

Cattanach SCIO Annual Report & Financial Statements

Registered Number SC049833

31st December 2021

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Administrative details

Reference and administrative information

Trustees	Steve Murray (Chair) Ian McLaughlan (Vice-Chair, Grants Committee Chair) Alastair Wilson (retired on 20 th May 2021) Mafe Marwick Andrew Millington Dr Patricia Jackson OBE Heather Coady Caroline Murray (joined on 1 st January 2021) Jennifer Corrigan (Investment Committee Chair, joined on 1 st January 2021) Rory Marsh (Finance and Audit Committee Chair, joined on 1 st January 2021)
Co-Opted Members	Michael Barr (Investment Committee)
Key management	Dr Sophie Flemig (Chief Executive)
Principal address	Mansfield Traquair Centre 15 Mansfield Place Edinburgh EH3 6BB
Solicitors	Brodies LLP 110 Queen Street Glasgow G1 3BX Eversheds Sutherland 3 Melville Street Edinburgh EH3 7PE
Bankers	Weatherbys Private Bank 2 Rutland Square Edinburgh EH1 2AS
Independent Auditor	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
Accountants	Henderson Loggie LLP 11 – 15 Thistle Street Edinburgh EH2 1DF
Investment Advisors	Sarasin & Partners LLP Juxon House 100 St. Paul's Churchyard London EC4M 8BU
Registered Charity Number	SC049833

Chair's Report

Dear Reader,

Thank you for your interest in Cattanach, the work it does and in the tremendous contributions that the organisations we fund are making for the benefit of early years children across Scotland.

2021 marked my first year as Chair of Cattanach following in the footsteps of Alastair Wilson who did a wonderful job as chair for many years. And whilst I knew the organisation well from my preceding terms as Trustee, I have enjoyed gaining a new perspective on Cattanach and its work over the course of the year. I am also fortunate to have received fantastic support from a wonderful set of trustees and a brilliant Cattanach team led by Dr Sophie Flemig.

COVID-19

The COVID-19 pandemic continued to shape our work in 2021: As in 2020, we increased our grant spending to reflect the heightened need for support we were seeing across Scotland. While our staff were working from home for the first six months of the year, we welcomed the opportunity to meet with grantees, subject to restrictions, in the latter half of the year. Without a doubt, the pandemic exacerbated inequalities and placed further stress on children and families particularly during lockdown. Cattanach is actively engaging with grantees to understand what it means for them and, above all, families with early years children.

Changes to the Board

2021 saw the retirement of our previous Chair, Alastair Wilson, from the Board. Alastair had very kindly agreed to stay on for the first two quarters to facilitate an orderly handover including overseeing the sign off of our annual report as well as leading the Investment Committee. Alastair's service to Cattanach and early years children has been nothing short of outstanding. His legacy is manifold: During his time on the Board and as Chair, Cattanach distributed just under £5 million; he introduced a new investment approach based on a global equities focus; he stepped in during the management transition period and led the Trust in 2018/19; he initiated and drove the conversion from a Trust to a Scottish Charitable Incorporated Organisation (SCIO); and he supported the governance review and restructure leading to our current Committees and Terms of Reference. We are very grateful to Alastair for his dedication and passion. He will be missed and we wish him all the very best for his next philanthropic endeavours.

We also welcomed three new Board members in 2021, Jennifer Corrigan, Caroline Murray, and Rory Marsh. They have been a wonderful addition to our Board and we are particularly delighted that they have taken up leadership roles within their first year already; Jennifer is chairing the Investment Committee while Rory is chairing the Finance and Audit Committee, while Caroline has supported a thorough review of how we manage and engage with risk, both operationally and strategically. These appointments further strengthen what in my view is an already high calibre and diverse board; Cattanach is fortunate to have had the benefit of their insights and leadership through the period.

Highlights of 2021

The report will give you a thorough overview of our activities in 2021, and I would like to highlight a few key developments upfront.

On the back of our 2020 evaluation review, we changed the way we ask organisations to report, focusing on relationships and personal contact while minimising the reporting burden. This is a logical step that follows our grant-making review, which introduced unrestricted funding in the previous year. The feedback has been unanimously positive and we look forward to strengthening our relationships with grantees in this way while fulfilling our duty as Trustees with better information and open communication channels.

The Board is delighted to have started a review of our Theory of Change. Unlike much of the bread-and-butter governance work that boards do, we chose to make this a co-productive experience. Our partners at the Dartington Service Design Lab facilitated the first two meetings of a working group, consisting of staff, Trustees, grantees, and strategic partners, all with a focus on the early years.

Chair's Report (continued)

Highlights of 2021 *(continued)*

We were also delighted to make the first grants on behalf of the Charles Gordon Foundation, with a special focus on early years children from birth to two years of age. The first round of the First 1,000 Days Small Grants was a great success and we look forward to entering the next phase of our partnership, with extended grant-making on behalf of CGF in 2022.

Finally, we were able to hold an in-person Strategy Day in November 2021. It was the first opportunity to meet staff and fellow Board members since the start of the pandemic. We focused on our medium-term strategy to make sure we are in the best position to respond to the new Theory of Change and develop a new strategy on its basis in late 2022.

Special Thanks

Of course, the Board could not have achieved any of this without our dedicated staff team, whom we would like to thank for their drive, hard work, and dedication to their roles. We are also grateful to our contracting partners: our accountants, led by Ashleigh Thomas, at Henderson Loggie LLP; our web design and communications support at Gecko Agency Ltd.; our admin support through Becca Llewellyn; our banking team at Weatherbys; our portfolio managers, led by Oliver Bates, at Sarasin & Partners LLP; our legal advisors at Brodies LLP and Eversheds Sutherland LLP; and, last but not least, our auditors at Chiene + Tait.

With my best wishes,



Steve Murray
Chair

25 March 2022

Chief Executive's Report

Dear Reader,

We are so grateful that you are looking back with us at our 2021. This marks my third year at Cattanach and it remains a great privilege to be working with a phenomenal team and wonderful Trustees to improve the lives of early years children in Scotland. It has been a busy year and I am very proud of what we have achieved together. Needless to say, there is even more to be done but I am confident we are more prepared than ever to face the challenges ahead.

Reflections on 2021

We all have experienced the ongoing effects of the COVID-19 pandemic and understand that the experience of restrictions, lockdowns, and gradual reopening has been a highly unequal one across our society – contrary to much media coverage, this particularly applied to the youngest. Cattanach has tried to provide the best support possible for organisations who were offering a lifeline to so many early years families, while also raising awareness about the issues they were, and still are, facing. There has been plenty of learning in this for us and we endeavour to use the insights we have gained, and relationships we have formed, over coming years.

Pre-existing inequalities have been exacerbated and we are seeing the devastating effects of poverty worsen. Our work has been focused on attachment and relationships between early years children and their families and carers, but many organisations are reporting that they cannot even get to delivering this kind of work because there is such an acute need to support with housing, food, and the bare necessities of life. It is easy to point to the beneficial effects of attachment-based parenting, with bed-time stories and responsive play, but as a funder we also have to reflect on the role we can play to ensure that families have the space – mentally, physically, financially – to do so.

Children's Rights

Children's human rights have been a key focus for us in 2021 and a children's human rights-based approach has become embedded in what we do and how we do it. With the – hopefully – imminent incorporation of the United Nations Convention on the Rights of the Child (UNCRC) in Scotland, we see it as our shared responsibility to make sure that early years children are aware of their rights and can exercise them. This has been reflected in our strategic funding, supporting the Children's Parliament for their Year of Childhood with an early years focus, as well as in our learning offers, where So What? seminars and specific training on the UNCRC and their application to early years work have been particularly well attended. We have also partnered with other funders, most notably BBC Children in Need, to discuss our role in the UNCRC implementation and were delighted to host a joint learning event for UK funding bodies. There is much more to do and we are delighted to work with wonderful partners to drive a children's human rights-based approach in Scotland.

Grantee Voices

It has been a pleasure to connect to new and old grantees throughout 2021; you will see more details in the report, but suffice it to say that we believe more than ever in the relationship-based funding approach we practice. Grantees have kindly provided us with feedback and ideas for how we fund, what we fund, and how we structure our non-monetary support, in particular around learning and development for those working in the early years. We are indebted to our grantees and partners in many ways, and very grateful for the work they do.

Chief Executive's Report (continued)

Our Team

None of this would be possible without a strong team and I would like to express my sincere gratitude to Jemma Slater and Amy Baker, who have been going from strength to strength this year. It has been a pleasure to welcome fantastic new Board members in 2021 – Caroline Murray, Jennifer Corrigan, and Rory Marsh, especially as we were saying goodbye to our long-standing Chair, Alastair Wilson. I have thoroughly enjoyed working with Alastair and would like to thank him so very much for his passion, open ear, and advice. It has also been wonderful to work with a Board who understand the importance of reflecting on our position of power and the responsibility that comes with it; our co-produced Theory of Change, supported by the Dartington Service Design Lab, is but one example of how we are working to make our grant-making more transparent and accountable, and to maximise the public benefit we provide to early years children through our endowment.

Together, we endeavour to be the best grant-maker we can be and we look forward to working towards this joint goal throughout 2022 and beyond.

With my warmest regards,



Dr Sophie Flemig
Chief Executive

25 March 2022

Trustees' annual report and strategic retrospective

We, the Trustees of Cattanach, are pleased to present our annual report and financial statements for the year ended 31 December 2021.

