

The Cattanach Charitable Trust

Annual report and financial statements

Registered number SC020902

31 December 2017

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Administrative details

Reference and administrative information

Trustees	Alastair Wilson (Chair) Anne Houston (Vice-Chair) (resigned 25th May 2017) Ian McLaughlan (Vice-Chair from 25th May 2017) Helen Healy Gordon Humphries (appointed 26th October 2017) Mafe Marwick Duncan McEachran Andrew Millington (Chair of Finance Committee) Steven Murray Rhoda Reid Neil Wood
Key management	Rachel Campbell (Trust Manager)
Principal address	c/o The Corra Foundation Riverside House 502 Gorgie Road Edinburgh EH11 3AF
Solicitors	Harper Macleod LLP The Ca'd'oro 45 Gordon Street Glasgow G1 3PE Brodies LLP 110 Queen Street Glasgow G1 3BX
Bankers	Clydesdale Bank 83 George Street Edinburgh EH2 3ES
Independent Auditor	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
Accountants	Henderson Loggie 11 – 15 Thistle Street Edinburgh EH2 1DF
Investment Advisors	Cazenove Capital Management 18 Charlotte Square Edinburgh EH2 4DF
Registered Charity Number	SC020902

Trustees' annual report

We are pleased to present our annual report and financial statements for the year ended 31 December 2017.

Structure, governance and management

The Trust is a registered charity, number SC020902, and was set up by Miss Phyllis Mary Cattanach in 1992. The Trust Deed gives us, as Trustees, wide scope for making grants to charitable projects throughout Scotland and elsewhere. The Deed itself was amended to comply with the Charities and Trustee Investment (Scotland) Act 2005 and remains very wide in scope, with us adopting a themed approach, currently supporting work with families who have children under three.

Under our current strategy, Cattanach funds charities registered in Scotland with the Office of the Scottish Charity Regulator, for work which benefits children in Scotland. It maintains certain governance conditions for funding, which include a level of free reserves not exceeding six months expenditure, a management committee of at least three people, and a separation between paid staff and the management committee.

We met four times as a Board in 2017 (February, May, August and October) to distribute grants and conduct other business. The grants programme derived from income from the investments, which are in turn reviewed by the Finance Committee. Our employed Trust Manager, Rachel Campbell, oversees the operations of the Trust.

The Trustees who served during the year ended 31 December 2017 were as follows:-

Alastair Wilson (Chair)
Anne Houston (Vice-Chair) (resigned 25th May 2017)
Ian McLaughlan (Vice-Chair from 25th May 2017)
Helen Healy
Gordon Humphries (appointed 26th October 2017)
Mafe Marwick
Duncan McEachran
Andrew Millington (Chair of Finance Committee)
Steven Murray
Rhoda Reid
Neil Wood

Previously, Trustees were appointed initially for a period of three years after which there is an option to stand for re-appointment for a further three years. In October this was amended to an option to stand for three 3 year terms. Office bearers may serve for up to 6 years in addition to any time served as an ordinary Trustee. Trustees are not paid, but travel and other expenses may be reimbursed. Trustees are expected to attend most meetings; if a Trustee misses three meetings consecutively, they will be asked to re-consider their appointment. Trustees are asked to disclose all relevant interests and register them with the Trust Manager. Where a Trustee has any involvement, personally or through a family member, with a charity seeking funding, that Trustee makes no comment on the application and withdraws from the meeting for the duration of the discussion.

Recruitment of Trustees is an active process, whereby interested parties are appointed by the full board, subject to an interview. One new Trustee was adopted onto the Board in October 2017. This was to ensure the skills required across the Board met the needs of our charity. The new Trustee has undertaken a planned induction which included training on governance and legal duties. In addition, there has been an opportunity for our new Trustee to observe Board meetings and meet with staff to ensure systems and processes are understood.

We followed a programme of skills development throughout the year, which included:

- a. Visits to meet projects we have funded:
One of our Board meetings took place within a charity we are funding and we thank Granton Youth Centre for their hospitality and willingness to meet and share learning with our Board in what was an enjoyable day for all.

Trustees' annual report *(continued)*

Structure, governance and management *(continued)*

b. Memberships, briefings:

We receive regular briefings and the quarterly journal from the Association of Charitable Foundations. Cattanach continued to be members of the Scotland Funders' Forum, Funders Forum Frontline and Scottish Grantmakers. We continued our membership of Children in Scotland and receive its journals and regular briefings. This year, the Trustees also received a briefing relating to ethical investment, delivered by Julie Hutchison and Gair Brisbane, Standard Life Wealth.

c. We were involved in a range of promotional and other activities:

We continue to link with other grant-making bodies established to help our grantees benefit from a more connected funding landscape. We attended a funding fair in South Lanarkshire to help promote our grants, and two Parliamentary Receptions, for Home-Start and with the Bank of Scotland Foundation respectively. We are continuing to work in partnership with Fathers Network Scotland in relation to our Dads Fund.

