>50</u>	<u>2,292</u>	<u>2,111</u>	
Reallocation of support costs	183	673	[140]	[666]	[50]	-	0	
	<u>499</u>	<u>1,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,292</u>	<u>2,111</u>	
Year ended 2023	429	1,682	-	-	-	-	2,111	

## 9. Staff Costs

	2024 £000	2023 £000
Wages and salaries	1,451	1,322
Social security costs	155	149
Pension costs – defined contribution scheme	80	76
	<u>1,686</u>	<u>1,547</u>
Interest expense in respect of defined benefit pension scheme	1	1
Actuarial gains on defined benefit pension scheme	-	1
Deficit pension contributions paid	31	29

At the end of the financial year pension contributions amounting to £12,184 [2023 £9,314] were payable and are included in creditors.

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

	2024 £000	2023 £000
Staff Costs	565	538

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

	2024	2023
£60,000 - £70,000	-	3
£70,000 - £80,000	6	-
£80,000 - £90,000	-	-
£90,000 - £100,000	1	1

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

	2024	2023
Community Investment	14	12
Executive	1	1
Finance and Operations	7	7
Marketing and Development	5	4
Philanthropy	7	6
Social Investment	3	3
	<u>37</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.

## 10. Net incoming resources

Net incoming resources is stated after charging:

	2024 £000	2023 £000
Depreciation and other amounts written off tangible fixed assets	-	3
Write down of investment property	25	-
<u>Auditor's remuneration</u>		
Audit of these financial statements	20	18
Other services - payroll	5	4
Tax services	1	1

## 11. Tangible Fixed Assets

	Investment Land and Buildings £000	Fixtures, Fittings and Equipment £000	Total £000
<b>Cost or valuation</b>			
At beginning of year	1,200	11	1,211
Additions	-	-	-
Revaluation	[25]	-	[25]
Disposals	-	[9]	[9]
At end of year	<u>1,175</u>	<u>2</u>	<u>1,177</u>
<b>Depreciation</b>			
At beginning of year	-	11	11
Charge for year	-	-	-
Disposals	-	[9]	[9]
At end of year	<u>-</u>	<u>2</u>	<u>2</u>
Net Book Value 31 March 2024	<u>1,175</u>	<u>-</u>	<u>1,175</u>
Net Book Value 31 March 2023	<u>1,200</u>	<u>-</u>	<u>1,200</u>

All assets are held for charitable purposes.

The investment property under Investment Land and Building is leased to a tenant. In March 2024, a valuation was carried out by an external expert with a recognised relevant qualification using the RICS valuation – global standards. The result of the revaluation was a write down of the value by £25k. The next revaluation is being planned for March 2026. The historic cost of the investment property is £2.136m.

12. Other investments

	2024 £000	2023 £000
Market value as at 1 April	49,258	56,163
Additions	70,648	13,208
Disposal proceeds	[72,180]	[15,780]
Net investment gain/[loss]	5,267	[4,333]
Market value at 31 March	52,993	49,258
Historical value at 31 March	42,692	44,633
Represented by:		
Cash and fixed interest securities	1,940	2,120
Listed shares	1,146	114
Unlisted shares	8	8
Investment trusts and unit trusts	49,899	47,016
	52,993	49,258
<u>Investments comprising more than 5% of market value</u>		
CT Sustainable Global Equity	5,246	-
Janus Henderson Sustainable Equity	5,227	4,678
Schroder Global Sustainable Value Equity	4,917	4,598
Impax Environmental Leaders	3,478	2,578
Monks Investment Trust	3,399	2,829
Regan Sustainable Water and Waste	3,314	
BMO Responsible Global Equity	-	4,575

The main risk to the Foundation from financial instruments lies in the combination of uncertain economic conditions, rising interest rates and investment markets. Liquidity risk is anticipated to be low as listed investments are traded in markets with good liquidity and high trading volumes and this is expected to continue.

The Foundation invests in pooled investment vehicles and is therefore directly exposed to counter-party risk. This risk is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled manager operates and diversification of investments amongst a number of pooled funds. Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities. Market risk arises principally in relation to equities held in the pooled vehicles. The Foundation manages this exposure to market risk by constructing a diverse portfolio of investments across various markets and by retaining expert advisors to manage its investment portfolio.