Objectives and activities

Our Objectives

We strongly believe that the early years of a child's life have the biggest potential to build resilience and strength and to address otherwise lifelong inequalities. 2021 saw us support organisations that help children from pre-birth to around school age and their families to have a better start to life by supporting healthy relationships within many forms of family or care structure. Following the Charities and Trustee Investment (Scotland) Act 2005, our charitable objectives are: **to relieve poverty, advance education, support citizenship or community development and support those in need by reason of age, ill health, disability, financial hardship or other disadvantage.**



We currently offer three pillars of support:

- 1) Direct grant-making
- 2) Funder Plus offers to our grantees and other organisations
- 3) Knowledge exchange around policy and research with grant-making partners, the early years sector, and governments at all levels

We constantly strive to do the best we can with the resources endowed to the Trust. This includes the following four considerations:



Our grants

We are offering reactive and strategic grants to charitable organisations of all sizes that support very young children and their families. We also provide ongoing and intensive 'Funder Plus' support before and during the proposal stage, as well as once a grant has been awarded.



Relationship-based grant-making

Young children and their families are at the heart of what we do and we see our relationship with grantee organisations as a partnership – we work together to improve the lives of very young children here in Scotland: we provide financial assets while they contribute their skills, experience and expertise.



Our investment policy

Since our portfolio is our most important source of income, we are investing it in line with our values and in such a way that we can continue our grants programme at the current level or beyond. Our investment policy statement is built on this premise.



Co-production and partnership work

We understand that we are part of a wider community and will actively seek to work with others for the good of very young children – this includes grantees and other funders as well as sector bodies or policy makers. We want to build meaningful and equal relationships between us and our partners.

Through our work, we aim to make a significant contribution to the [National Performance Framework's](#) focus on children, in particular to [Scotland's National Outcome](#) - 'Our children have the best start in life and are ready to succeed'.

Our Values

Values are guiding principles that we live by and are the basis for our overall approach and any decision-making. As part of the reflection and restructuring exercise undertaken in 2018, we decided that Cattanach should adopt a set of values that reflect our desired ethos and behaviours, and that stand at the core of all activities we perform as a charity, members of staff, Board, and as individual Trustees.

We have four Cattanach values, which guide our strategy and operations, but also how we interact with each other, our grantees and partners. These are:



INTEGRITY

We strive to be fair, ethical and accountable.



LOVE

We recognise the importance of nurturing relationships, with kindness and compassion at the heart of all our work.



CONSIDERATION

We are mindful of the challenges, hopes and aspirations of others.



HOPE

We are passionate about enabling change through our work with partners and the organisations we support.

These values underpin our actions on all levels and continue to influence our responses to the key challenges early years children and their families face. We also use our values in our recruitment exercises, for staff and for Trustees. Visually, they form the basis of our logo, which itself is formed of four hearts – one for each value – while also representing the targeted focus of our work on very young children and the principle of working together to achieve our ambitions.

Our Activities

The biggest and most significant part of our work is the awarding of grants, which in turn allows funding to provide services and initiatives for the children and families we look to support. We also work towards raising the profile of the early years in policy and public debate. We chair the Funders for the Early Years Group Scotland and are also represented in other grant maker groups, such as the Scottish Grantmakers, the Scotland Funders' Forum, the SCVO Funders' Group and the UK Early Years Funders Group. We attend funding events across the country, in person and virtually, and contribute to events relevant to the early years sector. We strive to uphold children's rights through our actions and funding, and look forward to driving the implementation of the United Nations Convention on the Rights of the Child (UNCRC) once incorporated into Scots law.



Pillar 1 - Grant-making

Our Activities (continued)

In making grants, we continue to follow a philosophy based on trust and meaningful relationships:



We give clear guidance about what and how we fund.

We are doing our best to combine easily understandable criteria for funding with reasonable flexibility and prioritise relationship-building from the first interaction with those wishing to send us a proposal. Our website contains many resources to support prospective and current grantees and offers transparency around dates and processes. This approach is also reflected in our feedback (irrespective of whether a proposal was successful or not) and offers of capacity building support through our Associates. As part of our Theory of Change work in 2022, we will be reviewing our funding philosophy and processes to make sure our efforts are targeting the right levers.



We allocate multi-year funding whenever we can.

Cattanach understands that when it comes to making a difference to very young children, relationships are what matter most. And to build trust with families, organisations need stability and staff that are well supported, including stable employment. To this end, we are offering multi-year funding of currently three years for our own grant-making streams with the option for tapered funding in years four and five. We continue to critically discuss how we can balance multi-year commitments with new grants at each Grants Committee meeting.



We aim to minimise funding restrictions.

We minimise restrictions on funding as much as we can and are allocating unrestricted funding if possible. In most cases, we broadly restrict funding to any expenditure, including core costs, that relates to work with early years children within a grantee organisation. Cattanach believes that organisations know best how they can support children and their families and want to make sure our grants do not create a barrier to be agile and responsive to needs and opportunities.



We ask grant holders to think about outcomes and evidence the impact they are making in appropriate ways.

In 2020, we worked with the Dartington Service Design Lab to improve our approach to evaluations and impact measurement. As a result, we agreed to focus on an evaluation approach that supports organisations in their own improvement process, with the goal to offer the best services to early years children and their families. In 2021, we adopted a lighter-touch approach to evaluations, making sure to offer personal support along the way but restrict the reporting burden to where it adds most value – at the end of our grant period. Our goal is to use evaluations as a tool to support grantee learning, making sure that any data gathered are proportionate and contribute to continuous self-improvement.



We take due diligence on organisational finances, governance, child protection and safeguarding seriously.

As part of the proposal process, our staff members scrutinise relevant documents and policies and discuss finances, governance and, in particular, child protection with organisations. We offer support to make sure these are of the highest standard, even if we cannot offer funding. Our staff and Board have been specifically trained in child protection and play the role of a critical friend to organisations as part of the proposal process. Our Grants Committee and Board take due diligence into account as much as outcomes when coming to their funding decisions.

Our Activities (continued)

Our funding process is designed so that Cattanach staff can be part of 'Team Charity', offering honest feedback and supporting organisations to reflect their great work in their proposals. We strongly believe in the importance of a relationship-focused approach to grant making. Since 2020, we offer an introductory virtual call to any organisation interested in submitting a proposal to give advice about the proposal process and the kind of work we fund. We were delighted to resume in-person visits in 2021, and continue to offer virtual calls as an alternative if and when this is more appropriate.

Our Grants Committee, which consists of three Trustees and at least two Associates, is now moving into its second year of operation and we have seen great improvements to the quality of our proposal review and feedback. Cattanach Associates are experts from various early years fields who support the Grants Committee in making often difficult choices about prioritisation and the allocation of funding. This has two great advantages: we are gaining invaluable frontline experience from various early years fields, and addressing some of the power imbalance between funders and funded organisations, giving the sector a voice in our grant-making. Fairness and transparency are key to how we work, and we manage any potential or perceived conflicts of interests proactively and clearly.



Pillar 2 – Funder Plus Offers

We were delighted to introduce our expanded Funder Plus offer in 2021, with the aim of offering non-monetary support to organisations working with early years children. This included a mix of learning offers, such as our SoWhat? knowledge exchange seminars, bespoke training, e.g., writing for reports and social media, as well as sponsored places for non-Cattanach training, for instance on work with fathers. We were particularly pleased that we were able to offer bespoke training on attachment in early years practice, developed and delivered by two of our Associates. As in 2020, Cattanach Associates also offered individual support to our grantees and some organisations that we did not grant to. This capacity building work included early years service design, strategic reviews, and facilitation of partnership work.



Pillar 3 – Advocacy and Research

Cattanach does not only strive to make a difference through work that supports organisations directly. We also aim to use the insights gained through our early years grant-making practice to inform policy and practice.

Together with BBC Children in Need, and supported by the Children's Parliament and Together (Scottish Alliance for Children's Rights), we hosted a half-day webinar on the United Nations Convention on the Rights of the Child (UNCRC) in September 2021. In addition to case studies from inspiring organisations and colleagues, both from within Scotland and further afield, we were delighted that the Scottish Government's Minister for Children and Young People, Claire Haughey MSP, joined us and delivered the opening remarks for the event. Most importantly, the event featured children who shared their own experience about how a children's rights-based approach made a tangible difference to their lives.

We followed up this event by hosting a well-attended workshop on the UNCRC as part of the Association for Charitable Foundation (ACF) annual conference, again supported by colleagues from the Children's Parliament and Together.

Our Activities (continued)

Since we convened its first meeting in 2020, we have been chairing and offering secretariat functions for the Funders for the Early Years Group Scotland (FEYGS). Based on FEYGS discussions, Cattanach commissioned a project on behalf of the group to find ways of meaningful collaboration among independent funders and local government.

On the research front, Cattanach collaborated with the [Carnegie UK Trust](#) and [Children in Scotland](#), to commission Dr Katherine Trebeck of the Wellbeing Economy Alliance to produce research on how Scotland can develop a wellbeing budget for children. The work was supported by Cattanach's policy and research officer. We are delighted that the [final report](#) 'Being Bold', published in March 2021, was met with great interest from public and voluntary sector stakeholders alike. Cattanach is committed to seeing actual change happen on the back of 'Being Bold' and has commissioned the Wellbeing Economy Alliance Scotland to work on a demonstration project. 'Love Letham', which is run in partnership with Perth and Kinross Council, began in the summer of 2021 and we look forward to seeing the culmination of the project in summer 2022.

We also embarked on two projects in 2021: we commissioned research work on holistic family support, co-funded with the William Grant Foundation, and, are delighted to have started our first official collaboration with the National Endowment for Science, Technology and the Arts (NESTA), on access to early years services in Scotland. Both research projects are due to report in 2022.

Cattanach remains an active member of the [Third Sector Research Forum](#).

