

The Cattanach Charitable Trust

Annual report and financial statements

Registered number SC020902

31 December 2015

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Administrative details

Trustees	Alastair Wilson (Chairman) Anne Houston (Vice-Chair) Janet Barr Duncan McEachran Andrew Millington Steven Murray Helen Healy
Key management	Rachel Lewis (Trust Manager)
Principal address	c/o Lloyds TSB Foundation for Scotland Riverside House 502 Gorgie Road Edinburgh EH11 3AF
Solicitors	Harper Macleod LLP The Ca'd'oro 45 Gordon Street Glasgow G1 3PE
Bankers	Clydesdale Bank Festival Square 50 Lothian Road Edinburgh EH3 9BY
Independent Auditor	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
Accountants	Henderson Loggie 34 Melville Street Edinburgh EH3 7HA
Investment Advisors	Schroders Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9QG

Trustees' annual report

We are pleased to present our annual report and financial statements for the year ended 31 December 2015.

Structure, governance and management

The Trust 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 3.

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 6 months expenditure, a management committee of at least 3 people, and a separation between paid staff and the management committee.

We met four times as a Board in 2015 (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 Lewis, had a period of maternity leave following our February meeting. In order to continue to assess and distribute grant funding, we co-opted the support of another Scottish grant maker, Lloyds TSB Foundation for Scotland, to undertake assessments and give recommendations to the Board during Rachel's absence. Barnardo's Scotland provided administrative cover for the same period.

The Trustees who served during the year ended 31 December 2015 were as follows:-

Alastair Wilson (Chair)
Anne Houston (Vice-chair)
Euan Davidson (retired 17 September 2015)
Janet Barr
Duncan McEachran
Andrew Millington (Chair of Finance Committee)
Steven Murray
Helen Healy (appointed 19 February 2015)

Trustees are appointed initially for a period of three years after which there is an option to stand for re-appointment for a further three years. 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 3 meetings consecutively, they will be asked to re-consider their appointment. Where a Trustee has any involvement, personally or through a family member, with an organisation, that Trustee makes no comment on the application and withdraws from the meeting for the duration of the discussion.

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

a. Speakers

There were presentations made to the Board from a range of stakeholders:

- i. Maureen McKenna, Executive Director of Education, Glasgow City Council spoke to the Board about implementation of new legislation for nursery hours in Glasgow
- ii. Professor John Davis, Professor of Childhood Inclusion, Edinburgh University, helped Trustees' understanding of early years care provision in Scotland
- iii. Staff from Parent Network Scotland helped Trustees understand the value of working with our client group and the difference it can make

b. Memberships, briefings

We receive regular briefings and the quarterly journal from the Association of Charitable Foundations. Cattanach continued to play an active role in Scotland Funders' Forum, Funders Forum Frontline and in Scottish Grantmakers. We retain our membership of Children in Scotland and receive its journals and regular briefings.

Trustees' annual report *(continued)*

Structure, governance and management *(continued)*

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

- c. As part of our assessment, our Trust Manager and staff undertaking her maternity cover visited several projects. We continue to link with other grant-making bodies established to help our grantees benefit from a more connected funding landscape.

Until February, the Trust Manager managed the administrative affairs of Cattanach. For the remainder of the year this was undertaken by Barnardo's Scotland, in conjunction with Lloyds TSB Foundation for Scotland. Both organisations were contracted to do so whilst maintaining clear lines of confidentiality and division from their own workstreams. The financial servicing of Cattanach continued to be carried out by Henderson Loggie, Chartered Accountants.

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. Trustees also form part of key management personnel but are not remunerated.

Objectives, Activities, Achievements and Performance

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 a grant programme where £400,000 is distributed each year
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 grantholders. 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 grantholders, understanding their geographic distribution, the size of their organisation, who else funds them and the type of work they undertake. This is in turn mapped against statistical data including deprivation patterns in Scotland.

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 grantholders and at funding events.

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.

Trustees' annual report *(continued)*

Objectives, Activities, Achievements and Performance *(continued)*

Since the launch of a new interactive website in July 2012, the 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.'