**13. Debtors**

	2024 £000	2023 £000
Current proportion of loans receivable	439	454
Other	175	288
Prepayments and accrued income	233	1,667
Trade Debtors	50	41
	<u>897</u>	<u>2,450</u>
Debtors due in more than one year		
Loans receivable 2-5 years	1,442	1,385
Loan receivable greater than 5 years	867	628
Bad debt provision	[147]	[106]
	<u>3,059</u>	<u>4,357</u>

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

There are 37 [2023: 36] loans which make up the Loans Receivable balance. The repayment terms on the loans range from 5 to 13 years with the majority being 10 years. The rates of interest on the loans range from 5.00% to 6.75%. 19 loans are secured by a minimum of a floating charge.

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

	2024 £000	2023 £000
Trade creditors	23	29
Tax and social security	22	20
Accruals	46	23
Grants payable	3,860	4,429
	<u>3,951</u>	<u>4,501</u>

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

	2024 £000	2023 £000
Grants payable	1,102	989
	<u>1,102</u>	<u>989</u>

16. Provision for liabilities and charges

	2024 £000	2023 £000
Defined benefit pension scheme net present value of deficit contributions payable		
Provision at start of period	35	64
Unwinding of the discount factor [interest expense]	1	1
Deficit contribution paid	[31]	[29]
Remeasurements - impact of any change in assumptions	-	[1]
Provision at end of period	5	35
Office Rental – Onerous Contract		
Provision at start of period	37	64
Utilised/released as not required	[37]	[27]
Provision at end of period	-	37
	5	72

Defined benefit pension scheme net present value of deficit contributions payable

The Foundation 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 Foundation 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 Foundation 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 May 2024: £1.47m per annum [payable monthly and increasing by 3% each year on 1<sup>st</sup> 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 employer has agreed to a deficit funding arrangement the employer 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

	2024 £000	2023 £000
Interest expense	1	1
Remeasurements - impact of any change in assumptions	-	[1]

### Assumptions

	2024	2023	2022
Rate of discount	4.9	5.4	2.3

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 £0.9m as at 30 September 2021. 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	Income	Expense	Gains / [Losses]	Transfers	Balance carried forward
		£000	£000	£000	£000	£000	£000
A'Chruach Community	community projects - in West Loch Fyne, Dunadd, and Lochgilphead	115	1	[1]	10	[1]	124
Alexander Trust	young people and older people in Aberdeenshire and the Isle of Bute	151	1	-	13	[6]	159
B and P Johnson Family Foundation	grant making activity - UK-wide	527	518	-	126	[3]	1,168
Barr Community	general charitable activity and development – Barr	127	1	-	11	[1]	138
The Beatrice Foundation	general grantmaking activity - Scotland-wide	141	1	-	13	[6]	149
Bertha Fund	grant making activity with a focus on Perth and Kinross	451	3	[1]	40	[27]	466
Betty & Roy Ure Trust	voluntary organisations and charities in Arran	1,057	8	[4]	94	[42]	1,113
Bluebird Trust	causes related to the environment, human rights, ill-health or other disadvantage – UK and overseas	346	43	[1]	13	[14]	387
Brora Community Fund	general charitable activity – in the Brora community council area.	-	122	-	17	-	139
Brunton Endowment Trust	general grantmaking activity – Scotland-wide, particularly Aberdeenshire.	256	42	[1]	25	[10]	312
Budge Foundation	grant making activity - UK-wide	244	4	[2]	21	[51]	216
Campbell Crowson Fund	elderly, health and disability issues- Scotland-wide	170	1	[1]	15	[6]	179
Carrick Futures	general charitable activity - in the Carrick futures communities in South Carrick	477	4	[1]	44	[3]	521
Cervus Trust	general charitable activities - Scotland-wide	475	3	[1]	42	[26]	493
Clyde Borders Wind Farm Fund	general charitable activity –communities represented by Skirling, Upper Tweed and Tweedsmuir community council areas.	98	1	-	8	[1]	106
Cockaigne Fund	musical development, research and performance	100	32	[1]	11	[5]	137
Coram Trust	rural and urban regeneration projects, especially housing - Scotland-wide	216	1	[1]	20	[1]	235
David and Averil Macdonald	general grantmaking - Elgin, Tain, Islay and Broxburn areas	1,141	8	[4]	100	[68]	1,177
Dorenell Community	general charitable activity and development – Dufftown & District, Glenlivet & Inveravon; Glenrines, The Cabrach	1,015	81	[4]	95	-	1,187
Douglas McDougall	general grantmaking activity - UK and overseas	142	1	-	11	[21]	133
Elizabeth Drummond Fund	general educational projects - Scotland-wide	1,133	8	[3]	101	[45]	1,194
ENCOMM Endowment	general charitable activity and development – East Nairnshire	245	2	[1]	16	[97]	165
F Laing Family Trust	general grantmaking activity - Scotland-wide	98	1	-	8	[4]	103
Forbes Fund	general grantmaking activity - in the Highlands	339	3	[1]	30	[14]	357
Fountainhall Trust	educational activities – UK-wide	1,224	119	-	147	[114]	1,376
Garpel Fund	general grantmaking activity - UK and overseas	10,333	123	[6]	1,473	[857]	11,066
Gartmhor Trust	disadvantaged families, supporting talented young people – Edinburgh and Fife priority	1,973	26	[1]	260	[79]	2,179
Gateway Exchange	people achieve their potential	268	2	[1]	24	[11]	282
Gillian Charlotte Campbell Fund	general grantmaking in Edinburgh and East Lothian, Lanarkshire, and the Scottish Borders	276	2	[1]	24	[11]	290