Our Achievements and Performance in 2021

Our Grants – Overview and Statistics

Cattanach remains firmly committed to the early years, with a particular focus on strengthening relationships between children from pre-birth to about 3 years of age and their carers. True to our intent to support children and their support systems, some work has also included older siblings or allowed for a smoother transition between early years and school programmes, funding services for children up to school age. We awarded 38 new grants which ranged from £1,400 to £53,208 per annum (2020: 60 grants ranging from £500 to £100,000 per annum) with a total grants programme for the year of £1,358,948 (2020: £1,116,891).

The table below gives more detail around the different types of grants that were awarded during 2021:

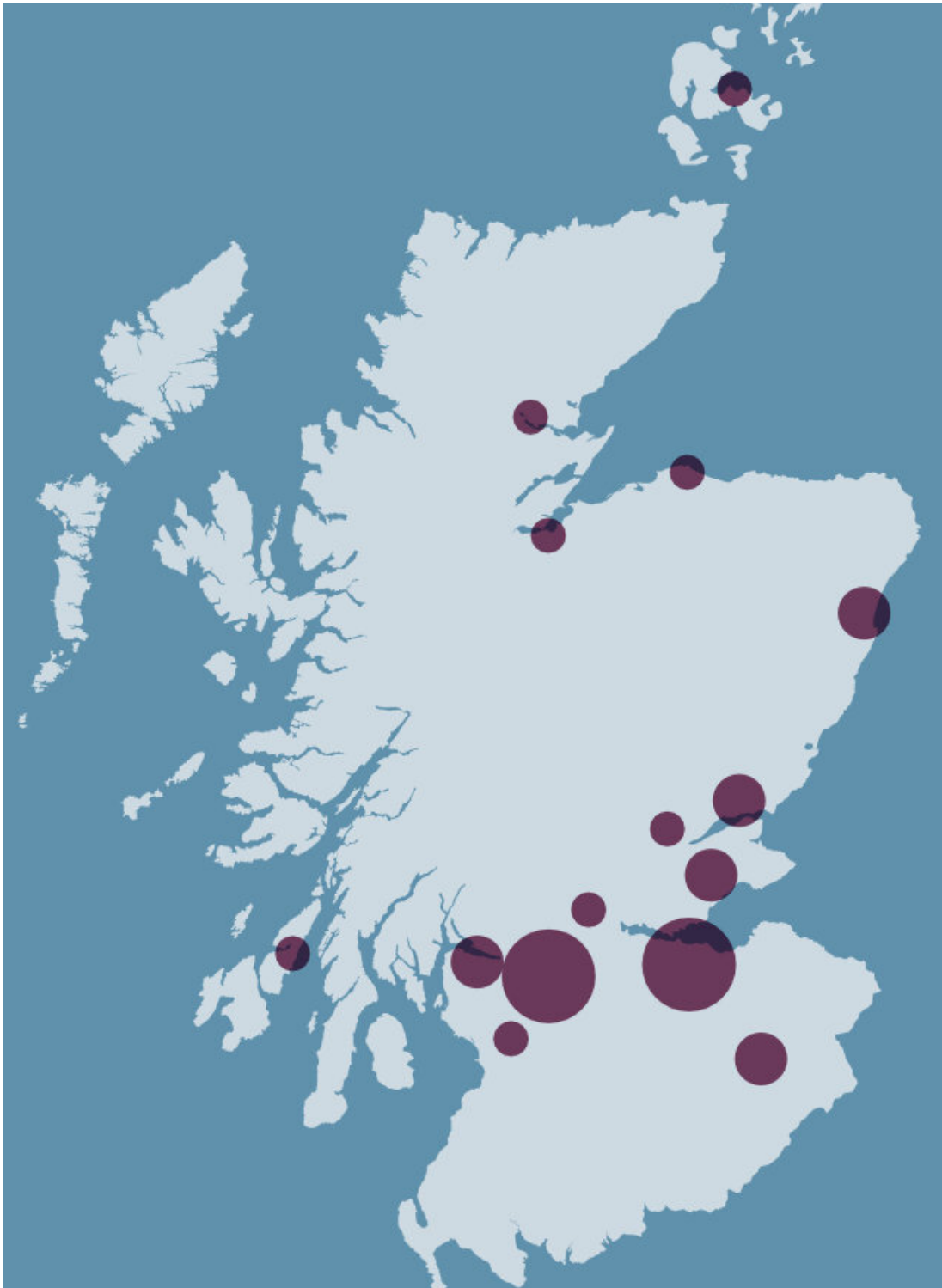
Type of grant	Number of grants	Average grant (single year awards in £)	Largest grant (in £)	Smallest grant (in £)	% of multi-year grants
Core grants <i>Cattanach grants as part of our main grants programme.</i>	14	Nil	25,000	1,400	100%
Strategic grants <i>Cattanach grants as part of our strategic programme.</i>	6	38,962	53,208	20,000	0%
Capital grants <i>Additional grants from the use of capital to respond to pandemic needs.</i>	10	9,150	24,995	5,980	90%
First 1,000 Days Small grants <i>Collaboration with our partners at the Charles Gordon Foundation with a specific focus on children from birth to two years of age.</i>	8	Nil	15,763	5,958	100%
All Grants	38	35,963	53,208	1,400	82%

In addition, there was one grant originally awarded in 2020 which was granted extra funds during the current year, dealt with as grant adjustments to the original award. Two grants originally awarded were paid out at a slight adjustment to the original amount. No grants were cancelled in 2021 (2020: one grant adjustments).

The average size of one-year grants (excluding Strategic Grants) was larger than in the previous year: £9,150 (2020: £9,114) and, of those awarded, we have given out multi-year grants to 82% of grant holders (2020: 25% overall, 60% excluding the one-off COVID-19 response grants). Last year, of those who applied for a main grant, 40% were awarded funding. This year the figure stood at 29%.

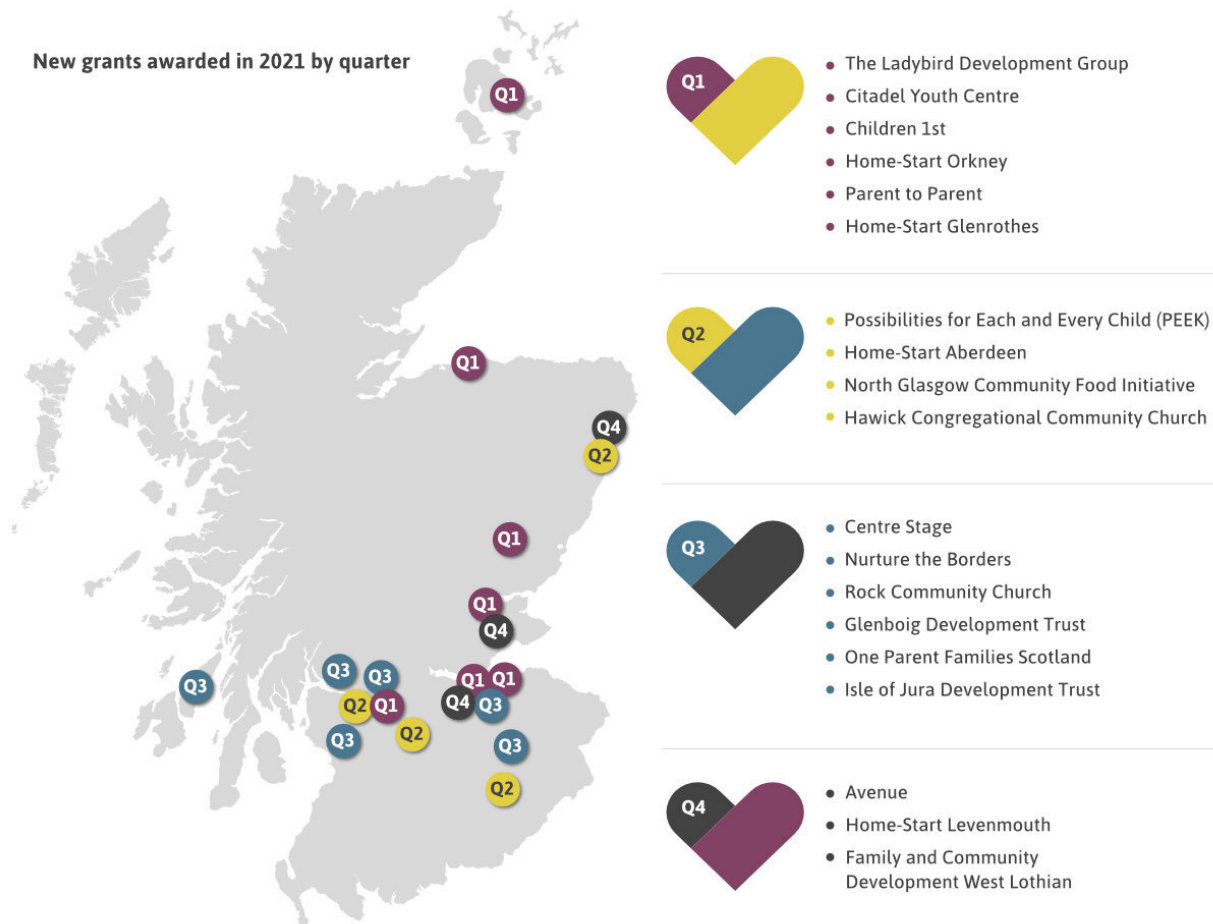
Our Grants – Geography

The map shows where our funded organisations are located across Scotland, while further details on the type of work funded is displayed in Section 8. We continuously strive to widen the spread of grants beyond the central belt and are looking to include place-based work in 2022. Most awards continue to reach the most populous areas in the central belt cities (led by Glasgow and Edinburgh) as has been the case in previous years. We continue to fund in more rural settings including the Highlands (Inverness), Orkney, Moray (Lossiemouth) and Argyll and Bute (Isle of Jura).