At quarterly meetings, Trustees consider financial matters including investment, risk management, grant making and reports and overall performance. Assisting the board, the Finance Committee meets prior to the main Trustees' meeting to review the investment performance. The Trust Manager managed the administrative affairs of Cattanach, and this has also been supported through agency staff as required through the year. The financial servicing of Cattanach continued to be carried out by Henderson Loggie, Chartered Accountants.

Key management personnel remuneration

The Trustees consider the board of Trustees and the Trust Manager as comprising the key management personnel of the charity in charge of directly controlling Cattanach's day to day operations. All Trustees give their time freely and no Trustee remuneration was paid in the year. Trustee expenses are disclosed in the accounts.

The pay and remuneration for our key management personnel was set following a review of industry comparators, having mapped out the key duties and responsibilities of the post holder.

Objectives and activities

Cattanach seeks to help overcome the negative consequences relative deprivation has on children from birth to three years, and improve their start to life. In distributing grants to meet this aim, we will support objectives set out in our original Trust Deed: to support the relief of poverty and to be beneficial to communities.

Our strategies for achieving our stated aims and objectives include:

1. Supporting our annual grant programme
2. Maximising the value of our available income to benefit our client group
3. Supporting grant applicants to ensure best value is achieved from our grants awarded
4. Working in partnership with other funders as appropriate in the aims of the Trust

We measure our success against our objectives by continually reviewing the progress made by our grant holders. Each grant holder must give us a full update on their progress after 12 months. Furthermore, we collate and monitor information on our portfolio of grant holders, understanding their geographic distribution, the size of their organisation, who else funds them and the type of work they undertake.

The most significant activity we undertake is the awarding of grants, which in turn allows funding to filter through to the families we look to support. However, we also help raise the profile of our organisation to encourage good levels of grant applications from qualitative applicants, through representation at meetings of grant makers and at funding events.

Trustees' annual report *(continued)*

Objectives and activities *(continued)*

Our grant making policy incorporates the following:

- Clear guidance about what we seek to fund
- Parameters for who is eligible to apply
- A commitment to multi-year funding to allow projects to maximise the difference they can make
- Requirements for outcomes and the ability to collate them from grant holders
- A financial assessment and due diligence on governance of applicants

Furthermore, our application process allows Trustees to review applications and we assess applications with a full and cooperative dialogue with applicants. In doing so, we can be confident in meeting our aims of reducing the effects of poverty for young children in Scotland, by allocating the funds available to the projects most able to make an impact, in the areas where deprivation is evidenced.

Since the launch of a new interactive website in July 2012, the Early Years theme has been stated as follows:

'The Cattanach Trust seeks applications for projects which support children from pre-birth to three years old, who are affected by levels of relative deprivation. There is good evidence that supporting children during the first years of a child's life has the greatest positive impact on their developmental progress. Good quality services improve not only a child's life during these years, but also have substantial benefits into adolescence and adulthood. Projects should be working from a strengths based model; the existing and potential strengths of the child, the family and the community should be recognised and should form the basis of the work. Projects must actively involve the parent(s)/main carers of the children. The Trust's view is that prioritising this age group values children in Scotland appropriately, and will make a significant contribution to Scotland's National Outcome - 'Our children have the best start in life and are ready to succeed.'

Achievements and performance

Grants - amount and nature

As with 2016, the range of grants awarded this year has been focussed on work with families who have children under three, usually related to parenting skills and relationships with the family, with the aim of benefiting the child. We awarded 28 new grants which ranged from £1,550 to £24,094 per annum (2016: £3,750 to £10,495 per annum) with a total grants programme for the year of £522,148 (2016: £388,707). In addition there were 4 grants from last year which were granted extra funds during the current year dealt with as grant adjustments to original awards. There was one award cancelled during the year as the project is no longer going ahead.

The average size of one years grant was higher than in the previous year: £9,770 (2016: £8,572) and, of those awarded, we have given out multi-year grants to over two thirds of grant holders: 67% (2016: 75%). Last year, of those who applied for a grant, 50% were awarded funding. This year the figure stood at 54%. 24 grants were made from previous multi-year commitments of either two or three years (2016: 20).

Geographical spread of grant making

To illustrate the spread of where we are funding, projects are listed by local authority rather than by type. We have allocated grant funds across Scotland, including awards to Central Belt cities, but also to more rural settings including the Scottish Borders and Moray. The local authority listed refers to the area where the work is being carried out, rather than where the organisation is based.