Endowment Fund	Purpose – to provide income for grant making funds which support	Balance brought forward £000	Income £000	Expense £000	Gains / [Losses] £000	Transfers £000	Balance carried forward £000
Glebefoot Charitable Trust	community groups - Scotland-wide, NE of Scotland in particular	655	5	[2]	57	[34]	681
Glenkerie Community	general charitable activity and development - Glenkerie area of the Scottish Borders	169	1	[1]	16	[1]	184
Gordon Brown Memorial Fund	families affected by cancer and the development of youth sport particularly rugby	253	2	[1]	23	[10]	267
Irene Sproule	the Church of Scotland congregation at Coldstream Parish Church	102	1	[1]	9	[4]	107
The Julie and Loren Hufstetler Foundation	general grantmaking activity - UK-wide	182	1	-	17	[1]	199
Karen Napier Charitable Trust	education - UK-wide and overseas	384	179	[2]	74	[126]	509
Katrina Rowan Plumb Fund	opportunities for aspiring poets	-	150	-	12	-	162
Kinlochaline Trust	general grantmaking activity - UK and overseas	188	1	[1]	17	[7]	198
Kinross-shire Fund	communities, projects & groups - Kinross-shire area	184	1	[1]	16	[19]	181
Kuenssberg Family	general grantmaking activity-UK-wide	572	69	[2]	48	[32]	655
Leckie Family Trust	general grantmaking activity - Scotland-wide	718	60	[1]	[47]	[75]	655
Leckie Family Trust - IFB	general grantmaking activity - Scotland-wide	188	1	[1]	18	[8]	198
Live Well Charitable Fund	alleviate poverty - Edinburgh area	254	2	[1]	23	[10]	268
Make Trust	general grantmaking activity - Scotland-wide	532	12	[4]	31	[56]	515
Mary Janet King Trust	general grant-making activity with a focus on music - Scotland-wide	179	121	[1]	25	[51]	273
McNab Family Charitable Trust	general grantmaking activity - Scotland-wide	226	2	[1]	20	[9]	238
NF Trust	general grantmaking activity - Scotland-wide	1,448	23	-	[166]	[14]	1,291
Ochil Developments Blackford Community Fund	general charitable activity and development - Blackford area	393	3	[1]	36	[3]	428
Old Luce Community Fund	general charitable activity and development – Glenluce, Auchenmalg, and Dunragit areas	82	1	-	8	24	115
Paraclete Trust	general grantmaking activity - Scotland-wide	364	3	[1]	32	[15]	383
Parish of Stow Community	general grantmaking activity – Parish of Stow	118	1	[1]	11	[1]	128
Path Trust	general grantmaking activity - UK-wide	137	1	[1]	12	[5]	144
Philippians 4:19	general grantmaking activity - Scotland-wide	982	7	[3]	59	[346]	699
Prudential Fund	general grantmaking activity - Stirling area.	129	1	-	12	[2]	140
Robert & Edith McMillan Edinburgh Music School Trust	Edinburgh Music School activities at Broughton High School	181	1	[1]	17	[4]	194
Russell Trust	general grantmaking activity - UK and overseas	254	57	-	4	[4]	311
Sanday Community Future	community projects – on the Island of Sanday, Orkney	104	1	-	9	[1]	113
The Snowdrop Trust	general grantmaking activity-UK-wide	304	2	[1]	25	[27]	303
Sutherland Page Trust	general educational projects - Scotland-wide	2,761	20	[9]	236	[229]	2,779
Urras Oighreachd Ghabhsainn [UOG] Community	general grantmaking activities - within the community of the Galston Estate	182	1	[1]	17	[1]	198
Victoria League in Scotland [VLS] Trust	education activity - Scotland-wide	122	1	[1]	9	[25]	106