Grants - amount and nature

As with 2014, 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 benefitting the child. Our 14 new grants awarded ranged from £2,280 to £10,866 per annum (2014: £3,265 to £25,000), with a total grants programme for the year of £269,141 (2014: £548,781). The average size of one year's grant was lower than in the previous year: £9,670 (2014: £12,111) and of those awarded we have consistently given out multi-year grants to over two thirds of grant holders: 71%, the previous year stood at 72%. Last year saw a 42% success rate and in 2015 this dropped slightly to a 40% success rate – reflecting our commitment to supporting more multi-year grants than smaller, annual grants in their grant giving programme. 28 grants were made from previous multi-year commitments of either two or three years.

Geographical spread of grantmaking

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 Dumfries and Galloway and Aberdeenshire. A grant also supported a project on the Western Isles. The local authority listed refers to the area where the work is being carried out, rather than that 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 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. One project has been awarded funding to work specifically with Dads. Two of the projects we are supporting run baby and toddler groups: our funding will extend provision to allow for a wider range of opportunities such as art and song. Within other grants, monies will specifically target parents who are facing known difficulties in their life, including substance misuse, isolation and poverty. For these families the work will be more intensive to help ensure their children have the best possible start in life despite the circumstances into which they are born. A number of awards have also been made to those who undertake play and related story and song activities, in recognition of the difference this can make for social, cognitive and emotional development.

Other projects

In addition to providing a reactive grant-making service, we have embarked on a number of projects to help shape Trustees' knowledge of our sector and to shape future grant giving activity. We have completed the work on our database and are now able to extract relevant information on our grant programme to understand the profile of organisations we fund, the work they are doing and our geographical distribution.

While the Trust Manager was on maternity leave, we also commissioned an audit of our organisation, undertaken by Lloyds TSB Foundation for Scotland. The audit collected data through desktop research, site visits and interviews with current and former applicants. The key findings confirmed our focus was clear, we have an outcome focused approach and a commitment to multi-year funding. It mapped our funding and this found we allocated funding according to the patterns of deprivation in Scotland.

Trustees' annual report *(continued)*

Future plans

1. We plan to make grants from the income of the funds for the foreseeable future and do not intend to change the theme of the grants programme within the next twelve months.
2. We shall now consider the recommendations of the audit which are mainly regarding improvements to the application and evaluation process, and to consider sharing of the information we gather from the work we fund.

Financial review

Over the year ended 31 December 2015, the value of the investments, after allowing for the various changes, decreased by £313,559. £269,141 (2014: £548,781) 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 expenditure for the year was £138,073 (2014: £52,553) as a result of the losses arising within the investment portfolio.

Investment policy

The Finance Committee met twice 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 made up the committee 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	15%
FTSE All Share Index	60%
FTSE World ex UK Index	20%
Cash (LIBOR)	5%

During the year the Finance Committee worked alongside Schroders, 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 portfolio funds to attain our investment objectives. The Trust's accounts have been prepared covering the calendar year 2015. Over this period under review, the fund decreased in value from £17,052,860 to £16,739,301. The portfolio made sales worth £4,517,001 and purchases of £4,218,241. This represents a portfolio turnover rate of around 27%. The Trust's investments generated an income of £522,713 (2014: £523,403), or a yield of 3.12%. Investment management fees were £75,447 (2014: £71,100).

In the calendar year 2015, the fund decreased in value by 1.8% versus the composite benchmark's rise of 2.1%.

Risk management

We continued to revise and monitor our Risk Strategy during the year. We have identified the key risks we face are categorised as follows:

- The funds to invest and income stream
- Governance and Trustees' responsibility
- Strategy and monitoring
- Operations

Trustees' annual report *(continued)*

Risk management *(continued)*

In order to manage these risks, we have mapped out, in a Risk Strategy, the systems in place to mitigate our exposure to these risks. This includes:

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) 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 this
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) Budgeting and review of expenditure quarterly

Reserves policy

The total reserves are £16,581,717, of which £16,681,971 are endowed reserves and (£100,254) are unrestricted reserves. The unrestricted reserves are in deficit and there are therefore no free reserves. This deficit arose due to the Trustees' ongoing commitment to awarding grants for two and three years, where the assessment considers the project strong enough to warrant this term. The cashflow to meet commitments beyond the current year will be met from future investment income, and Trustees account for this prior to making new grant awards in that year. Furthermore, the unrestricted funds deficit has reduced in this financial year and Trustees will continue to ensure future commitments do not exceed prudent forecasts for income generation from the investment portfolio.

Cattnach'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.

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.

