

The Cattanach Charitable Trust

Annual report and financial statements

Registered number SC020902

31 December 2016

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Administrative details

Trustees

Alastair Wilson (Chairman)
Anne Houston OBE (Vice-Chair)
Duncan McEachran
Andrew Millington
Steven Murray
Helen Healy
Ian McLaughlan
Mafe Marwick
Rhoda Reid
Neil Wood

Key management

Rachel Campbell (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
18 Charlotte Square
Edinburgh
EH2 4DF

Trustees' annual report

We are pleased to present our annual report and financial statements for the year ended 31 December 2016.

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 2016 (March, May, September and November) 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, returned to work in February following maternity leave. The maternity leave cover from Lloyds TSB Foundation for Scotland and Barnardo's Scotland continued to the date of our first Board meeting to ensure a smooth handover.

The Trustees who served during the year ended 31 December 2016 were as follows:-

Alastair Wilson (Chair)
Anne Houston (Vice-chair)
Janet Barr (resigned 24 November 2016)
Duncan McEachran
Andrew Millington (Chair of Finance Committee)
Steven Murray
Helen Healy
Ian McLaughlan (appointed 24 November 2016)
Mafe Marwick (appointed 24 November 2016)
Rhoda Reid (appointed 24 November 2016)
Neil Wood (appointed 24 November 2016)

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.

Four new Trustees were adopted onto the Board in November 2016. This was to ensure succession planning for a number of planned resignations in 2016 and 2017. The new Trustees have undertaken a series of briefings and training sessions for their induction. This included training on governance and legal duties, which was also attended by a current trustee. In addition, there has been an opportunity for new trustees to observe Board meetings, visit projects we have funded and meet with staff to ensure systems and processes are understood. We look forward to working with our new members in the coming year.

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

- a. Visits to meet projects we have funded:
Our Board members were all encouraged to undertake visits to see some of the work we have funded and to better understand the difference it is making. This ranged from dads related work, family support, befriending activity and work which deploys music with young children and we saw projects across Scotland. One of our Board meetings took place within a charity we are funding and we thank the Dale Hub 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 in Scottish Grantmakers. We continued our membership of Children in Scotland and receive its journals and regular briefings. Our Manager also attended a training session they hosted on Froebelian practice, which took place at the Cowgate Under 5s Centre in Edinburgh.
- 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 funders fair in Airdrie to help promote our work and meet with potential applicants. We are also pleased to have secured a partnership with Fathers Network Scotland in relation to our Dads Fund.

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.

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 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 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.

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.

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

Trustees' annual report *(continued)*

Objectives and activities *(continued)*

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 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 2015, 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. We awarded 28 new grants which ranged from £3,750 to £10,495 per annum (2015: £2,280 to £10,866 per annum) with a total grants programme for the year of £388,707 (2015: £269,141).

The average size of one year's grant was lower than in the previous year: £8,572 (2015: £9,670) and of those awarded we have given out multi-year grants to over two thirds of grant holders: 75% (2015: 71%). Last year saw a success rate of 40% and this year it stood at 50%. As some of our previous multi-year commitments came to an end, there was greater capacity to increase the number of awards. 20 grants were made from previous multi-year commitments of either two or three years (2015: 28).

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 Highland and Moray. We made our first grant to the county of Clackmannanshire under our current strategy. 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. We have run two different grant programmes for the first time this year, under our early years strategy.

Our **main grants** programme has supported a range of work for vulnerable families. One grant will support vulnerable young women who have been in prison or secure accommodation. We are also providing support to a Family Contact Centre. Story, song and rhyme feature in a number of the grants which host groups of families and young children. And befriending continues to be a model of support which is seen in a number of applications. One of our grants will support organisational development in the early years, for staff training and time to visit other projects in this sector. All the grants under this programme are given to help ensure their children have the best possible start in life despite the circumstances into which they are born.

Trustees' annual report *(continued)*

Achievements and Performance *(continued)*

In the Year of the Dad, we have also established and distributed a specific **Dads Fund**. 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. 10 grants have been awarded under this fund, across Scotland, to a range of organisations to both pilot new work and enhance existing projects. In recognition of the unique opportunity this represents for the sector, we have engaged Fathers Network Scotland and Dads Rock to support the funded organisations and promote best practice in this field, and we thank them for their involvement in this regard.

Future plans

1. We plan to make grants from the income of the funds for the foreseeable future and will review our strategy in October 2017.
2. We will also consider, in October 2017, our evaluation process and the applicability of sharing the information we gather from the work we fund.
3. We have designated a sum of £75,000 to continue our Dads Fund in 2017, in recognition of the difference this funding has made in 2016 and the new work it is allowing to take place.