Endowment Fund	Purpose – to provide income for grant making funds which support	Balance brought forward £000	Income £000	Expense £000	Gains / [Losses] £000	Transfers £000	Balance carried forward £000
Viewforth Trust	general grantmaking activity-UK-wide	1,047	8	[4]	85	[123]	1,013
Ward Family Trust	general grantmaking activity - UK and overseas	585	7	[2]	48	[63]	575
William Grant Piping Trust	music activity - Scotland-wide	603	5	[2]	51	[28]	629
William Hunter Trust	relief of poverty with a priority - Edinburgh and the Lothians	582	4	[1]	50	[32]	603
Women's Fund WFS	projects which benefit women - Scotland-wide	211	2	[1]	19	[2]	229
		38,513	1,919	[87]	3,745	[2,868]	41,222
Other Endowments funds with less than £100k		2,560	282	[9]	257	[143]	2,947
<b>Total Endowment Funds</b>		<b>41,073</b>	<b>2,201</b>	<b>[96]</b>	<b>4,002</b>	<b>[3,011]</b>	<b>44,169</b>
Year ended 2023		47,954	1,587	[99]	[3,937]	[4,432]	41,073

## 18. Restricted Funds

Restricted Fund	Purpose – to support	Balance brought forward £000	Income £000	Expense £000	Transfer £000	Balance carried forward £000
Annandale and Nithsdale Community Benefit Company	activities that support the rural regeneration and sustainability – 42 council areas Annandale and Nithsdale	140	480	[504]	-	116
Baillie Gifford Community Awards Fund	general activities – Scotland-wide	241	48	[324]	55	20
Baillie Gifford Giving	charities individuals and groups - UK-wide	553	6,908	[7,387]	-	74
Ballantrae Community Fund	community projects – Ballantrae	149	55	[97]	-	107
Carrick Futures	community projects - Barrhill, Barr, Pinwherry & Pinmore, Colmonell & Lendalfoot, Ballantrae and Girvan	232	4	[206]	[22]	8
Clyde (Dumfries & Galloway) community Benefit Fund	community projects - Carronbridge, Closeburn, Durisdeer, Johnstone, Kirkconnel & Kelloholm, Kirkmichael, Kirkpatrick Juxta, Moffat, Royal Burgh of Sanquhar, Thornhill, Wamphray, Wanlockhead	98	-	[12]	19	105
Douglas West Wind Farm Community Benefit Fund	community projects – int ecommunity council area of Coalburn and Douglas (inc Glespin and surro	120	129	[70]	-	179
East Neuk of Fife	thriving communities in the East Neuk of Fife	209	-	-	-	209
EDF Burnfoot Hill Community Fund	charitable activities in the communities of Alva, Dollar, Tillicoultry, Blackford, Glendevon and Braco & Greenloaning that	61	-	[81]	176	156
EDF Burnhead Moss Community Fund [Limerigg & Slamannan]	community projects – Limerigg and Slamannan	104	-	[101]	46	49
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Glenlivet & Inveravon)	community projects – Glenlivet & Inveravon	160	7	[20]	115	262