Trustees' annual report *(continued)*

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 26 May 2016 and are signed on behalf of the Trustees by:

A handwritten signature in black ink, appearing to read 'Alastair Wilson', written in a cursive style.

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

We have audited the financial statements of The Cattanach Charitable Trust for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely 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 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.

Respective responsibilities of trustees and auditor

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.

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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of the financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2015, 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 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Chiene + Tait LLP

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

26 May 2016

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 2015

		Unrestricted Fund £	Endowment Fund £	2015 £	2014 £
Income					
Income from investments	3	523,708	-	523,708	525,579
Total income and endowments		523,708	-	523,708	525,579
Expenditure					
Expenditure on raising funds	4	-	(75,447)	(75,447)	(71,100)
Expenditure on charitable activities		(339,171)	-	(339,171)	(619,993)
Total expenditure		(339,171)	(75,447)	(414,618)	(691,093)
Net income/(expenditure) before gains and losses on investments		184,537	(75,447)	109,090	(165,514)
Net gains and losses on investments		-	(247,163)	(247,163)	112,961
Net income/(expenditure)		184,537	(322,610)	(138,073)	(52,553)
Total funds held at 1 January 2015	13	(284,791)	17,004,581	16,719,790	16,772,343
Total funds held at 31 December 2015		(100,254)	16,681,971	16,581,717	16,719,790

All activities relate to continuing operations

Balance sheet
at 31 December 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Investments	9		16,739,301		17,052,860
Current assets					
Debtors	10	8,854		4,497	
Cash at bank		229,581		249,495	
		238,435		253,992	
Current liabilities					
Creditors	11	(281,141)		(397,395)	
Net current liabilities			(42,706)		(143,403)
Total assets less current liabilities			16,696,595		16,909,457
Creditors: Amounts falling due after more than one year	11		(114,878)		(189,667)
			16,581,717		16,719,790
Funds					
Unrestricted funds	12		(100,254)		(284,791)
Endowment funds	12		16,681,971		17,004,581
			16,581,717		16,719,790

These financial statements were approved and authorised for issue on 26 May 2016 and are signed on behalf of the Trustees by:



Alastair Wilson
Chairman

Statement of cash flow
for the year ended 31 December 2015

	2015 £	2015 £	2014 £	2014 £
Cash flows from operating activities				
Net expenditure		(138,073)		(52,553)
Net (gains)/losses on investments		247,163		(112,961)
Income from equalisations and redemptions		12,124		-
Income from investments		(523,708)		(525,579)
(Increase) in debtors		(4,357)		(341)
(Decrease)/increase in creditors < 1 year		(116,254)		97,847
(Decrease)/increase in creditors > 1 year		(74,789)		6,587
		<hr/>		<hr/>
Cash used in operating activities		(597,894)		(587,000)
Cash flows from investing activities				
Investment income	523,708		525,579	
Payments to acquire investments	(4,218,241)		(6,949,435)	
Receipts from sale of investments	4,517,001		6,587,772	
Movement in cash held in investment portfolio	(244,488)		463,637	
	<hr/>		<hr/>	
Cash provided by investing activities		577,980		627,553
		<hr/>		<hr/>
(Decrease)/increase in cash and cash equivalents in the year		(19,914)		40,553
Cash and cash equivalents at the beginning of the year		249,495		208,942
		<hr/>		<hr/>
Total cash and cash equivalents at the end of the year		229,581		249,495
		<hr/> <hr/>		<hr/> <hr/>
Cash and cash equivalents comprise:				
Cash at bank		229,581		249,495
		<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) and the Statement of Recommended Practice (SORP) FRS102 "Accounting and Reporting by Charities" (revised 2015).

(b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by the Charities SORP FRS 102, the restatement of comparative items was required. At the date of transition no restatements were required. No change was required to the opening funds balances, which remained as previously stated:

	31 December 2015			1 January 2014		
	Unrestricted	Endowment	Total	Unrestricted	Endowment	Total
Total funds	(284,791)	17,004,581	16,719,790	(190,377)	16,962,720	16,722,343

In accordance with the requirements of FRS 102 a reconciliation of the net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/(losses) as component of reported income:

Net income/(expenditure) as previously stated	£ (165,514)
Adjustment for gains/(losses) on investments now treated as a component of net income	112,961
2014 net expenditure as restated	<u>(52,553)</u>

(c) 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.