Our assessment staff visited a proportion of eligible applications for assessment or review purposes and, as with last year, at the point of application advice is offered to applicants to ensure the grant application process is a supported one.

What have we funded?

Despite all of our applicants being funded to work with a client base of families with young children affected by deprivation, it has been a wide spread of projects who have received grants this year. We offered two grant programmes, as we did last year, under our early years strategy.

Trustees' annual report *(continued)*

Achievements and performance *(continued)*

Our **Main Grants** programme has supported a range of work for vulnerable families. A number of successful applications this year recognised the importance of physical activity and/or being alongside nature for very young children. We have also supported charities to use the arts and creativity to encourage attachment. One of our charities has introduced a sling library to their group – the first for their town - and another is promoting peer support for breastfeeding. Food is a common thread amongst those we fund with many of our projects enjoying meal times together to encourage social time for both parents and children, while encouraging healthy diets. All the grants under this programme are given to help ensure children have the best possible start in life, promoting security despite any adversities their lives may face.

We have also continued to make grants under our **Dads Fund**, established in 2016. This is in recognition of the specific role that Dads play in their child's early life and the need to promote Dad-child engaged relationships within the communities we support. 3 additional grants have been awarded under this fund, to both pilot new work and enhance existing projects. In order to offer grantees the opportunity to collaborate and share learning, Fathers Network Scotland and Dads Rock have offered support to the funded organisations (13 in total). They hosted three sessions for the funded charities this year, and have also provided additional training and mentoring to some of the charities at their own premises. We thank our Dads Fund partners for their ongoing involvement with us.

Monitoring Achievement

The performance of our grants is monitored using reports from each charity we fund. These progress reports provide feedback against the nominated outcomes on the charity's application form. For those who have been awarded a two or three year grant, this report helps shape the funding given at the end of each year. We also monitor achievement by receiving case studies, photographs, from visiting funded organisations and collating press and/or research about them.

In advance of reviewing our strategy this year, we collated information about all of our grants: where our funding had been distributed in relation to local authorities, mapped against the distribution of children aged 0-3 and the levels of deprivation in each area. This provides an overview of our grant allocation against our current funding theme.

Financial review

Over the year ended 31 December 2017, the value of the investments, after allowing for the various changes, increased by £1,153,151. £517,392 (2016: £388,707) was awarded in grants. A number of grants have been awarded over more than one year, details of which can be found in note 8. The net income for the year was £1,237,927 (2016: net income of £2,414,254).

Investment policy

The Finance Committee met three times during the calendar year to discuss the investment portfolio and other financial matters pertaining to the Trust. This included reviewing the benchmark, asset allocation, ethical policy and investment performance. The Finance Committee was chaired by Andrew Millington. Alastair Wilson and Gordon Humphries (from date of appointment to the Board) made up this Committee's membership.

The Trust's investment policy is to provide a balanced return combining capital and income growth to protect the real value of the capital and also the income streams. The investment mandate seeks to achieve this by investing in a range of assets that are suitable for the investment of charitable monies which also take account of the Trust's income requirements and ethical view. This year the benchmark was as follows:

FT All Share Government Index	0%
FTSE All Share Index	70%
FTSE World ex UK Index	30%
Cash (LIBOR)	0%

In the calendar year 2017, the fund's return on investment was 9.9% versus the composite benchmark's rise of 13.2%.

Trustees' annual report *(continued)*

Investment policy *(continued)*

During the year the Finance Committee worked alongside Cazenove Capital Management, who manage the portfolio, to ensure the Trust maintains sufficient income to distribute to charitable projects, while preserving the capital value. In addition to UK and international bonds and equities we held a proportion of the portfolio in managed funds to attain our investment objectives. The Trust's accounts have been prepared covering the calendar year 2017. Over this period under review, the fund increased in value from £19,016,786 to £20,169,937. The portfolio made sales worth £3,956,999 and purchases of £4,051,346. This represents a portfolio turnover rate of around 20%. The Trust's investments generated an income of £656,342 (2016: £645,406), or a yield of 3.3% (2016: 3.4%). Investment management fees were £84,027 (2016: £73,629).

Risk management

This year has seen us launch a revised risk register. We have identified the key risks we face and they are categorised as follows:

- The funds to invest and income stream
- Governance and Trustees' responsibility
- Legal risk
- Reputational risk
- Operations

In order to manage these risks, we have issued two risk registers, a Strategic Risk Register and an Operational Risk Register. Each are circulated for review and comment at our Board meetings.