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Notes forming part of the financial statements

Restricted Fund	Purpose – to support	Balance brought forward £000	Income £000	Expense £000	Transfer £000	Balance carried forward £000
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Glenrinnnes)	community projects – Glenrinnnes	311	10	[4]	115	432
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Cross Area)	community projects – Cross Area	145	5	[227]	115	38
EDF Renewables Dorenell Wind Farm Community Benefit Fund (The Cabrach)	community projects – The Cabrach	154	6	[68]	115	207
EDF Renewables Longpark Wind Farm Community Benefit Fund	charitable activities benefiting residents within the Parish of Stow	99	79	[71]	-	107
FS Tackling Inequalities Fund	reducing inequalities in communities	481	50	[480]	34	85
GG Trust	charities individuals and groups - UK-wide	46	-	[379]	672	339
Great Glen Energy Co-op	the advancement of environmental protection or improvement across the Great Glen area	196	-	[72]	-	124
Hadyard Hill Community Fund [Barr]	charitable activities that support the rural regeneration and sustainability of Barr.	81	-	[9]	47	119
Hadyard Hill Community Fund [Dailly]	community projects – Dailly	106	-	[54]	42	94
Hadyard Hill Community Fund [Pinwherry & Pinmore]	community projects – Pinwherry & Pinmore	222	-	[200]	52	74
Julie and Loren Hufstetler Foundation	general grantmaking activity - UK-wide	138	-	[101]	-	37
Logie Trust	charities individuals and groups - Scotland-wide	107	-	-	-	107
Miller Mathieson	general grantmaking activity - UK-wide	155	-	[50]	-	105
Minnygap Community Benefit Fund	community projects – Johnstone, templand and Kirkpatrick Juxta	251	94	[27]	-	318
NF Trust	general grantmaking activity - Scotland-wide	281	-	[11]	-	270
Old Luce Community Fund [Scottish Power Renewables Kilgallioch]	community projects –Old Luce Community Council area	195	473	[200]	[25]	443
R25 Fund	the promotion and advancement of employment and enterprise, particularly social enterprises in Scotland	1,262	23	[379]	-	906
Remantis Assel Valley Wind Farm Community Fund (Pinwherry)	community projects – Pinwherry & Pinmore	140	40	[17]	-	163
Remantis Valley Wind Farm Community Fund (Barr)	community projects – Barr	122	40	[19]	[5]	138
Renantis Auchrobert Wind Farm Community Benefit Fund	community projects or services/activities for specific groups that benefit Blackwood and Kirkmuirhill and Boghead.	174	-	[24]	-	150
River Avich Hydro Community Benefit Fund	charitable activity that delivers on Dalavich Improvement Group's business plan	39	-	[13]	76	102
RL Fund	general grantmaking activity - UK-wide	128	-	[124]	-	4