Trustees' annual report and strategic retrospective (continued)

To illustrate this year's activities, new grants awarded (Cattanach main grants and those funded from capital) in 2021 are shown, split by quarter of award, on a separate map.



As in previous years, we continued to support Scotland-wide projects as well. Our partnership with the Parent Infant Foundation (PIF) is ongoing and directly supporting the development and design of infant mental health provision in Scotland. This project continues to be co-funded with the William Grant Foundation (WGF) and the Charles Gordon Foundation (CGF). We also funded the Children's Parliament for their Year of Childhood, with a specific focus on children's rights and early years children as well as the Unfearties initiative, together with the Scottish Government and the Corra Foundation. Our support for the work of the Independent Care Review continues and we awarded funding to The Promise Partnership, which supported children in care and at the edges of care. Finally, we co-funded the nation-wide 'Healthier Pregnancies, Better Lives' coalition, coordinated by the Queen's Nursing Institute Scotland, together with the National Lottery Community Fund Scotland.

As our only place-based funding project, the Wellbeing Economy Alliance Scotland was working alongside Perth and Kinross Council to create the 'Love Letham' project, which is demonstrating how a children's rights and wellbeing budget can be created.

Our Grants – Thematic Focus

Our strategic theme is attachment-focused early years work, with a focus on asset-based funding approaches that work with children and families' strengths rather than highlighting any potential deficits. Within this remit, we have funded a multitude of different projects and organisations. Since 2020, our grants programme has been amended to reflect our [Stepping Stone](#) strategy, with further changes being discussed as part of our Theory of Change work.

Our **Main Grants** programme has supported a range of work for early years children and their families. Grants under the Main Grants programme are intended to help provide children with the best possible start in life, promoting resilience to support them through any adversities they may face. Themes in 2021 included holistic family support, in particular where statutory services were delayed or restricted due to the pandemic. We have continued to fund a range of fathers-focused work and will continue to do so going forward. Wider challenges, such as income/benefit maximisation or access to food, clothing, heating and housing, became even more pressing throughout 2021 and many early years organisations had to divert support to these essential areas.

From the summer of 2021 onwards, we were finally able to visit prospective grantees again where circumstances allowed. Over the course of 2021, Cattnach staff visited 22 organisations and held 67 virtual calls. This intensive support is crucial to our grant-making approach and helps us to build a trust-based relationship from the first interaction.

2021 marked the second year of our **Strategic Grants** programme, through which we fund projects that are wider in scope and focus on setting up or improving the environment in which children, families, and early years organisations live and work. Strategic grants were awarded to the Children's Parliament for their Year of Childhood and the Queen's Nursing Institute Scotland for their 'Healthier Pregnancies, Better Lives' coalition, focusing on parents pre-conception health (physical and mental) and its importance for child health and wellbeing.

Trustees also approved the use of strategic funds for internal development purposes, such as the development of a new Theory of Change, supported by the Dartington Service Design Lab.

Strategic work from our strategic projects was ongoing (Parent-Infant Foundation Infant Mental Health Scotland Trailblazer project; Wellbeing Economy Alliance Scotland; the Promise Partnership).

In 2021, we distributed £150,000 on behalf of the Charles Gordon Foundation through a separate grants programme, the **First 1,000 Days Small Grants**. These two-year grants, ranging from £5,000 to £7,500 per annum, focused specifically on support for children from birth to two years of age, with preference for a holistic approach to child wellbeing and family support.

Innovations resulting from the ongoing COVID-19 pandemic

Cattanach was clear that, as an independent funder, we have an active duty to support organisations through the COVID-19 pandemic as best we can. The pandemic affected early years children just as much in 2021 as in 2020. Many challenges are unlikely to disappear with the pandemic; most predate COVID-19 and have been further exacerbated by it. We reflected our ongoing commitment to finding solutions through various changes in 2021:

- **Augmented grants budget for 2021:** As in 2020, we used capital to increase the grants we could offer through our main grants programme. Long-term approaches to our budget will be considered based on our new Theory of Change in 2022.
- **Unrestricted funding:** We introduced a new funding approach, including unrestricted funding categories, in 2020. Trustees confirmed this change in 2021 with a full report to be shared in 2023.
- **Relaxed reporting:** After relaxing reporting requirements due to the pandemic, we adopted a new way of evidencing outcomes, described in more detail below.

Our Partnerships

We are pleased that we were able to substantially increase our partnership work over the course of 2021. Our valued partnerships included other funders, sector bodies, and the public sector. We continue to use our convening power to amplify the voices of the charitable organisations we fund and the beneficiaries they serve. The following relationships in particular have been integral for our new ambition and we are grateful to our partners:



Charles Gordon Foundation

In 2021, we administered £150,000 in two-year small grants ([First 1,000 Days Small Grants](#)) on behalf of CGF. This funding stream was addressing organisations working with children from birth to two and their families in Scotland. We also continued to enjoy strategic discussions throughout the year and jointly supported the Infant Mental Health Trailblazer project in Scotland, delivered by the Parent Infant Foundation. We look forward to working with CGF colleagues in the future.



William Grant Foundation

We were delighted to continue our partnership with the [William Grant Foundation \(WGF\)](#) throughout 2021. With consent of our grantees, we shared proposals sent to us with the WGF to provide an overview of early years work across Scotland. We also continued to co-fund infant mental health work through the Parent Infant Foundation, and shared strategic funding opportunities throughout the year. Cattanach benefited greatly from WGF insights on modern grant-making, in particular reserves and their initiative around bringing funders together to discuss child protection and safeguarding. The Cattanach team and Trustees are very grateful for WGF's generosity in sharing their insights and learning and look forward to many more years of partnership working.



Parent Infant Foundation

The [Parent Infant Foundation \(PIF\)](#) team are providing support to practitioners and organisations all across the UK who want to form a specialised parent infant relationship team. Our partnership with PIF, jointly funded with the William Grant Foundation and the Charles Gordon Foundation, seeks to support the statutory and voluntary sectors in building parent infant relationship teams to work within and/or alongside NHS perinatal and infant mental health teams. Two partner health boards – Lothian and Highlands – received targeted support on their theory of change, service design, and delivery. PIF also built a virtual community of practice for professionals across Scotland. At the beginning of the project there was one established team in Scotland, the [Glasgow Infant and Family Team \(GIFT\)](#), which exclusively sees children in foster care up to the age of 5. There are now three new infant mental health teams operational with two new teams almost operational and the remaining nine boards at various stages of planning. We would like to thank PIF's Scotland Development Lead, Dr Rachel Fraser, for her passion, expertise, and experience; together with the entire PIF team, she has been a great professional source of insight for Cattanach's operations and strategy for early years funding in Scotland.



BBC Children in Need

Building on existing relationships, we were pleased to form a closer partnership with [BBC Children in Need](#) around our joint interest in children's human rights and the UNCRC incorporation in Scotland. In September 2021, we co-hosted a virtual event on funding children's rights-based work, with a specific focus on independent funders and their role. We look forward to building on the first event to galvanise support, not just for children's rights but also for embedding them in all elements of public life.



Children's Parliament

Over the course of 2021, we did not just support the [Children's Parliament](#) for their [Year of Childhood](#) work, but formed a close partnership in support of children's rights across all of Scottish public life. This included joint events and a further project on demonstrating the value and essential nature of involving children – even the youngest – in all decisions that affect their health, safety, and happiness. We are proud to stand for children's human rights as [Unfearties](#) and will do our utmost to help embed the UNCRC in Scotland.



Oxford Brain Story

Since our funding focus is on attachment, we relished the opportunity to work with Oxford University on piloting their [Oxford Brain Story](#) programme with our grantees. With a choice between the full 20-hour online certificate course and a range of bespoke, shorter options, the Brain Story team provided a unique opportunity for our grantees to learn more about child development and the role of attachment in the early years.



Wellbeing Economy Alliance Scotland (WEAll Scotland)/Perth and Kinross Council

In 2021, we built on our partnership with the [Carnegie UK Trust](#) (CUKT) and [Children in Scotland](#) (CiS), which culminated in the report, 'Being Bold' by Dr Katherine Trebeck of the [Wellbeing Economy Alliance](#). Cattanach was pleased to support the translation of the report into practice, through extending our partnership to the Wellbeing Economy Alliance Scotland, who embarked on a demonstration project on children's wellbeing and rights-based budgeting with Perth and Kinross Council. This project is now known as '[Love Letham](#)', Essential to building a wellbeing budget here is a participatory approach, where infants and future generations, as well as the people of Letham, are key stakeholders in decisions that are made. We are excited to see this work unfold over the coming year and hope it sets a precedent for much needed systemic change to benefit the youngest children and their families, among others.

How we monitor outcomes

Cattanach aims to be a supportive and enabling funder and this includes reporting outcomes from our grantees. Based on the review conducted by the Dartington Service Design Lab in 2020, we implemented changes to our outcome and impact reporting strategy. We are delighted that these were received with unanimously positive feedback from existing and prospective grantees.

We continue to monitor the performance of our grants on a regular basis. Charities indicate at least three outcomes they seek to achieve through the work we are asked to fund at the proposal stage. For those who have been awarded a multi-year grant, we ask for a check-in in the form of a visit (by staff and when appropriate and possible one or more Trustees) or call at the end of years one and two. This check-in allows us to understand organisations' circumstances. In some cases, we are able to increase funding if warranted by developments or to support organisations through our Associates and further learning opportunities. We then ask for an evaluation report within three months of the project's end date. To understand our grantees' work and the outcomes they achieve, we welcome reports that include case studies, artwork and photographs (with appropriate consent). In 2021, Cattanach staff visited 13 organisations in person and had 23 virtual calls for evaluation purposes.