Systems in place to mitigate our risks include:

1. Funding and Investment
 - i) Operate a Finance Committee prior to Board meetings
 - ii) Regular review of fund manager performance
 - iii) Review investment policy annually
2. Governance and Trustee Responsibility
 - i) A register of Trustees' interests has been drawn up and any changes to Trustees' interests are formally declared at each meeting
 - ii) Inductions and regular briefings for Trustees, access to professional training on governance
 - iii) Trustees are issued with a Code of Conduct
3. Strategy and Monitoring
 - i) Host a Strategic meeting of the Board every two years to set and review objectives
 - ii) Chair to oversee the monitoring of agreed actions
4. Operations
 - i) Chair undertakes appraisal with Trust Manager
 - ii) Trustees update their sector knowledge through regular presentations and information updates
 - iii) IT records are backed up and paper records minimised
 - iv) Health and Safety policies and method statements, reviewed annually
 - v) Budgeting and review of expenditure quarterly

Trustees' annual report *(continued)*

Reserves policy

The total reserves are £20,233,898, of which £20,097,499 are endowed reserves, £128,438 are designated reserves and £7,961 are unrestricted reserves.

In light of some encouraging outcomes reported under our Dads Fund, we have assigned further monies into our designated funds account this year. The purpose of the designation is to support more charities under the Dads Fund, while retaining our main grants funding programme at its current levels.

Cattanach's Trust Deed allows for payments to be made out of the endowment fund up to a maximum of 10% of the market value of the Trust Funds at the close of the accounts for the immediately preceding financial year.

Plans for the future

Strategic Review

In October 2017 the Trustees spent time reviewing our strategy. They considered three main areas:

- governance and management within the board, including a review of the skills matrix and succession planning
- investment strategy
- operational review

From this meeting, the Trustees have agreed to a number of reviews, including setting out the roles and responsibilities of the Trustees, a review of our investment policy and a commitment to setting out the values we work to and embedding this throughout our work.

Operationally, the review concluded with an ongoing commitment to our current funding theme, and our two grant programmes, acknowledging the importance of allowing the projects under our Dads fund time to mature and learn about this new work.

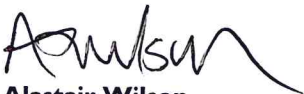
Approval of the report

At the time of approving the report we, the Trustees, are aware of no relevant audit information of which the charity's auditors are unaware and have taken all steps that we ought to have taken as Trustees in order to make ourselves aware of all relevant audit information and to establish that the charity's auditors are aware of that information.

Auditor

We have appointed Chiene + Tait LLP as auditors with effect from 1 October 2014 and that appointment will continue until otherwise confirmed by the Board of Trustees.

The financial statements were approved and authorised for issue on 24 May 2018 and are signed on behalf of the Trustees by:



Alastair Wilson
Chairman

Statement of Trustees' responsibilities

The Trustees 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).

The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year. 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;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are responsible for safeguarding the assets of charity 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 charity and financial information on the charity'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 of The Cattanach Charitable Trust

Opinion

We have audited the financial statements of The Cattanach Charitable Trust (the 'charity') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows 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 Financial Reporting Standard 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 charity's affairs as at 31 December 2017, and of its incoming resources and application of resources, 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 Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees annual report other than the financial statements and our auditor's report thereon. 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 appear to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact.

We have nothing to report in this regard.

Independent auditor's report to the Trustees of The Cattanach Charitable Trust

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees are responsible for the preparation of financial statements which 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 charity'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 charity 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 report in accordance with regulations made under that Act.

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

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

Chiene + Tait LLP

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor

61 Dublin Street
Edinburgh
EH3 6NL

24 May 2018

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of financial activities (incorporating income and expenditure account)
for the year ended 31 December 2017

		Unrestricted Fund	Designated Fund	Endowment Fund	Total 2017	Unrestricted Fund	Designated Fund	Endowment Fund	Total 2016
		£	£	£	£	£	£	£	£
Income									
Income from investments	3	656,543	-	-	656,543	646,087	-	-	646,087
Total income and endowments		656,543	-	-	656,543	646,087	-	-	646,087
Expenditure									
Expenditure on raising funds	4	-	-	(84,027)	(84,027)	-	-	(73,629)	(73,629)
Expenditure on charitable activities	5	(570,628)	(36,562)	-	(607,190)	(458,787)	-	-	(458,787)
Total expenditure		(570,628)	(36,562)	(84,027)	(691,217)	(458,787)	-	(73,629)	(532,416)
Net income/(expenditure) before gains and losses on investments		85,915	(36,562)	(84,027)	(34,674)	187,300	-	(73,629)	113,671
Net gains and losses on investments		-	-	1,272,601	1,272,601	-	-	2,300,583	2,300,583
Net income/(expenditure)		85,915	(36,562)	1,188,574	1,237,927	187,300	-	2,226,954	2,414,254
Transfer between funds		(90,000)	90,000	-	-	(75,000)	75,000	-	-
Total funds held at 1 January 2017	13, 14	12,046	75,000	18,908,925	18,995,971	(100,254)	-	16,681,971	16,581,717
Total funds held at 31 December 2017		7,961	128,438	20,097,499	20,233,898	12,046	75,000	18,908,925	18,995,971

All activities relate to continuing operations.