Restricted Fund	Purpose – to support	Balance brought forward £000	Income £000	Expense £000	Transfer £000	Balance carried forward £000
RWE Bad a Cheo Wind Farm Community Fund [Watten]	charities and groups - in the Watten Community Fund area	129	4	[3]	31	161
RWE Camster Community Fund [Tannach & District]	charities and groups - in the Camster Community Fund area	148	-	[80]	65	133
RWE Camster Community Fund [Watten]	charities individuals and groups - three community council areas	240	-	[113]	65	192
Social Investment Fund	social enterprise projects – Scotland-wide	6,449	290	[80]	[236]	6,423
South Kyle Wind Farm Community Benefit Fund	the wellbeing and sustainability of the communities of Carsphairn, Dalmellington, New Cumnock and Patna by supporting charitable activities	-	2,310	[440]	-	1,870
Stroupster Wind Farm Community Benefit Fund	community projects - Dunnet and Canisbay	335	217	[177]	[113]	262
The Ross Girls Trust	general grantmaking activity – UK-wide	213	-	[35]	-	178
The Scottish Building Society Foundation Fund	general grantmaking activity – UK-wide	158	-	[60]	-	98
The Volant Charitable Trust Fund	women, children and young people at risk and facing social deprivation – Scotland-wide	62	735	[390]	-	407
Torrance Farm Wind Park Community Fund [HEG]	community projects - Harthill, Eastfield & Greenrigg	170	-	[20]	36	186
TP Fund	general grantmaking activity – UK-wide	994	-	[239]	-	755
Vattenfall Clashindarroch Wind Farm Community Fund	community projects - Huntly, Strathbogie, Tap O'Noth, Cabrach	253	274	[436]	-	91
Vattenfall Unlock our Future Fund	Community projects – Aberdeenshire and Aberdeen City	272	182	[138]	[93]	223
Ventient Energy A'Chruach Community Fund	Community projects - West Loch Fyne, Dunadd, Lochgilphead	300	203	[212]	-	291
Ventient Energy Galawhistle Wind Farm Community Fund	Community projects – Coalburn and Douglas & Glespin Community Council areas	368	162	[58]	-	472
Ventient Energy Glenkerie Wind Farm Community Fund	community projects – Tweedsmuir, Broughton, Drumelzier, Coulter, Biggar, Symington, Robertson, Lamington and Skirling	166	94	[136]	-	124
Ventient Gordonstown Community Fund [Auchterless, Inverkeithny & Fisherford]	community projects - Auchterless, Inverkeithny, Fisherford	191	-	[5]	31	217
Wathegar 2 Wind Farm Community Benefit Fund [Tannach]	community projects – Tannach	126	-	[24]	46	148
Wathegar 2 Wind Farm Community Benefit Fund [Watten]	community projects – Watten	200	-	[18]	54	236
Wathegar Wind Farm Community Fund [Tannach & District]	community projects – Tannach and District	117	-	[39]	45	123
Whiteside Hill Wind Farm	Community projects.	178	-	-	[177]	1



Restricted Fund	Purpose – to support	Balance brought forward £000	Income £000	Expense £000	Transfer £000	Balance carried forward £000
Whiteside Hill Wind Farm Community Fund [Kirkconnel & Kelloholm]	community projects – Kirkconnel & Kelloholm	153	-	[23]	68	198
Windy Rig Wind Farm Community Benefit Fund	communities in the area of benefit defined by the Community Council areas: Carsphairn, St John's Town of Dalry, Glencairn, Kirkconnel and Kelloholm, New Cumnock, Penpont, Tynron, The Royal Burgh of New Galloway & Kells and The Royal Burgh of Sanquhar and District.	-	157	-	[40]	117
Other Restricted funds with less than £100k		18,122	13,079	[14,057]	1,409	18,553
		5,210	7,166	[8,427]	970	4,919
<b>Total Restricted Funds</b>		<b>23,332</b>	<b>20,245</b>	<b>[22,484]</b>	<b>2,379</b>	<b>23,472</b>
Year ended 2023		21,087	21,457	[23,288]	4,076	23,332