Key themes raised during these visits and calls included the detrimental effects of systemic challenges – such as poverty and reduced statutory services during the pandemic – on the delivery of early years services by our grantees, and the emerging negative impact of pandemic measures on children's outcomes (e.g., speech/developmental delays, attachment anxiety, etc.).

How we communicate externally

Throughout 2021, the Cattanach team worked hard to improve the way we interact with our grantees and other stakeholders, virtually and in person. We extended our website to include augmented early years resources in our learning hub, which also features the events we organise for grantees.

Our social media channels now include Twitter ([@CattanachSCIO](#)), [Instagram](#), and [LinkedIn](#), as well as a private Facebook group for grantees. These virtual communication channels remain key especially to maintain close connections to areas in Scotland that we otherwise would have been less present in, for instance the Highlands and Islands. Across our media channels, our posts were viewed almost 50,000 times, while increasing our post engagement in 2021 by 140%, and augmenting our followers by a third to just under 900.

We are particularly proud to have launched the Cattanach Loop, a monthly newsletter for our grantees, stakeholders, partners, and all those with an interest in the early years in Scotland. Within the first year, we have gained over 120 subscribers.

Our Structure, Governance and Management

Cattanach was originally set up as a trust by Miss Phyllis Mary Cattanach in 1992, with broad charitable purposes. In 2011, the Board made use of the powers the Trust deed granted them to adopt a thematic focus on the early years. Considering best practice and organisational advantages, Trustees decided in 2019 to transition the Trust into a Scottish Charitable Incorporated Organisation (SCIO). We became a SCIO on 24th December 2019. Over the course of 2020, all relationships and assets were transferred from the Cattanach Trust to the new entity – Cattanach – and we wound down the Trust in early 2021.

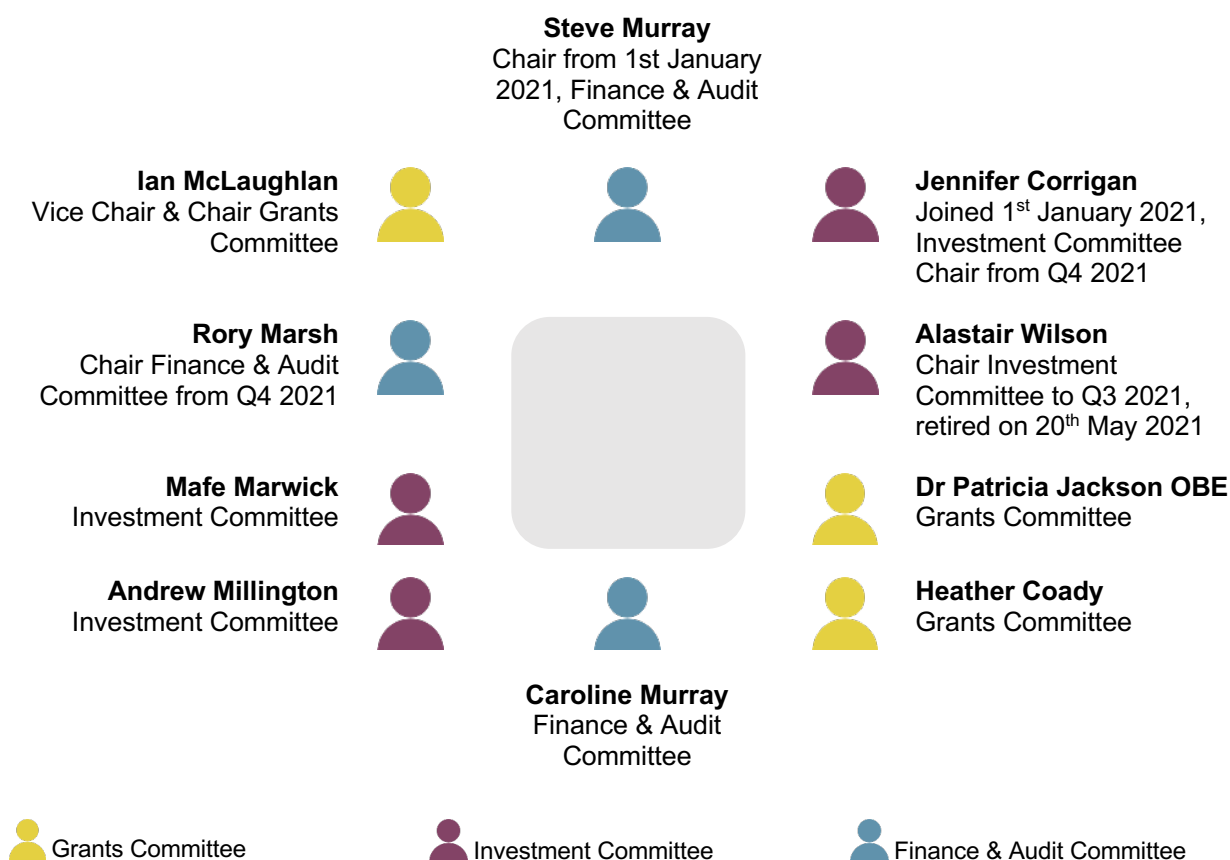
Our [Terms of Reference and Schedule of Internal Delegation](#) set out that each Trustee will be a member of at least one of our three committees, which are the Finance and Audit Committee, the Investment Committee and the Grants Committee. Each committee has specific responsibilities for closer scrutiny of Cattanach business, and reports to the full Board at least quarterly at our Board meetings. Committees make recommendations for the consideration of the full Board, which retains all decision-making authority.

We had four regular Board meetings in 2021 (February, May, September and December) to distribute grants and conduct other business. The Finance and Audit Committee met quarterly, while the Investment Committee had three separate meetings, with the Q3 meeting held as part of the main Board meeting; this allowed all Trustees to speak to our portfolio managers, Sarasin and Partners LLP, directly. The Grants Committee held quarterly meetings and an extraordinary meeting in July 2021 to make recommendations on the new small grants programme.

Trustees were supported by the Chief Executive, Dr Sophie Flemig, who is leading the operations of Cattanach.

Our Structure, Governance and Management (continued)

The Trustees who served during the year ended 31 December 2021 were as follows: -



Trustees were supported by Michael Barr as Co-Opted Chair of the Finance and Audit Committee until Q3 2021. Michael is not a Trustee but was appointed with a specific remit; while he presented FAC recommendations to the full Board at three meetings, he was not involved in Board decisions. Cattanach is enormously grateful for Michael's expert advice and guidance and thanks him for his efforts. With the arrival of our new FAC Chair, Rory Marsh, Michael has become an Associate and was co-opted to the Investment Committee.

After the Q2 2021 meeting, our previous Chair, Alastair Wilson, resigned from his role as Investment Chair and Trustee after over a decade of service to Cattanach and early years children. We are indebted to Alastair for his dedication to Cattanach and grateful for the changes he has supported over the years.

Trustees are appointed initially for a period of three years with an option to stand for another three-year term, and, in exceptional circumstances, a final three-year term. Office bearers may serve for up to six years in addition to any time served as an ordinary Trustee and may be re-appointed in exceptional circumstances for additional terms at the request of the Board. Trustees are not paid, but travel and other expenses may be reimbursed. Cattanach is making every effort to be accessible to all and we offer dial-in options via phone call or video conference for all our Board and Committee meetings. Trustees are expected to attend most meetings. If a Trustee misses three meetings consecutively without good reason, such as illness or parental leave, the Chair will initiate a discussion with them about appropriate support for their appointment.

Trustees are asked to disclose all relevant interests and register them with the Chief Executive. Where a Trustee has any involvement, personally or through a family member, with a charity seeking funding, that Trustee makes no comment on the proposal and withdraws from the meeting for the duration of the discussion, both at the level of the Grants Committee as well as at the full Board.

Our Structure, Governance and Management (continued)

After a successful recruitment exercise in December 2020, we welcomed [Jennifer Corrigan](#), [Caroline Murray](#) and [Rory Marsh](#), who all joined the Board on 1st January 2021. Cattanach Trustees follow a thorough induction programme, consisting of dedicated sessions on our proposal process, evaluations practice, strategy, governance and partnerships. New Trustees are further supported through the Chair and Committee Chairs as well as the Chief Executive. On-going training, such as on investment responsibility, governance and child protection, are offered to Trustees throughout the year.



We received specific training opportunities on the early years and foundation business:

Group learning sessions were not an option in 2021, but Trustees were again offered the opportunity to complete or refresh their knowledge on child protection through an online NSPCC training. All Trustees were offered the opportunity to complete the Open University Attachment course and the Harvard Brain Story certification. Some Trustees also attended topic-specific training by the Association for Charitable Foundations, e.g., on investment, funding and climate change, and more.



We valued our memberships and related briefings:

Cattanach continued its membership of the Association of Charitable Foundations, Scotland Funders' Forum, the Scottish Grantmakers, the Scottish Council for Voluntary Organisations, and Children in Scotland, whose journals and regular briefings we receive. We are signatories to the Funders Pledge on Climate Change and report on our efforts annually. In 2021, we joined the Child Poverty Action Group as a member.



We followed-up on our understanding of ethical investment:

The Investment Committee recommended an investment policy statement to the Board, which was approved in Q2 and serves as key guidance for our investment managers. As with all Cattanach activities, the policy is based on our four values.



We benefited from briefings and discussions with partners:

At each Board meeting, Trustees were able to learn from presentations by strategic partners or grantees, including the Parent-Infant Foundation, the Wellbeing Economy Alliance Scotland, the Dartington Service Design Lab, StartHere and the Children's Parliament. Trustees also receive regular updates, including an Early Years newsletter, by the Chief Executive.