Balance sheet
at 31 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Investments	9		20,169,937		19,016,786
Current assets					
Debtors	10	5,249		5,334	
Cash at bank		472,537		332,787	
		<u>477,786</u>		<u>338,121</u>	
Current liabilities					
Creditors	11	(321,337)		(244,011)	
Net current assets			<u>156,449</u>	<u>94,110</u>	
Total assets less current liabilities			<u>20,326,386</u>	<u>19,110,896</u>	
Creditors: Amounts falling due after more than one year					
	11		(92,488)	(114,925)	
			<u>20,233,898</u>	<u>18,995,971</u>	
Funds					
Unrestricted funds	13		7,961		12,046
Designated funds	13		128,438		75,000
Endowment funds	13		20,097,499		18,908,925
			<u>20,233,898</u>	<u>18,995,971</u>	

These financial statements were approved and authorised for issue on 24 May 2018 and are signed on behalf of the Trustees by:



Alastair Wilson
Chairman

Statement of cash flow
for the year ended 31 December 2017

	2017	2017	2016	2016
	£	£	£	£
Cash flows from operating activities				
Net income		1,237,927		2,414,254
Net gains on investments		(1,272,601)		(2,300,583)
Income from equalisations, redemptions, capital distributions or accrued dividends		4,120		(30,565)
Income from investments		(656,543)		(645,406)
Decrease in debtors		85		3,520
Increase/(decrease) in creditors < 1 year		77,326		(37,130)
(Decrease)/increase in creditors > 1 year		(22,437)		47
		<hr/>		<hr/>
Cash used in operating activities		(632,123)		(595,863)
Cash flows from investing activities				
Investment income	656,543		645,406	
Payments to acquire investments	(4,051,346)		(3,516,734)	
Receipts from sale of investments	3,956,999		3,323,243	
Movement in cash held in investment portfolio	209,677		247,154	
		<hr/>		<hr/>
Cash provided by investing activities		771,873		699,069
		<hr/>		<hr/>
Increase in cash and cash equivalents in the year		139,750		103,206
Cash and cash equivalents at the beginning of the year		332,787		229,581
		<hr/>		<hr/>
Total cash and cash equivalents at the end of the year		472,537		332,787
		<hr/> <hr/>		<hr/> <hr/>
Cash and cash equivalents comprise:				
Cash at bank		472,537		332,787
		<hr/> <hr/>		<hr/> <hr/>

Notes to the financial statements

1 Accounting policies

(a) **Accounting convention**

The financial statements are prepared under the historical cost convention as modified by revaluation of investments and in accordance with applicable accounting standards. The charity is a Public Benefit Entity. The financial statements are compliant with the charity's constitution, Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice (SORP) FRS 102 "Accounting and Reporting by Charities" and FRS 102.

(b) **Going concern**

The financial statements have been prepared on a going concern basis. The Trustees have assessed the charity's ability to continue as a going concern and have reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

(c) **Income**

Incoming resources comprise: investment income, which is accounted for on receipt by the Fund Manager, dividends are recognised once the dividend has been declared and notification has been received of the dividend due; and voluntary income, recognised when the Trust has entitlement to the income, when it is probable the income will be received and when the amount can be measured reliably.

(d) **Expenditure**

Expenditure is accounted for on an accruals basis inclusive of VAT. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Trust to the expenditure and it is probable that settlement will be made. Costs of raising funds consist of investment management fees. Expenditure on charitable activities include grants made and an allocation of support and governance costs. Grants are recognised in full in the year in which they are approved. Where material, the provision for multi-year grants is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Trust that would permit the Trust to avoid making the future payments, settlement is probable and the effect of discounting is immaterial. The discount rate used is the average rate of investment yield in the year in which the grant award is made. This discount rate is regarded by the Trustees as providing the most current available estimate of the opportunity cost of money reflecting the time value of money to the Trust.

(e) **Allocation of support and governance costs**

Support costs are allocated between governance costs and other support costs. Governance costs comprise those costs involving the public accountability of the charity and its compliance with regulations and good practice. They therefore include the costs of statutory audit and legal fees, together with the costs of Trustees' meeting and the strategic away-day. Other support costs relate to the administrative costs of running the Trust and are allocated to charitable activities accordingly.