## 19. Unrestricted and Designated Funds

	Balance brought forward £000	Income £000	Expense £000	[Losses]/ Gains £000	Transfer £000	Actuarial Gains/ [losses] £000	Balance carried forward £000
<b>Current Year</b>							
<u>General Funds</u>							
General Fund	1,878	57,807	[2,307]	166	[56,221]	[1]	1,322
Revaluation Reserve	-	-	-	1,099	-	-	1,099
	<u>1,878</u>	<u>57,807</u>	<u>[2,307]</u>	<u>1,265</u>	<u>[56,221]</u>	<u>[1]</u>	<u>2,421</u>
<u>Designated Funds</u>							
IT Developments	11	-	-	-	989	-	1,000
Endowment Building Fund	303	-	-	-	[50]	-	253
Income Generation Fund	9,000	-	-	-	-	-	9,000
Pension Scheme Deficit Fund	885	-	-	-	-	-	885
Strategic Plan Implementation Fund	58	-	-	-	[48]	-	10
Strategic Plan Implementation Fund – [SMT]	117	-	-	-	[38]	-	79
Upstream Place Community-Led Fund	-	-	-	-	25,000	-	25,000
Upstream Thematic Development Fund	-	-	-	-	10,000	-	10,000
Upstream Sector Infrastructure Fund	-	-	-	-	5,000	-	5,000
Midstream Grassroots Support Fund	-	-	-	-	5,000	-	5,000
Downstream Responsive	-	-	-	-	4,000	-	4,000
Development Social Investment Fund	-	-	-	-	5,000	-	5,000
Development Philanthropy	-	-	-	-	2,000	-	2,000
	<u>10,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,853</u>	<u>-</u>	<u>67,227</u>
As at March 2024	<u>12,252</u>	<u>57,807</u>	<u>[2,307]</u>	<u>1,265</u>	<u>632</u>	<u>[1]</u>	<u>69,648</u>
<b>Prior Year</b>							
<u>General Funds</u>							
General Fund	1,563	1,922	[2,112]	[396]	902	[1]	1,878
Revaluation Reserve	-	-	-	-	-	-	-
<u>Designated Funds</u>							
IT Developments	47	-	-	-	[36]	-	11
Endowment Building Fund	328	-	-	-	[25]	-	303
Income Generation Fund	9,000	-	-	-	-	-	9,000
Pension Scheme Deficit Fund	1,219	-	-	-	[334]	-	885
Strategic Plan Implementation Fund	126	-	-	-	[68]	-	58
Strategic Plan Implementation Fund – [SMT]	200	-	-	-	[83]	-	117
As at March 2023	<u>12,483</u>	<u>1,922</u>	<u>[2,112]</u>	<u>[396]</u>	<u>356</u>	<u>[1]</u>	<u>12,252</u>

### Transfers

IT Developments Designated Fund transfers related to the implementation of the online version of the Finance System.  
Endowment Building Fund transfers represented contributions made during the year to Community Endowment Builder Funds.

Strategic Plan Implementation Fund transfers represented support to several projects during the year.  
Strategic Plan - SMT Implementation Funds transfers represented support to several projects during the year.  
Seven new Designated Funds were established to drive forward the Strategic Plan over the next 10 years.

#### Designated Funds purposes

IT Developments – to fund IT developments in line with the strategic plan.

Endowment Building Fund – to support the establishment of new endowment funds.

Income Generation Fund – to provide an income generating invested fund to support core costs.

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

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

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

Upstream-Place-Community-led Fund - to build community capacity and community-owned assets through seed funding combined with support for community-led planning of funds allocated to specific communities of place, in city, urban and rural areas.

Upstream – Thematic Development Fund - to improve lives of people affected within social issue themes, by supporting leaders of thematic work and by funding development of their related programmes.

Upstream – Sector Infrastructure Fund - to support specific third sector and charity sector infrastructure organisation development, which in turn helps to build capacity in the local communities they serve.

Midstream – Grassroots Support Fund – to ensure a regular flow of small and local community organisation support which may not have an upstream focus, but which is not in crisis response.

Downstream – Responsive – to support communities in some form of short-term crisis, such as affected by floods or other environmental disasters.

Development – Social Investment Fund – to continue to grow models of funding in support of social enterprise and community-owned asset development.

Development – Philanthropy – to accelerate the growth of new donors.

Development – IT Infrastructure – to ensure FS continually invests in its IT for internal workflow, internal and external communications etc.

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

Fund balances at year end are represented by:

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Tangible fixed assets	1,175	-	-	1,175
Investments	8,824	-	44,169	52,993
Net current assets	59,654	24,574	-	84,228
Creditors due after more than one year	-	[1,102]	-	[1,102]
Provisions	[5]	-	-	[5]
	<u>69,648</u>	<u>23,472</u>	<u>44,169</u>	<u>137,289</u>

Fund balances at the previous year end were represented by:

	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Tangible fixed assets	1,200	-	-	1,200
Investments	8,185	-	41,073	49,258
Net current assets	2,939	24,321	-	27,260
Creditors due after more than one year	-	[989]	-	[989]
Provisions	[72]	-	-	[72]
	<u>12,252</u>	<u>23,332</u>	<u>41,073</u>	<u>76,657</u>

## 21. Operating lessor commitments

	2024 £000	2023 £000
Within 1 year	60	60
In the second to fifth years inclusive	65	125
After 5 years	-	-
	<u>125</u>	<u>185</u>

Operating lessor commitments are in respect of property rental income.