We held a Strategy Seminar:

In November 2021, Trustees came together for the first in-person meeting since 2020 to hold a Strategy Day in Edinburgh. Discussions focused on our medium-term operations and Cattanach's investment strategy. Trustees committed to reviewing the current Stepping Stone Strategy once the Theory of Change work is concluded in mid-2022.












How we remunerate our Key Management Personnel

The Trustees consider the Board of Trustees and the Chief Executive 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.

Stepping Stone Strategy 2021

We continued to follow our current strategy until the new Theory of Change allows the Board and team to consider a new strategic approach. This is planned for 2022. The current strategy is explained below.

Step 1 Values	Step 2 Our Strategic Outcomes	Step 3 Strategic Objective Themes
 <p>INTEGRITY We strive to be fair, ethical and accountable.</p>	 <p>STRENGTHEN ATTACHMENT We want to nurture the attachment between a child and its carers, in particular where adversity has prevented attachment from developing or where it needs to be strengthened.</p>	 <p>BE TRAILBLAZERS Support organisations to lead change, focusing on encouraging innovation and promoting best practice in Early Years funding across our networks.</p>
 <p>LOVE We recognise the importance of nurturing relationships, with kindness and compassion at the heart of all our work.</p>	 <p>BUILD RESILIENCE We want to increase resilience by supporting very young children and their families to build a better future through a better start in life.</p>	 <p>ADD VALUE Award grants to promote systems change from the bottom up while also using other convening powers and standing as independent funder to amplify the needs of very young children in Scotland.</p>
 <p>CONSIDERATION We are mindful of the challenges, hopes and aspirations of others.</p>	 <p>SUPPORT PREVENTION We want to encourage prevention to avoid adverse consequences of a higher order in the future, and won't ask for things to be broken before we support.</p>	 <p>FOCUS ON STRONG RELATIONSHIPS Strengthen our existing relationships – with grantees, other funders and wider early years stakeholders – through our way of working and our funding to the sector.</p>
 <p>HOPE We are passionate about enabling change through our work with partners and the organisations we support.</p>		 <p>BECOME THE BEST GRANT MAKER WE CAN BE Follow the insights from the Independent Care Review and grantee feedback to review how we fund and improve internal structures and processes accordingly.</p>

Our Finance Review

Over the year ended 31 December 2021, the value of the investments, after allowing for the various changes, increased by £1,846,057 (2020: £1,345,815). £1,358,948 (2020: £1,116,891) was awarded in grants. The total awarded grants figure of £1,358,948 includes Cattanach core and strategic grants of £1,231,153 and grants made on behalf of others totalling £127,795. The net income for the year was £1,407,595 (2020: £1,600,208).

Our Investment Policy

The Investment Committee leads the relationship with our portfolio managers Sarasin & Partners LLP. At meetings, discussions included reviewing the benchmark, asset allocation, ethical policy and investment performance. The Committee explored, in particular, what our values mean for our investment policy, and developed an Investment Policy Statement, following OSCR guidelines and recommendations, which was approved in Q2 2021.

The Investment Committee was chaired by Alastair Wilson in Q1 and Q2, with Mafe Marwick and Andrew Millington making up the Committee's membership. Jennifer Corrigan was recruited with a particular wealth management expertise in December 2020 and joined the Committee in 2021; she took on the Chair of the Committee from Q4 (there was no separate Q3 meeting).

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. Trustees have decided that to maximise the investment return and to grow the natural level of investment income, the portfolio be invested fully in global equities.

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 funds at the close of the accounts for the immediately preceding financial year. Trustees continued to place a focus on prevention over intervention and their use of the endowment reflected this philosophy and the inter-generational distribution of the fund. In the light of very good capital growth since the Trust's foundation, the decision was made to use around 2% of capital every year to augment the Trust's operations, in particular around Funder Plus work and strategic grant making. This follows the belief that the right investments in Early Years prevention work *now* will reduce the need for intervention-based spending in the future. The willingness to use capital has been further expanded by the effects of the COVID-19 pandemic, which we are likely to be experiencing for years to come.

The portfolio returned 13.5% versus the global equity benchmark index of 19.6%. The Trust's accounts have been prepared covering the calendar year 2021. Over this period under review, the fund increased in value from £23,430,586 to £25,276,643 (2020: increase from £21,935,532 to £23,430,586). The Trust's investments generated an income of £301,449 (2020: £386,211), or a yield of 1.2% (2020: 1.7%). Investment management fees were £142,944 (2020: £131,337).

Risk Management

The Trust maintains a live risk register that is updated by the Chief Executive at least biannually and discussed by the Finance and Audit Committee. Key risks for the Trust are categorised as follows:

- Risks to capital and income
- Governance and Trustees' responsibilities
- Legal risk
- Reputational risk
- Operational Risk

In order to manage these risks, we maintain two separate risk registers: a Strategic Risk Register and an Operational Risk Register. Each are circulated for review and comment at our Finance and Audit Committee meetings. Systems in place to mitigate our risks include:

1. Funding and Investment
 - i) Operate a Finance and Audit, Grants, and Investment Committee prior to Board meetings
 - ii) Verification of grantee accounts information via recent bank statement and OSCR register before bank transfers are actioned
 - iii) Regular review of fund manager performance
 - iv) Thorough review of investment policy at least every three years

2. Governance and Trustee Responsibility
 - i) A register of Trustees' interests is maintained and reviewed at least annually 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 as part of their Trustee Appointment Letters
 - iv) Trust values have been created
 - v) Terms of Reference and Schedule of Internal Delegation for the Board were signed off in Q2 of 2020

3. Strategy and Monitoring
 - i) Host a Strategic meeting of the Board every year to form a longer-term strategy and review and revise related objectives
 - ii) Chief Executive has created an Action Tracker
 - iii) Chair to oversee the monitoring of agreed actions

4. Operations
 - i) Chair undertakes six-monthly appraisals with the Chief Executive, records of which are circulated to all Trustees
 - ii) Chief Executive undertakes six-monthly appraisals with all staff
 - iii) Trustees update their sector knowledge through regular presentations and information updates by the Chief Executive
 - iv) IT records are backed up and paper records minimised
 - v) A new bespoke grant management system is in place
 - vi) Health and Safety policies and method statements are reviewed annually
 - vii) An annual budget is set and approved by the Board at the latest by Q4 of the preceding year; expenditure is monitored quarterly through the Finance and Audit Committee and the full Board through the Management Accounts
 - viii) Dual sign off on all transactions; for all grants and transactions over £10,000 dual sign off by two Trustees
 - ix) Separate expense account with oversight by Chair and accountants

Our Reserves Policy

The total reserves at 31 December 2021 are £24,877,041 (2020: £23,469,446) of which £24,854,836 (2020: £23,284,446) are endowed reserves, £22,205 (2020: £185,000) are restricted reserves and £nil are unrestricted reserves (2020: £nil). The deficit for the year on unrestricted reserves was £nil (2020: £39,540). Prior to transfers the deficit for the year on unrestricted reserves was £1,195, 191 (2020: £1,002, 308).

While we continue to support the remaining instalments of multi-year Dads Fund awards we have not assigned further monies to a designated fund; instead, work focusing on fathers and male carers has become a subcategory of our Main Grants programme and budget (Dads' Work, see note 8).

Our Approval of this 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.

Our Auditor

We originally appointed Chiene + Tait LLP as auditor 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 March 2022 and are signed on behalf of the Trustees by:



Steve Murray
Chair

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 Cattanach

Opinion

We have audited the financial statements of Cattanach ("the charity") for the year ended 31 December 2021 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 2021, 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.

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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The 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 Cattanach (continued)

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 25, 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.

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

We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates and considered the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud. This included but was not limited to the Charities and Trustee Investment (Scotland) Act 2005, and The Charities Accounts (Scotland) Regulations 2006.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the charity's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the Trustees;
- review of minutes of board meetings throughout the period;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Independent auditor's report to the Trustees of Cattanach (continued)

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Trustees that represented a risk of material misstatement due to fraud.

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.

Use of our report

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.

Chiene + Tait LLP

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor

61 Dublin Street
Edinburgh
EH3 6NL

25 March 2022

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 2021

	Note	Unrestricted Fund £	Restricted Fund £	Endowment Fund £	Total 2021 £	Unrestricted Fund £	Restricted Fund £	Endowment Fund £	Total 2020 £
Income									
Donations		796	-	-	796	863	-	-	863
Grants		903	-	-	903	-	228,783	-	228,783
Income from investments	3	301,449	-	-	301,449	386,211	-	-	386,211
Total income and endowments		303,148	-	-	303,148	387,074	228,783	-	615,857
Expenditure									
Expenditure on raising funds	4	-	-	(142,944)	(142,944)	-	-	(131,337)	(131,337)
Expenditure on charitable activities	5	(1,498,339)	(162,795)	-	(1,661,134)	(1,389,382)	(30,000)	-	(1,419,382)
Total expenditure		(1,498,339)	(162,795)	(142,944)	(1,804,078)	(1,389,382)	(30,000)	(131,337)	(1,550,719)
Net (expenditure)/income before gains and losses on investments		(1,195,191)	(162,795)	(142,944)	(1,500,930)	(1,002,308)	198,783	(131,337)	(934,862)
Net gains on investments		-	-	2,908,525	2,908,525	-	-	2,535,070	2,535,070
Net (expenditure)/income		(1,195,191)	(162,795)	2,765,581	1,407,595	(1,002,308)	198,783	2,403,733	1,600,208
Transfer between funds		1,195,191	-	(1,195,191)	-	962,768	(13,783)	(948,985)	-
Net movement in funds		-	(162,795)	1,570,390	1,407,595	(39,540)	185,000	1,454,748	1,600,208
Total funds held at 1 January 2021	<i>13,14</i>	-	185,000	23,284,446	23,469,446	39,540	-	21,829,698	21,869,238
Total funds held at 31 December 2021		-	22,205	24,854,836	24,877,041	-	185,000	23,284,446	23,469,446

All activities relate to continuing operations.