(f) **Investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value at the balance sheet date using the closing market price. Realised and unrealised gains and losses are charged or credited in the statement of financial activities and are allocated to the endowment fund. The Trust has no complex financial instruments. The main form of financial risk faced by the Trust is that of volatility in the investment markets due to wider economic conditions.

(g) **Debtors**

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

(h) Creditors and provisions

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

(i) Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

(j) Fund accounting

General reserve – the general reserve is an unrestricted fund which the Trustees are free to use in accordance with the charitable objects of the Trust.

Designated fund – the designated fund forms part of unrestricted reserves but represents amounts set aside by Trustees for particular purposes.

Endowment fund – the endowment fund is made up of the original endowment of the Trust as adjusted for realised and unrealised gains and losses on investments, and the costs of managing the investment portfolio. The income from the fund is treated as unrestricted income in line with the terms of the Trust Deed.

2 Trustees remuneration and expenses

No Trustee received any remuneration during the year. Travel and meeting expenses of £365 (2016: £458) were reimbursed to 6 Trustees (2016: 4 Trustees) during the year.

3 Income from investments

	2017	2016
	£	£
Investment income	656,342	645,406
Bank interest	201	681
	<u>656,543</u>	<u>646,087</u>

4 Expenditure on raising funds

	2017	2016
	£	£
Investment manager's fees and charges	84,027	73,629
	<u>84,027</u>	<u>73,629</u>

Notes to the financial statements (continued)

5 Expenditure on charitable activities

	Grants awarded (note 8)	Support and governance costs (note 6)	Unrestricted 2017	Unrestricted 2016
	£	£	£	£
Charitable activities	517,392	89,798	607,190	458,787

Grants were split £493,068 from unrestricted funds and £29,080 from designated funds. There were no designated grants in 2016.

6 Support costs and governance costs

	Unrestricted	Designated	Total 2017	2016
	£	£	£	£
Support costs				
Staff salaries (note 7)	33,066	-	33,066	25,741
Staff expenses	5,312	-	5,312	3,871
Accommodation costs	4,800	-	4,800	4,400
Administrative support	2,644	-	2,644	1,178
Legal and professional fees	3,344	-	3,344	3,000
Project costs	-	7,482	7,482	4,262
Accountancy fees	10,105	-	10,105	10,199
Subscriptions and conferences	704	-	704	1,451
Website costs	9,655	-	9,655	8,246
Insurance	783	-	783	773
Bank and service charges	367	-	367	173
	<u>70,780</u>	<u>7,482</u>	<u>78,262</u>	<u>63,294</u>
Governance costs				
Audit fee	2,680	-	2,680	3,490
Trustees' expenses	365	-	365	458
Recruitment costs	3,600	-	3,600	2,341
Meeting expenses	642	-	642	495
Trustees' strategic away day/conferences	4,249	-	4,249	-
	<u>11,536</u>	<u>-</u>	<u>11,536</u>	<u>6,784</u>
	<u>82,316</u>	<u>7,482</u>	<u>89,798</u>	<u>70,078</u>

There were no designated costs in the prior year.

7 Staff costs and numbers

	2017	2016
	£	£
Wages and salaries	32,274	25,741
Pension costs	792	-
	<u>33,066</u>	<u>25,741</u>
Remuneration and benefits of key management personnel	<u>33,066</u>	<u>25,741</u>

No employee received emoluments of more than £60,000. The average number of employees in the year was 1 (2016: 1).

Notes to the financial statements (continued)