## 22. Ultimate controlling party and related party transactions

The Trustees control the activities of the Foundation.

UK Community Foundations provides membership services for UK Community Foundations. For these services £14,822 [2023: £27,708] was charged during the period. Toby Anstruther and Leslie Rance were directors of UK Community Foundations during the year. The amount due to UK Community Foundations at the year-end was £nil [2023: £nil].

The following organisations, to which a Foundation Scotland Trustee is related, received grants in 2023-24:

Organisation	Grants paid	FS Trustee/Committee Member	Relationship with Recipient
Scottish Refugee Council	400	Stewart Carruth	Wife works for the Scottish Refugee Council
Edinburgh International Festival Endowment Fund	37,500	Sarah Whitley	Trustee Edinburgh International Festival Endowment Fund
Saint Andrew Boat Club	26,508	Sarah Whitley	Trustee
Didasko Education Company Limited	11,500	Sarah Whitley	Trustee
Leuchie House	5,000	Angus Tulloch	Wife Trustee of Leuchie House
Preston Lodge Learning Foundation	250	Angus Tulloch	Trustee
Macmillan Cancer Relief	1,350	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Macmillan Cancer Support	12,790	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Renfrew YMCA SCIO	3,237	John Naylor	President YMCA
YMCA Edinburgh SCIO	5,000	John Naylor	President YMCA
Broughty Ferry YMCA	6,895	John Naylor	President YMCA
Denny & Dunipace YMCA	6,300	John Naylor	President YMCA

The equivalent information for 2022-23 was:

Organisation	Grants paid	FS Trustee/Committee Member	Relationship with Recipient
Scottish Refugee Council	950	Stewart Carruth	Wife works for the Scottish Refugee Council
Edinburgh International Festival Endowment Fund	37,500	Sarah Whitley	Trustee Edinburgh International Festival Endowment Fund
Saint Andrew Boat Club	22,800	Sarah Whitley	Trustee
Leuchie House Short Break Centre	20,000	Angus Tulloch	Wife Trustee of Leuchie House
Preston Lodge Learning Foundation	250	Angus Tulloch	Trustee
George Watson's Family Foundation	100	Stephen Connelly	Chair - Watsons Malawi Partnership
Ullapool Community Trust	3,000	Mamta Patel	Chair – Ullapool Community Trust
Macmillan Cancer Relief	1,946	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Dumfries YMCA SCIO	20,000	John Naylor	President YMCA
Renfrew YMCA SCIO	7,956	John Naylor	President YMCA
YMCA Edinburgh SCIO	20,000	John Naylor	President YMCA
Tain and District Youth Cafe (YMCA)	13,927	John Naylor	President YMCA

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.

### 23. 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 31<sup>st</sup> March was £1,147,310 [2023: £1,386,920].

### 24. Financial Instruments

	2024 £000	2023 £000
Assets measured at fair value through profit & loss	51,045	47,129

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



# Signature Certificate

Reference number: JZIYD-AJFPO-FHAYF-WGTLV

## Signer

## Timestamp

## Signature

### Sharon Fairweather

Email: sharonfairweather@hotmail.com

Sent:

04 Jul 2024 10:26:40 UTC

Viewed:

04 Jul 2024 11:52:10 UTC

Signed:

04 Jul 2024 11:53:56 UTC

*Sharon Fairweather*

### Recipient Verification:

✓ Email verified

04 Jul 2024 11:52:10 UTC

IP address: 90.255.209.45

Location: Jedburgh, United Kingdom

### Keith Macpherson

Email: keith.macpherson@hlca.co.uk

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*Keith Macpherson*

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