(d) Income

Incoming resources comprise: investment income, which is accounted for on receipt by the Fund Manager; 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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

(e) 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. 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 material. 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.

(f) 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' meetings and the strategic away-day. Other support costs relate to the administrative costs of running the Trust and are allocated to charitable activities accordingly.

(g) 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.

(h) Debtors

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

(i) 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.

(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.

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.

Notes to the financial statements (continued)

2 Trustees remuneration and expenses

No trustee received any remuneration during the year. Travel and meeting expenses of £420 (2014: £2,574) were reimbursed to 3 trustees (2014: 3 trustees) during the year.

3 Income from investments

	2015 £	2014 £
Investment income	522,713	523,403
Bank interest	995	2,176
	<u>523,708</u>	<u>525,579</u>

4 Expenditure on raising funds

	2015 £	2014 £
Investment manager's fees and charges	75,447	71,100

5 Expenditure on charitable activities

	Grants awarded (note 8) £	Support and governance costs (note 6) £	Unrestricted 2015 £	Unrestricted 2014 £
Charitable activities	269,141	70,030	339,171	619,993

6 Support costs and governance costs

	2015 £	2014 £
Support costs		
Staff salaries (note 7)	15,081	21,199
Staff expenses	1,203	4,791
Assessor's fees and expenses	-	12,263
Maternity cover costs	25,743	-
Legal and professional fees	3,075	2,326
Consultancy costs	2,017	1,000
Accountancy fees	9,217	8,754
Subscriptions	471	1,311
Web site costs	6,972	9,641
Insurance	322	772
Bank charges	211	68
	<u>64,312</u>	<u>62,125</u>
Governance costs		
Audit fee	2,720	2,951
Trustees' expenses	420	2,574
Recruitment costs	700	3,162
Meeting expenses	473	400
Trustees' strategic away day/conferences	1,405	-
	<u>5,718</u>	<u>9,087</u>
	<u>70,030</u>	<u>71,212</u>

Notes to the financial statements (continued)

7 Staff costs and numbers

	2015 £	2014 £
Wages and salaries	22,453	21,029
Social security costs	847	170
SMP recovered	(8,219)	-
	<hr/>	<hr/>
	15,081	21,199
	<hr/>	<hr/>
Remuneration and benefits of key management personnel	22,453	21,029
	<hr/>	<hr/>

No employee received emoluments of more than £60,000.

The average number of employees in the year was 1 (2014: 1).

8 Grants awarded	Project type	2015 £	2014 £
Aberdeen City/Aberdeenshire			
Aberlour Child Care Trust – 3 year award	Supporting parents with a disability	-	58,724
Home Start Deveron -3 year award	At home support for vulnerable families	-	28,671
Step by Step in Moray	Parent and toddler group	10,000	-
Argyll and Bute			
Home Start Lorn	At home support for vulnerable families	-	15,000
Home Start MAJIK - 3 year award	At home support for vulnerable families	12,000	-
Dumfries and Galloway			
Home Start Wigtownshire - 3 year award	At home support for vulnerable families	33,000	-
Langholm Playcare Limited – 2 year award	Baby massage	-	11,180
East Lothian			
Dadswork	Work to support dads	-	18,720
Edinburgh			
Dr Bell's Family Centre	Baby massage	-	1,611
One Parent Families Scotland – 3 year award	Supporting dads and their babies	-	53,988
Saheliya	Creche	13,728	13,728
Working on Wheels - 3 year award	Teaching parents about play	33,033	-
Glasgow			
Crossreach – 2 year award	Counselling for post-natal depression	-	20,000
North West Women's Centre	Parent support programme	-	9,450
Reidvale Adventure Play – 3 year award	Outdoor play	-	25,763
South Glasgow Childcare – 3 year award	Bookbug parent and toddler group	-	29,747
CHILDREN 1 ST - 2 year award	Support for parents with substance misuse	20,000	-
Hidden Garden Trust	Activity groups of parents and children	10,965	-
Stepping Stones for Families - 3 year award	Parent and child sessions	32,635	-
Highland			
Home Start Ross & Cromarty – 3 year award	At home support for vulnerable families	-	9,795
Midlothian			
Home Link Family Support – 2 year award	At home support for young parents	-	50,000
Midlothian Association of Play – 3 year award	Upskilling of parent and toddler groups	-	60,375
		<hr/>	<hr/>
		165,361	406,752