8	Grants awarded	Project type	2017 £	2016 £
	Argyll and Bute			
	Fun First – 2 year award	Parent and toddler group	-	16,586
	Home Start Lorn	Befriending	-	10,000
	Ayrshire			
	Centrestage Communities – 3 year award	Dads work	-	31,486
	Nordoff Robbins Music Therapy – 2 year award	Music for parents and toddlers	21,100	-
	Clackmannanshire			
	Home Start Clackmannanshire	Befriending	-	8,000
	Dundee			
	Boomerang Community Centre	Parent and toddler group	9,622	-
	Home-Start Dundee – 18 month award	Dads	14,496	-
	One Parent Families Scotland	Parent and toddler group	-	3,014
	One Parent Families Scotland – 2 year award	Parent and toddler group	-	15,870
	St Ninian's Stay and Play – 2 year award	Parent and toddler group	-	7,500
	Dumfries and Galloway			
	Home Start Wigtownshire	Dads	9,516	-
	Relationships Scotland Dumfries and Galloway	Dads	9,900	-
	East Lothian			
	Circle Supporting Families in Scotland – 3 year award	Parent support	30,000	-
	Edinburgh			
	Children 1 st – 2 year award ¹	Dads work	(4,756)	13,961
	Circle Supporting Families	Dads work	-	10,000
	Craigmillar Literacy Trust – 2 year award ²	Speech and Language Support	1,100	18,530
	Granton Youth Centre ³	Development of Early Years Practice	3,500	5,542
	North Edinburgh Arts	Parent and toddler art group	14,937	-
	Edinburgh and Lothians			
	Scottish Adoption – 3 year award	Post adoption support	21,228	-
	Fife			
	Fife Gingerbread – 2 year award	Dads work	-	15,000
	Home Start Dunfermline – 2 year award	Dads work	-	20,000
	The Cottage Family Centre – 3 year award	Dads work	-	29,066
	Forth Valley			
	Aberlour Child Care Trust – 3 year award	Dads work	-	19,785
	Glasgow			
	3D Drumchapel – 3 year award	Parent support	34,454	-
	Bridging the Gap – 2 year award	Parent and toddler group	10,500	-
	CrossReach – 3 year award	Maternal mental health support	-	17,500
	Geeza Break – 2 year award	Parent and toddler group	-	7,500
	Helenslea Community Hall Committee – 3 year award	Parent and toddler group	30,000	-
	Hidden Garden Trust – 2 year award	Parent support	22,534	-
	Home Start Glasgow North – 3 year award	Dads work	-	16,956
	North West Women's Centre – 3 year award	Support in pregnancy & in first year	-	29,934
	PEEK – 3 year award	Parent and child support	30,000	-
	Reidvale Adventure Play Association	3 year award	26,425	-
	South Glasgow Childcare Partnership	Child support	9,000	-
	Carried forward		293,556	296,230

Notes to the financial statements (continued)

8	Grants awarded	Project type	2017 £	2016 £
	Brought forward		293,556	296,230
	Tron Theatre	Parent and child support	1,550	-
	Wallacewell New Charge Development – 3 year award	Parent and child support	72,610	-
	Highland			
	Home Start Caithness	Befriending	-	10,000
	Home Start East Highland – 2 year award	Parent support	6,826	-
	Inverclyde			
	Inverclyde Family Contact Centre – 3 year award	Parent support during supervised contact	1,000	15,000
	Inverness			
	Enterprise Childcare – 2 year award	Parent and child support	27,536	-
	Trinity Church of Scotland – 2 year award ⁴	Dads work	(5,000)	16,600
	Lanarkshire			
	CrossReach	Parental mental health	20,316	-
	Midlothian			
	Play Midlothian	Parental mental health	16,632	-
	Moray			
	Earthtime For All Ltd	Outdoor activity	8,210	-
	Step by Step in Moray – 2 year award ⁵	Parent and toddler group	2,500	20,000
	North Lanarkshire			
	Getting Better Together – 3 year award	Early years parent support programme	-	30,000
	Glenboig Neighbourhood House – 2 year award	Parent and toddler group	5,218	-
	Up 2 Us	Support to young mums	-	10,000
	Scottish Borders			
	Hawick Congregational Community Church – 3 year award	Parent and baby group	15,000	-
	Hawick Congregational Community Church – 2 year award	Parent and toddler group	7,000	-
	Healthy Valleys	Toddler activity classes	16,938	-
	South Lanarkshire			
	Parent Network Scotland – 2 year award	Parent support	-	14,192
	West Lothian			
	St Andrews Children Society – 2 year award	Concurrent care project	20,000	-
	Scotland			
	Parent Network Scotland – 3 year award	Dads work	-	21,426
	Starcatchers – 2 year award	Parent and child support	7,500	-
	Vox Liminis – 3 year award	Dads work	-	26,820
	Refund of unused grants		-	(71,561)
			517,392	388,707

¹ original award was cancelled and new application considered in 2018

² awarded a further amount in relation to original application

³ awarded a further amount in relation to original application

⁴ award was cancelled as the project is no longer continuing

⁵ awarded a further amount in relation to original application

Notes to the financial statements (continued)

9 Investments

	Investments £	Cash held for reinvestment £	Total £
Market value at 1 January 2017	18,707,413	309,373	19,016,786
Purchases at cost	4,051,346	(4,051,346)	-
Disposal proceeds	(3,956,999)	3,956,999	-
Dividends and interest accrued movement	(4,120)	660,450	656,330
Dividends and interest remitted	-	(694,197)	(694,197)
Investment management fees	-	(81,583)	(81,583)
Gain realised on disposal	545,618	-	545,618
Gain on revaluation for the year	726,983	-	726,983
	<u>20,070,241</u>	<u>99,696</u>	<u>20,169,937</u>
Market value at 31 December 2017			
			<u>15,623,374</u>
Historical cost at 31 December 2017			
		2017	2016
Investments at fair value comprise:		%	%
Equities		93.9	93
Alternatives		5.6	6
Cash held within the investment portfolio		0.5	1
		<u>100</u>	<u>100</u>
Investments making up more than 5% of the portfolio include:			
- Findlay Park FDS American USD DIS		1,154,319	