Financial review

Over the year ended 31 December 2016, the value of the investments, after allowing for the various changes, increased by £2,277,485. £388,707 (2015: £269,141) 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 £2,414,254 (2015: net expenditure of £138,073).

Investment policy

The Finance Committee met four 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 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	0%
FTSE All Share Index	70%
FTSE World ex UK Index	30%
Cash (LIBOR)	0%

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 managed funds to attain our investment objectives. The Trust's accounts have been prepared covering the calendar year 2016. Over this period under review, the fund increased in value from £16,739,301 to £19,016,786. The portfolio made sales worth £3,323,243 and purchases of £3,516,734. This represents a portfolio turnover rate of around 20%. The Trust's investments generated an income of £645,406 (2015: £522,713), or a yield of 3.4%. Investment management fees were £73,629 (2015: £75,447).

In the calendar year 2016, the fund increased in value by 13.6% versus the composite benchmark's rise of 20.8%.

Trustees' annual report *(continued)*

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

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 £18,995,971, of which £18,908,925 are endowed reserves, £75,000 are designated reserves and £12,046 are unrestricted reserves. The unrestricted reserves have moved from being in deficit, as Trustees have been minded to closely monitor the grants awarded and the future liabilities arising from multi-year grants offered to charities.

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

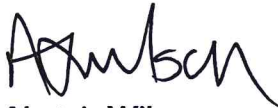
At the time of approving the report we, the Trustees, are aware of no relevant audit information of which the charity's auditors are unaware and have taken all steps that we ought to have taken as Trustees in order to make ourselves aware of all relevant audit information and to establish that the charity's 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 25 May 2017 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 Cattnach Charitable Trust

We have audited the financial statements of The Cattnach Charitable Trust for the year ended 31 December 2016 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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/auditscopeukprivate

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 2016, 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

25 May 2017

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

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 2016**

	Unrestricted Fund	Designated Fund	Endowment Fund	Total 2016	Unrestricted Fund	Designated Fund	Endowment Fund	Total 2015
	£	£	£	£	£	£	£	£
Income								
Income from investments	646,087	-	-	646,087	523,708	-	-	523,708
Total income and endowments	646,087	-	-	646,087	523,708	-	-	523,708
Expenditure								
Expenditure on raising funds	-	-	(73,629)	(73,629)	-	-	(75,447)	(75,447)
Expenditure on charitable activities	(458,787)	-	-	(458,787)	(339,171)	-	-	(339,171)
Total expenditure	(458,787)	-	(73,629)	(532,416)	(339,171)	-	(75,447)	(414,618)
Net income/(expenditure) before gains and losses on investments	187,300	-	(73,629)	113,671	184,537	-	(75,447)	109,090
Net gains and losses on investments	-	-	2,300,583	2,300,583	-	-	(247,163)	(247,163)
Net income/(expenditure)	187,300	-	2,226,954	2,414,254	184,537	-	(322,610)	(138,073)
Transfer between funds	(75,000)	75,000	-	-	-	-	-	-
Total funds held at 1 January 2016	(100,254)	-	16,681,971	16,581,717	(284,791)	-	17,004,581	16,719,790
Total funds held at 31 December 2016	12,046	75,000	18,908,925	18,995,971	(100,254)	-	16,681,971	16,581,717

All activities relate to continuing operations

Balance sheet
at 31 December 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Investments	9		19,016,786		16,739,301
Current assets					
Debtors	10	5,334		8,854	
Cash at bank		332,787		229,581	
		338,121		238,435	
Current liabilities					
Creditors	11	(244,011)		(281,141)	
Net current assets/(liabilities)			94,110		(42,706)
Total assets less current liabilities			19,110,896		16,696,595
Creditors: Amounts falling due after more than one year					
	11		(114,925)		(114,878)
			18,995,971		16,581,717
Funds					
Unrestricted funds	12		12,046		(100,254)
Designated funds	12		75,000		-
Endowment funds	12		18,908,925		16,681,971
			18,995,971		16,581,717

These financial statements were approved and authorised for issue on 25 May 2017 and are signed on behalf of the Trustees by:


Alastair Wilson
Chairman

Statement of cash flow
for the year ended 31 December 2016

	2016	2016	2015	2015
	£	£	£	£
Cash flows from operating activities				
Net income/(expenditure)		2,414,254		(138,073)
Net (gains)/losses on investments		(2,300,583)		247,163
Income from equalisations and redemptions or accrued dividends		(30,565)		12,124
Income from investments		(645,406)		(523,708)
Decrease/(increase) in debtors		3,520		(4,357)
Increase/(decrease) in creditors < 1 year		(37,130)		(116,254)
Increase/(decrease) in creditors > 1 year		47		(74,789)
		<hr/>		<hr/>
Cash used in operating activities		(595,863)		(597,894)
Cash flows from investing activities				
Investment income	645,406		523,708	
Payments to acquire investments	(3,516,734)		(4,218,241)	
Receipts from sale of investments	3,323,243		4,517,001	
Movement in cash held in investment portfolio	247,154		(244,488)	
		<hr/>		<hr/>
Cash provided by investing activities		699,069		577,980
Increase/(decrease) in cash and cash equivalents in the year		103,206		(19,914)
Cash and cash equivalents at the beginning of the year		229,581		249,495
		<hr/>		<hr/>
Total cash and cash equivalents at the end of the year		332,787		229,581
		<hr/> <hr/>		<hr/> <hr/>
Cash and cash equivalents comprise:				
Cash at bank		332,787		229,581
		<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) FRS102 "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. Grant 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.

(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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

(g) Debtors

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

(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) 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 £458 (2015: £420) were reimbursed to 4 trustees (2015: 3 trustees) during the year.

3 Income from investments

	2016 £	2015 £
Investment income	645,406	522,713
Bank interest	681	995
	<u>646,087</u>	<u>523,708</u>

4 Expenditure on raising funds

	2016 £	2015 £
Investment manager's fees and charges	73,629	75,447

5 Expenditure on charitable activities

	Grants awarded (note 8) £	Support and governance costs (note 6) £	Unrestricted 2016 £	Unrestricted 2015 £
Charitable activities	388,709	70,078	458,787	339,171

Notes to the financial statements (continued)

6 Support costs and governance costs

	2016	2015
	£	£
Support costs		
Staff salaries (note 7)	25,741	15,324
Staff expenses	3,871	960
Accommodation costs	4,400	-
Administrative support	1,178	-
Maternity cover costs	-	25,743
Legal and professional fees	3,000	3,075
Consultancy costs	4,262	2,017
Accountancy fees	10,199	9,217
Subscriptions and conferences	1,451	471
Web site costs	8,246	6,972
Insurance	773	322
Bank charges	173	211
	<u>63,294</u>	<u>64,312</u>
Governance costs		
Audit fee	3,490	2,720
Trustees' expenses	458	420
Recruitment costs	2,341	700
Meeting expenses	495	473
Trustees' strategic away day/conferences	-	1,405
	<u>6,784</u>	<u>5,718</u>
	<u>70,078</u>	<u>70,030</u>

7 Staff costs and numbers

	2016	2015
	£	£
Wages and salaries	25,741	22,696
Social security costs	-	847
SMP recovered	-	(8,219)
	<u>23,068</u>	<u>15,324</u>
Remuneration and benefits of key management personnel	<u>23,068</u>	<u>22,453</u>

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

The average number of employees in the year was 1 (2015: 1).

Notes to the financial statements (continued)

8	Grants awarded	Project type	2016 £	2015 £
	Aberdeen City/Aberdeenshire			
	Step by Step in Moray	Parent and toddler group	-	10,000
	Argyll and Bute			
	Fun First – 2 year award	Parent and toddler group	16,586	-
	Home Start Lorn	Befriending	10,000	-
	Home Start MAJIK - 3 year award	Home support for vulnerable families	-	12,000
	Ayrshire			
	Centrestage Communities – 3 year award	Dads work	31,486	-
	Clackmannanshire			
	Home Start Clackmannanshire	Befriending	8,000	-
	Dundee			
	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 - 3 year award	At home support for vulnerable families	-	33,000
	Edinburgh			
	Children 1 st - 2 year award	Dads work	13,961	-
	Circle Supporting Families	Dads work	10,000	-
	Craigmillar Literacy Trust – 2 year award	Speech and Language Support	18,530	-
	Granton Youth Centre	Development of Early Year's Practice	5,542	-
	Saheliya	Creche	-	13,728
	Working on Wheels - 3 year award	Teaching parents about play	-	33,033
	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			
	CHILDREN 1 ST - 2 year award	Support for parents with substance misuse	-	20,000
	CrossReach – 3 year award	Maternal mental health support	17,500	-
	Geeza Break – 2 year award	Parent and toddler group	7,500	-
	Hidden Garden Trust	Activity groups of parents & children	-	10,965
	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	-
	Stepping Stones for Families - 3 year award	Parent and child sessions	-	32,635
	Highland			
	Home Start Caithness	Befriending	10,000	-
	Inverclyde			
	Inverclyde Family Contact Centre – 3 year award	Parent support during supervised contact	15,000	-
	Inverness			
	Trinity Church of Scotland – 2 year award	Dads work	16,600	-
	Carried forward		337,830	165,361