Notes to the financial statements (continued)

8	Grants awarded (continued)	Project type	2015 £	2014 £
	Brought forward		165,361	406,752
	North Ayrshire			
	St Peter's Children's Centre – 3 year award	Parent and toddler group	-	59,599
	North Lanarkshire			
	Glenboig Neighbourhood House – 3 year award	Parent and toddler group	-	20,874
	Renfrewshire			
	Barnardo's, Paisley	Dad's work	29,460	-
	Hawick Congregational Community Church - 2 year award	Parent and toddler group	12,000	-
	South Lanarkshire			
	Healthy n Happy	Parent and toddler group	10,939	-
	Healthy Valleys – 3 year award	Parent and toddler group	-	58,003
	Stirling			
	Sistema Scotland – 3 year award	Music for young children and their parents	-	8,700
	West Dunbartonshire			
	Community Arts Open Space	Arts with parents and young children	-	13,509
	Western Isles			
	Barra Children's Centre - 2 year award	Parent and toddler group	9,280	-
	West Lothian			
	Family and Community Development - 3 year award	Parent and toddler group	29,945	-
	Home Start West Lothian - 3 year award	At home support for vulnerable families	15,470	-
	Scotland			
	Grounds for learning – 2 year award	Outdoor play	-	8,000
	Starcatchers Productions – 3 year award	Art interventions for young children	-	30,000
	Refund of unused grants		(3,314)	(56,656)
			<u>269,141</u>	<u>548,781</u>

9 Investments

	Investments £	Cash held for reinvestment £	Total £
Market value at 1 January 2015	16,750,940	301,920	17,052,860
Purchases at cost	4,218,241	(4,218,241)	-
Disposal proceeds	(4,517,001)	4,517,001	-
Dividends and interest received	-	523,006	523,006
Dividends and interest remitted	-	(513,043)	(513,043)
Investment management fees	-	(76,359)	(76,359)
Equalisation and redemption	(12,124)	12,124	-
Realised loss on disposal	(327,307)	-	(327,307)
Gain on revaluation for the year	80,144	-	80,144
	<u>16,192,893</u>	<u>546,408</u>	<u>16,739,301</u>
Historical cost at 31 December 2015			<u>14,907,716</u>

Notes to the financial statements (continued)

9 Investments (continued)

Investments are fair value comprised:	2015 %	2014 %
Equities	94	94
Bonds	-	2
Multi-asset Funds	3	2
Cash held within the investment portfolio	3	2
	<u>100</u>	<u>100</u>

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.

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.

10 Debtors

	2015 £	2014 £
Prepayments	8,854	4,497

11 Creditors

	2015 £	2014 £
<i>Amounts due within one year</i>		
Grants payable	240,869	370,862
Accruals	40,272	26,533
	<u>281,141</u>	<u>397,395</u>
<i>Amounts due after more than one year</i>		
Grants payable	114,878	189,667

Notes to the financial statements (continued)

11 Creditors (continued)

	2015	2014
	£	£
Analysis of movement in grant commitments		
Grant commitments at the start of the year	560,529	457,899
Grants awarded in the year (note 8)	269,141	548,781
Grants paid or written back in the year	(473,923)	(446,151)
	<u>355,747</u>	<u>560,529</u>

12 Funds

	Balance at 1 January 2015	Income	Expenditure	Gains and losses	Balance at 31 December 2015
	£	£	£	£	£
Unrestricted	(284,791)	523,708	(339,171)	-	(100,254)
Endowment	17,004,581	-	(75,447)	(247,163)	16,681,971
	<u>16,719,790</u>	<u>523,708</u>	<u>(414,618)</u>	<u>(247,163)</u>	<u>16,581,717</u>

13 Analysis of net assets by fund

	Unrestricted Fund	Endowment Fund	Total
	£	£	£
Investments	39,770	16,699,531	16,739,301
Current assets	238,435	-	238,435
Current liabilities	(263,581)	(17,560)	(281,141)
Creditors falling due after more than one year	(114,878)	-	(114,878)
	<u>(100,254)</u>	<u>16,681,971</u>	<u>16,581,717</u>

14 Financial commitments

	2015	2014
	£	£
Financial commitments	-	1,000
	<u>-</u>	<u>1,000</u>

15 Related party transactions

There are no related party transactions requiring disclosure.

16 Ultimate controlling party

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