All investments are carried at their fair value. Investments in equities and bonds are traded in quoted public markets. Holdings in multi-asset funds are at bid price. The basis of fair value for quoted investments is equivalent to market value, using the bid price. Asset sales and purchases are recognised at the date of trade at their transaction value.

As the main source of income to the Trust, the investment portfolio is key to the ongoing financial sustainability of the Trust as set out in the financial review and investment policy sections of the Trustees' Annual Report. All investment income is allocated to the unrestricted fund.

The main risk to the Trust from financial instruments lies in the combination of uncertain investment markets and volatility to yield. The Trust is reliant on dividend yield to fund its grant-making activities and this leads to a high exposure to the equity markets, not only in the UK but also overseas. However, the Trust holds relatively few overseas investments therefore limiting its exposure to exchange rate risk when converting holdings into sterling. Liquidity risk is anticipated to be low as all assets are traded in markets with good liquidity and high trading volumes and this is expected to continue.

The Trust manages these investment risks by retaining expert advisors and monitoring investment performance through its Finance Committee. The investment policy is reviewed annually to ensure the correct balance is maintained between dividend yield and capital growth to protect the real value of the portfolio in the longer term.

Notes to the financial statements (continued)

10	Debtors		
		2017	2016
		£	£
	Prepayments	5,249	5,334
		<u> </u>	<u> </u>
11	Creditors		
		2017	2016
		£	£
	<i>Amounts due within one year</i>		
	Grants payable	283,093	210,108
	Accruals	36,517	33,903
	Other creditors	1,727	-
		<u> </u>	<u> </u>
		321,337	244,011
		<u> </u>	<u> </u>
	<i>Amounts due after more than one year</i>		
	Grants payable	92,488	114,925
		<u> </u>	<u> </u>
	Analysis of movement in grant commitments		
	Grant commitments at the start of the year	325,033	355,747
	Grants awarded in the year	257,950	459,726
	Grants paid or written back in the year	(207,402)	(490,440)
		<u> </u>	<u> </u>
	Grant commitments at the end of the year	375,581	325,033
		<u> </u>	<u> </u>
12	Financial instruments		
		2017	2016
		£	£
	Carrying amount of financial assets		
	Financial assets measured at fair value	20,169,937	19,016,786
	Carrying amount of financial liabilities		
	Measured at amortised cost	(413,825)	(358,936)
		<u> </u>	<u> </u>
		19,756,112	18,657,850
		<u> </u>	<u> </u>

Debt instruments measured at fair value comprises listed investments and capital cash balances.

Liabilities measured at amortised cost comprises accruals and other creditors.

Notes to the financial statements (continued)

13 Funds

	Balance at 1 January 2017 £	Income £	Expenditure £	Gains and losses £	Transfers £	Balance at 31 December 2017 £
Unrestricted	12,046	656,543	(570,628)	-	(90,000)	7,961
Designated	75,000	-	(36,562)	-	90,000	128,438
Endowment	18,908,925	-	(84,027)	1,272,601	-	20,097,499
	<u>18,995,971</u>	<u>656,543</u>	<u>(691,217)</u>	<u>1,272,601</u>	<u>-</u>	<u>20,233,898</u>

Designated funds represents amounts set aside to support further Dads projects in the coming year.

14 Analysis of net assets by fund

	Unrestricted Fund £	Designated Fund £	Endowment Fund £	Total £
Investments	82,134	-	20,087,803	20,169,937
Current assets	335,233	132,857	9,696	477,786
Current liabilities	(316,918)	(4,419)	-	(321,337)
Creditors falling due > one year	(92,488)	-	-	(92,488)
	<u>7,961</u>	<u>128,438</u>	<u>20,097,499</u>	<u>20,233,898</u>

15 Financial commitments

	2017 £	2016 £
Financial commitments	<u>10,070</u>	<u>4,075</u>

16 Related party transactions

During the year a grant application was received from Relationships Scotland Dumfries and Galloway, a charity of which Duncan McEachran is also a trustee. The grant awarded was £9,900. Duncan McEachran did not take part in the grant decision for this award. There were no related party transactions in the previous year.

17 Ultimate controlling party

The charity is constituted by Trust Deed and is controlled by its appointed Trustees.