Notes to the financial statements *(continued)*

8	Grants awarded <i>(continued)</i>	Project type	2016 £	2015 £
	Brought forward		337,830	165,361
	Moray			
	Step by Step in Moray – 2 year award	Parent and toddler group	20,000	.
	North Lanarkshire			
	Getting Better Together – 3 year award	Early years parent support programme	30,000	.
	Up 2 Us	Support to young mums	10,000	.
	Renfrewshire			
	Barnardo's, Paisley	Dads work	-	29,460
	Hawick Congregational Church - 2 year award	Parent and toddler group	-	12,000
	South Lanarkshire			
	Healthy n Happy	Parent and toddler group	-	10,939
	Parent Network Scotland – 2 year award	Parent support	14,192	-
	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			
	Parent Network Scotland – 3 year award	Dads work	21,426	.
	Vox Linimis – 3 year award	Dads work	26,820	.
	Refund of unused grants		(71,561)	(3,314)
			388,707	269,141

9 Investments

	Investments	Cash held for reinvestment	Total
	£	£	£
Market value at 1 January 2016	16,192,893	546,408	16,739,301
Purchases at cost	3,516,734	(3,516,734)	-
Disposal proceeds	(3,323,243)	3,323,243	-
Dividends and interest received or accrued	30,565	615,059	645,624
Dividends and interest remitted	-	(597,319)	(597,319)
Investment management fees	-	(71,403)	(71,403)
Equalisation and redemption	(10,119)	10,119	-
Gain realised on disposal	153,602	-	153,602
Gain on revaluation for the year	2,146,981	-	2,146,981
	<hr/>	<hr/>	<hr/>
Market value at 31 December 2016	18,707,413	309,373	19,016,786
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Historical cost at 31 December 2016			15,084,280
			<hr/> <hr/>

9 Investments (continued)

Investments are fair value comprised:	2016	2015
	%	%
Equities	93	94
Alternatives	6	3
Cash held within the investment portfolio	1	3
	<hr/>	<hr/>
	100	100
	<hr/> <hr/>	<hr/> <hr/>
Investments making up more than 5% of the portfolio include:		
- Findlay Park FDS American USD DIS	1,028,881	

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.

Notes to the financial statements (continued)

10 Debtors

	2016 £	2015 £
Prepayments	5,334	8,854

11 Creditors

	2016 £	2015 £
<i>Amounts due within one year</i>		
Grants payable	210,108	240,869
Accruals	33,903	40,272
	<u>244,011</u>	<u>281,141</u>
<i>Amounts due after more than one year</i>		
Grants payable	114,925	114,878

11 Creditors (continued)

	2016 £	2015 £
Analysis of movement in grant commitments		
Grant commitments at the start of the year	355,747	560,529
Grants awarded in the year (note 8)	459,726	269,141
Grants paid or written back in the year	(490,440)	(473,923)
	<u>325,033</u>	<u>355,747</u>

12 Funds

	Balance at 1 January 2016 £	Income £	Expenditure £	Gains and losses £	Transfers £	Balance at 31 December 2016 £
Unrestricted	(100,254)	646,087	(458,787)	-	(75,000)	12,046
Designated	-	-	-	-	75,000	75,000
Endowment	16,681,971	-	(73,629)	2,300,583	-	18,908,925
	<u>16,581,717</u>	<u>646,087</u>	<u>(532,416)</u>	<u>2,300,583</u>	<u>-</u>	<u>18,995,971</u>

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

Notes to the financial statements *(continued)*

13 Analysis of net assets by fund

	Unrestricted Fund £	Designated Fund £	Endowment Fund £	Total £
Investments	88,075	-	18,928,711	19,016,786
Current assets	263,121	75,000	-	338,121
Current liabilities	(238,981)	-	(19,786)	(258,767)
Creditors falling due > one year	(100,169)	-	-	(100,169)
	<u>12,046</u>	<u>75,000</u>	<u>18,908,925</u>	<u>18,995,971</u>

14 Financial commitments

	2016 £	2015 £
Financial commitments	<u>4,075</u>	<u>-</u>

15 Related party transactions

There are no related party transactions requiring disclosure in the current or previous years.

16 Ultimate controlling party

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