Balance sheet
at 31 December 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	9		25,276,643		23,430,586
Current assets					
Debtors	10	12,977		4,647	
Cash at bank		693,425		895,049	
		<u>706,402</u>		<u>899,696</u>	
Current liabilities					
Creditors	11	(788,055)		(612,905)	
Net current (liabilities)/assets			<u>(81,653)</u>		<u>286,791</u>
Total assets less current liabilities			25,194,990		23,717,377
Creditors: Amounts falling due after more than one year	11		<u>(317,949)</u>		<u>(247,931)</u>
			24,877,041		23,469,446
Funds					
Unrestricted funds	13		-		-
Restricted funds	13		22,205		185,000
Endowment funds	13		24,854,836		23,284,446
			<u>24,877,041</u>		<u>23,469,446</u>

These financial statements were approved and authorised for issue on 25 March 2022 and are signed on behalf of the Trustees by:



Steve Murray
Trustee

Statement of cash flows
for the year ended 31 December 2021

	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities				
Net income		1,407,595		1,600,208
Net gains on investments		(2,908,525)		(2,535,070)
Income from equalisations, redemptions, capital distributions or accrued dividends		18,103		4,523
Income from investments		(301,449)		(386,211)
Increase in debtors		(8,330)		(2,219)
Increase in creditors < 1 year		175,150		257,519
Increase in creditors > 1 year		70,018		159,402
		(1,547,438)		(901,848)
Cash used in operating activities				
Cash flows from investing activities				
Investment income	301,449		386,211	
Payments to acquire investments	(10,126,770)		(8,248,679)	
Receipts from sale of investments	11,227,903		9,249,866	
Movement in cash held in investment portfolio	(56,768)		34,306	
		1,345,814		1,421,704
Cash provided by investing activities				
(Decrease)/increase in cash and cash equivalents in the year		(201,624)		519,856
Cash and cash equivalents at the beginning of the year		895,049		375,193
Total cash and cash equivalents at the end of the year		693,425		895,049
Cash and cash equivalents comprise:				
Cash at bank		693,425		895,049

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" (October 2019) 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 Charity 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 Charity 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 Charity that would permit the Charity 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 Charity.

(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 Charity 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 Charity has no complex financial instruments. The main form of financial risk faced by the Charity 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 Charity.

Restricted Funds - these are funds that can only be used for particular restricted purposes within the objects of the Charity. Restrictions arise when specified by the donor or when funds are raised for particular purposes or for specifically funded projects.

Endowment fund – the endowment fund is made up of the original endowment of the Charity 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 £28 (2020: £461) were reimbursed to one Trustee (2020: 2 Trustees) during the year.

3 Income from investments

	2021	2020
	£	£
Investment income	300,843	384,419
Bank interest	606	1,792
	301,449	386,211

4 Expenditure on raising funds

	2021	2020
	£	£
Investment manager's fees and charges	142,944	131,337
	142,944	131,337

Notes to the financial statements (continued)

5 Expenditure on charitable activities

	Grants awarded (note 8) £	Support and governance costs (note 6) £	Total 2021 £	Total 2020 £
Charitable activities	1,358,948	302,186	1,661,134	1,419,382

Grants were split £1,196,153 from unrestricted funds, £162,795 from restricted funds and £nil from designated funds (2020: £1,086,891 unrestricted, £30,000 restricted and £nil designated).

6 Support costs and governance costs

	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
Support costs				
Staff salaries (note 7)	187,077	-	187,077	130,171
Staff training and expenses	-	-	-	3,520
Accommodation costs	8,257	-	8,257	6,306
Administrative support	6,655	-	6,655	2,925
Legal and professional fees	20,959	-	20,959	16,830
Project costs	-	-	-	40,219
Accountancy fees	14,099	-	14,099	17,852
Subscriptions and conferences	7,550	-	7,550	5,174
Website/computer costs	10,542	-	10,542	42,524
Insurance	3,210	-	3,210	2,848
Bank and service charges	220	-	220	553
General expenses	3,263	-	3,263	1,386
Advertising and marketing	28,983	-	28,983	23,888
Travel and subsistence	1,312	-	1,312	1,383
Postage, freight and courier	112	-	112	885
Grantee support	2,341	-	2,341	-
	294,580	-	294,580	296,464
Governance costs				
Audit fee	3,276	-	3,276	4,068
Trustees' expenses	28	-	28	461
Recruitment costs	60	-	60	1,110
Meeting expenses	459	-	459	388
Trustees' strategic away day/conferences	3,783	-	3,783	-
	7,606	-	7,606	6,027
	302,186	-	302,186	302,491

Support costs were all unrestricted in 2020.

Notes to the financial statements (continued)

7 Staff costs and numbers

	2021 £	2020 £
Wages and salaries	162,535	115,595
Employers' national insurance	13,787	7,919
Pension costs	10,755	6,657
	187,077	130,171
Remuneration and benefits of key management personnel	96,456	74,318

The emoluments of one member of staff, including benefits in kind, are within the range of £80,000 to £90,000 (2020: one within the range of £60,000 to £69,999), not including retirement benefits which are accruing under a defined contribution scheme.

The average number of employees in the year was 5 (2020: 5).

		2021 £	2020 £
8	Grants awarded		
	<i>Core grants</i>		
	Children 1 st	54,000	15,000
	Isle of Jura Development Trust	2,800	-
	Citadel Youth Centre	46,197	-
	Govan HELP	30,000	-
	Merry-Go Round Glasgow	8,317	-
	Village Storytelling Centre ¹	10,000	5,000
	Avenue	67,382	-
	Centre Stage	60,448	-
	Home-Start Aberdeen	54,872	-
	Home-Start Levenmouth	32,000	-
	Ladybirds	55,705	-
	Nurture the Borders	36,420	-
	One Parent Families Scotland	56,889	-
	PEEK (Possibilities for Each and Every Kid)	75,000	-
	Family and Community Development West Lothian – 3 year award ²	45,000	(23,254)
	Starcatchers – 3 year award	-	24,000
	Cottage Family Centre – 3 year award	-	36,000
	Barnardo's	-	45,000
	Sobora Young Families	-	9,768
	Mind Mosaic Child and Family Therapy – 3 year award	-	54,000
	NSPCC – 3 year award	-	53,000
	Survivors of Human Trafficking in Scotland (SOHTIS) – 3 year award	-	55,810
	3D Drumchapel	-	75,000
	Home-Start Wigtownshire ³	-	2,254
	Children's Hospices Across Scotland (CHAS) – 3 year award	-	82,229
	Amma Birth Companions – 3 year award	-	60,000
	Scottish Adoption – 3 year award	-	30,000
	Healthy Valleys	-	8,000

Notes to the financial statements (continued)

8 Grants awarded (continued)

	Project type	2021 £	2020 £
<u>Core grants – awarded from capital</u>			
Family Journeys	Parent and Child Support	38,814	-
Glenboig Community Trust	Child Support	37,548	-
Hawick Congregational Community Church	Toddler Group	21,000	-
Hilton Family Support	Child Support	30,000	-
Home-Start Cowdenbeath Area	Parent and Child Support	9,150	-
Home-Start Glenrothes	Parent and Child Support	36,000	-
Home Start-Orkney	Parent and Child Support	39,536	-
North Glasgow Community Food Initiative	Child Support	28,468	-
Parent 2 Parent	Parent and Child Support	48,882	-
Rock Community Church	Child Support	74,134	-
		<hr/>	<hr/>
<i>Total Core grants</i>		998,562	531,807
		<hr/>	<hr/>
<u>Strategic grants</u>			
Children's Parliament	Children's Rights	88,773	-
Queen's Nursing Institute	Preconception Health	40,000	-
Strategic UNICEF UK	Children's Rights	50,000	-
Theory of Change	Strategic	19,578	-
Parent Infant Foundation	Infant Mental Health	35,000	50,000
Children in Scotland	Wellbeing Budgeting	-	10,000
		<hr/>	<hr/>
<i>Total Strategic grants</i>		233,351	60,000
		<hr/>	<hr/>
<u>Community Wellbeing Fund grants</u>			
Getting Better Together Ltd.	COVID-19 Response	-	2,000
Dean and Cauvin Trust	COVID-19 Response	-	2,000
South Glasgow Childcare Partnership	COVID-19 Response	-	2,000
Family Mediation Central Scotland	COVID-19 Response	-	2,000
Scottish Adoption	COVID-19 Response	-	2,000
Merry Go Round Glasgow	COVID-19 Response	-	2,000
Saheliya	COVID-19 Response	-	2,000
CrossReach	COVID-19 Response	-	2,000
Confab	COVID-19 Response	-	2,000
Kyle of Sutherland Hub	COVID-19 Response	-	2,000
Govan H	COVID-19 Response	-	2,000
Boomerang Community Centre	COVID-19 Response	-	2,000
Dundee United Community Trust	COVID-19 Response	-	2,000
The Village Storytelling Centre	COVID-19 Response	-	2,000
One Parent Families Scotland	COVID-19 Response	-	2,000
		<hr/>	<hr/>
<i>Total Community Wellbeing Fund grants</i>		-	30,000
		<hr/>	<hr/>
<u>COVID grants</u>			
Aberlour – 3 year award	Parent Support	-	75,000
Granttown on Spey YMCA	Toddler Group	-	2,780
Stepping Stones Edinburgh North – 3 year award	Parent and Child Support	-	76,500
CrossReach	Parent and Child Support	-	17,271
Craigmillar Literacy Trust – 3 year award	Child Support	-	30,000
Reidvale – 2 year award	Toddler Group	-	6,606
Circle – 3 year award	Parent Support	-	36,000
Community of Practice Collaboration Infant Mental Health – Strategic Grant	Strategic	(760)	10,000
Wellbeing Economy Alliance – Strategic Grant	Wellbeing Budgeting	-	70,000
The Promise – Strategic Grant	Edges of Care	-	100,000
		<hr/>	<hr/>
<i>Total COVID grants</i>		(760)	424,157
		<hr/>	<hr/>

Notes to the financial statements (continued)

8 Grants awarded (continued)

	Project type	2021	2020
		£	£
<i>COVID micro-grants</i>			
Family Mediation Scotland	COVID-19 Response	-	1,000
Craigmillar Literacy Trust	COVID-19 Response	-	500
Starcatchers	COVID-19 Response	-	2,000
3D Drumchapel	COVID-19 Response	-	3,000
PEEK	COVID-19 Response	-	500
Children 1 st	COVID-19 Response	-	2,500
Home-Start Glasgow North & North Lanarkshire	COVID-19 Response	-	500
Home-Start West Lothian	COVID-19 Response	-	2,500
Healthy Valleys	COVID-19 Response	-	2,100
The Broomhouse Centre	COVID-19 Response	-	3,400
Kyle of Sutherland Hub	COVID-19 Response	-	2,000
		<hr/>	<hr/>
<i>Total COVID micro-grants</i>		-	20,000
<i>Bridging grants</i>			
Craigmillar Literacy Trust – Books for Babies	Child Support	-	2,936
Fife Gingerbread	Dads' Work	-	7,436
Home-Start Wigtownshire	Parent and Child Support	-	2,254
The Space and Broomhouse Centre	Child Support	-	4,608
Church of Scotland	Parent and Child Support	-	3,693
		<hr/>	<hr/>
<i>Total Bridging grants</i>		-	20,927
<i>Other grants</i>			
Amma Birth Companies	First 1,000 Days	15,000	-
Dean and Cauvin Young People's Trust	First 1,000 Days	11,916	-
Home-Start Aberdeen	First 1,000 Days	13,000	-
Home-Start Perth and Kinross	First 1,000 Days	12,000	-
Home-Start Renfrewshire and Inverclyde	First 1,000 Days	14,734	-
Merry Go Round Glasgow	First 1,000 Days	31,145	-
Nurture the Borders	First 1,000 Days	15,000	-
Refugee Action SCIO	First 1,000 Days	15,000	-
Youth Scotland	COVID-19 Response	-	5,000
Life Changes Trust	COVID-19 Response	-	10,000
Parent Infant Foundation	COVID-19 Response	-	15,000
		<hr/>	<hr/>
<i>Total Other grants</i>		127,795	30,000
		<hr/>	<hr/>
Total grants programme		1,358,948	1,116,891
		<hr/>	<hr/>

¹ additional grant awarded in both years

² award was terminated in the prior year (2 instalments)

³ additional grant awarded

Notes to the financial statements (continued)

9 Investments

	Investments £	Cash held for reinvestment £	Total £
Market value at 1 January 2021	23,192,809	237,777	23,430,586
Purchases at cost	10,126,770	(10,126,770)	-
Disposal proceeds	(11,227,903)	11,227,903	-
Dividends and interest accrued movement	-	319,542	319,542
Dividends and interest remitted	-	(333,455)	(333,455)
Investment management fees	-	(140,272)	(140,272)
Accrued dividends	(18,103)	-	(18,103)
Capital drawdown	-	(890,180)	(890,180)
Other movements	-	(890,180)	(890,180)
Realised gain on disposal	2,043,607	-	2,043,607
Unrealised gain on revaluation	864,918	-	864,918
	24,982,098	294,545	25,276,643
Historical cost at 31 December 2021			19,940,046
		2021	2020
Investments at fair value comprise:		%	%
Equities		99.0	99.0
Cash held within the investment portfolio		1.0	1.0
		100	100

No individual investments make up more than 5% of the portfolio.

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 Charity, the investment portfolio is key to the ongoing financial sustainability of the Charity 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 Charity from financial instruments lies in the combination of uncertain investment markets and volatility to yield. While the Charity is pursuing a total returns approach, it is nonetheless reliant, in part, on dividend yield to fund its grant-making activities, leading to a high exposure to the equity markets, not only in the UK but also overseas. However, 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 Charity 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	2021	2020
		£	£
	Prepayments	10,178	3,795
	Other debtors	2,799	852
		<hr/>	<hr/>
		12,977	4,647
		<hr/>	<hr/>
11	Creditors	2021	2020
		£	£
	<i>Amounts due within one year</i>		
	Grants payable	729,750	559,696
	Accruals	46,245	44,024
	Other creditors	12,060	9,185
		<hr/>	<hr/>
		788,055	612,905
		<hr/>	<hr/>
		2021	2020
		£	£
	<i>Amounts due after more than one year</i>		
	Grants payable	317,949	247,931
		<hr/>	<hr/>
	Analysis of movement in grant commitments		
	Grant commitments at the start of the year	807,627	381,505
	Grants awarded in the year	1,358,948	1,056,891
	Grants paid	(1,118,876)	(630,769)
		<hr/>	<hr/>
	Grant commitments at the end of the year	1,047,699	807,627
		<hr/>	<hr/>
12	Financial instruments	2021	2020
		£	£
	<i>Carrying amount of financial assets</i>		
	Financial assets measured at fair value	25,276,643	23,430,586
		<hr/>	<hr/>

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

Notes to the financial statements (continued)

13 Funds

2021	Balance at 1 January 2021 £	Income £	Expenditure £	Gains £	Transfers £	Balance at 31 December 2021 £
Unrestricted	-	303,148	(1,498,339)	-	1,195,191	-
<i>Restricted:</i>						
William Grant Foundation - Trailblazer Project	35,000	-	(35,000)	-	-	-
Scottish Government Community Wellbeing Fund	-	-	-	-	-	-
Charles Gordon Foundation	150,000	-	(127,795)	-	-	22,205
Endowment	23,284,446	-	(142,944)	2,908,525	(1,195,191)	24,854,836
	<u>23,469,446</u>	<u>303,148</u>	<u>(1,804,078)</u>	<u>2,908,525</u>	<u>-</u>	<u>24,877,041</u>

William Grant Foundation Co-Funding of Parent Infant Foundation Trailblazer Project. This is made up of two grants for Phase I and Phase II of this project. Phase I was a 50% contribution from WGF and Phase II was jointly funded by Cattanach, the WGF and the CGF all towards a jointly funded project on infant mental health. The transfer from this fund to unrestricted covers the grant that was paid out during the 2019 financial year but was recouped from WGF in the current year.

Scottish Government Community Wellbeing Fund via the Corra Foundation: We were delighted to support the Scottish Government Community Wellbeing Fund by identifying 15 organisations from amongst our existing grantees, who were each awarded £2,000 towards their community COVID-19 response.

Charles Gordon Foundation via PRISM Charitable Trust: This is a pilot collaboration which will see Cattanach distribute small grants to organisations in Scotland that support children from 0-2 and their families on behalf of the Charles Gordon Foundation.

2020	Balance at 1 January 2020 £	Income £	Expenditure £	Gains £	Transfers £	Balance at 31 December 2020 £
Unrestricted	39,540	387,074	(1,389,382)	-	962,768	-
<i>Restricted:</i>						
William Grant Foundation - Trailblazer Project	-	48,783	-	-	(13,783)	35,000
Scottish Government Community Wellbeing Fund	-	30,000	(30,000)	-	-	-
Charles Gordon Foundation	-	150,000	-	-	-	150,000
Endowment	21,829,698	-	(131,337)	2,535,070	(948,985)	23,284,446
	<u>21,869,238</u>	<u>615,857</u>	<u>(1,550,719)</u>	<u>2,535,070</u>	<u>-</u>	<u>23,469,446</u>

Notes to the financial statements (continued)

14 Analysis of net assets by fund

2021	Unrestricted Fund £	Designated Fund £	Restricted Fund £	Endowment Fund £	Total £
Investments	421,807	-	-	24,854,836	25,276,643
Current assets	684,197	-	22,205	-	706,402
Current liabilities	(788,055)	-	-	-	(788,055)
Creditors falling due > one year	(317,949)	-	-	-	(317,949)
	-----	-----	-----	-----	-----
	-	-	22,205	24,854,836	24,877,041
	-----	-----	-----	-----	-----
2020	Unrestricted Fund £	Designated Fund £	Restricted Fund £	Endowment Fund £	Total £
Investments	146,140	-	-	23,284,446	23,430,586
Current assets	714,696	-	185,000	-	899,696
Current liabilities	(612,905)	-	-	-	(612,905)
Creditors falling due > one year	(247,931)	-	-	-	(247,931)
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	-	-	185,000	23,284,446	23,469,446
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15 Analysis of changes in net cash during the year

	As at 1 January 2021 £	Cashflows £	As at 31 December 2021 £
Cash at bank and in hand	895,049	(201,624)	693,425
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16 Financial commitments

There are no financial commitments which have been entered into during the year (2020: none).

17 Related party transactions

There were no related party transactions during the year (2020: none)

18 Ultimate controlling party

The Scottish Charitable Incorporated Organisation is constituted by Trust Deed and is controlled by its appointed Trustees.