

The Cattanach Charitable Trust

# Annual Report & Financial Statements

Registered Number SC020902  
31<sup>st</sup> December 2019

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## Administrative details

### Reference and administrative information

Trustees	<p>Alastair Wilson (Chair)          Ian McLaughlan (Vice-Chair)          Helen Healy (<i>resigned 31 December 2019</i>)          Gordon Humphries (<i>resigned 20 March 2020</i>)          Mafe Marwick          Duncan McEachran          Andrew Millington          Steven Murray          Rhoda Reid          Neil Wood (<i>resigned 16 May 2019</i>)</p>	
Key management	<p>Tom Baughan (Interim Trust Manager via Fortify SCIO) (<i>from 1 August 2018 to 5 May 2019</i>)          Dr Sophie Flemig (Chief Executive) (<i>from 6 May 2019</i>)</p>	
Principal address	<p>Mansfield Traquair Centre          15 Mansfield Place          Edinburgh          EH3 6BB</p>	
Solicitors	<p>Brodies LLP          110 Queen Street          Glasgow G1 3BX</p>	
Bankers	<p>Clydesdale Bank          83 George Street          Edinburgh EH2 3ES</p>	<p>Weatherbys Private Bank          2 Rutland Square          Edinburgh EH1 2AS</p>
Independent Auditor	<p>Chiene + Tait LLP          Chartered Accountants and Statutory Auditor          61 Dublin Street          Edinburgh EH3 6NL</p>	
Accountants	<p>MHA Henderson Loggie          11 – 15 Thistle Street          Edinburgh EH2 1DF</p>	
Investment Advisors	<p>Sarasin &amp; Partners LLP          Juxon House          100 St. Paul’s Churchyard          London EC4M 8BU</p>	
Registered Charity Number	<p>SC020902</p>	

## Chair's Report

It is my pleasure to introduce the Cattanach Trust annual report and financial statements for 2019. As we had foreseen, the year was one of change, restructuring and improvement and we are delighted with the first fruits that our efforts – as Trustees and staff – are bearing.

As I write these reflections on the previous year, it is impossible not to mention current events around the COVID-19 pandemic and its consequences for very young children. They are the most vulnerable members of society and Cattanach remains as firm as ever in its resolve to support them and their families to get the best start in life that is possible. As Trustees, we have reviewed the situation and decided to raise just under £1 million from the portfolio to make sure that our grant making will continue with equal strength in 2020 and 2021, despite the prospect that dividend income is likely to be less from our portfolio of global equities.

This is our commitment to children in Scotland and the organisations that work to support them: our funding will remain unchanged as will our capacity building support as part of our 'Funder Plus' offer. As is the case for everyone, we continue to grapple with the 'new normal' and will adjust our practices to achieve the best outcomes for very young children, including how we fund through our Main Grants programme and further strategic work in collaboration with our partners.

Returning to my reflections on 2019, there were a number of highlights that I would like to bring to your particular attention:

## Values

The Cattanach Trust has long been discussing how to enshrine the values that mark our very specific approach to grant making. In 2018, Trustees agreed to develop a set of Cattanach values that embody our ethos and principles, and that will guide us and future Trustees in our decision making. I am very grateful to the Trustees who dedicated much time and energy to this exercise. A workshop was held in early 2019 and we collectively adopted integrity, love, consideration and hope as our four values. You will see them mentioned throughout the report, as well as reflected in our new logo and website.

## Rebrand

As you can see in this report and at [www.cattanach.org.uk](http://www.cattanach.org.uk), the Trust received a 'face lift', with a new corporate identity including a new logo, look and feel and interactive website. These changes are a visual representation of our values and will give us a new set of tools to engage with you – whether as partners, stakeholders or funded organisations.

*Chair's Report (continued)*

## **Collaborations**

I had noted in last year's report that Cattanach was eager to expand its partnership work, in particular with other funders and strategic partners. We are delighted to have worked closely with the William Grant Foundation and the Charles Gordon Foundation, as well as the Parent Infant Foundation throughout 2019. We also joined forces with other funders to work as part of the Curious Collaborative in support of the Independent Care Review and those children and adults with care experience in Scotland. We are excited to continue these strong partnerships and build many more over the years to come.

## **Strategic Grants**

We also followed the success of the designated Dads Fund, which will now become part of our Main Grants programme, and initiated a strategic grant around infant mental health in partnership with the William Grant Foundation. The funding enabled the Parent Infant Foundation (PIF) to create the post of Scotland Coordinator, which has been taken up by Dr Rachel Fraser. We look forward to working alongside her and the PIF team to make infant mental health a key priority in Scotland. This is an important element in honouring our commitment to strong early childhood attachment and we strongly believe that the strategic approach will further strengthen the work that our Main Grants holder deliver all across the country.

## **New 2020 Stepping Stone Strategy**

In November 2019, Trustees met to discuss the Trust's new ambitions and strategy for 2020. I am very proud of the level of discussion, the clear passion to work for the benefit of very young children, and the willingness to push ourselves and staff to make Cattanach the best grant maker that we can be. We agreed on strong attachment, improved resilience and prevention as the outcomes we want to achieve in 2020. Cattanach will also make co-production and outreach core activities for 2020, and we endeavour to attract more people to work with us in different capacities so Cattanach can reflect the full expertise and diversity of Early Years work.

## **Incorporation**

After much deliberation, Trustees agreed in May 2019 to move from a Trust to a Scottish Charitable Incorporated Organisation (SCIO) by way of our organisational form. The corporate structure will grant Trustees limited liability and allow Cattanach to become more professional in all aspects of its work. We hope it will also be a factor in attracting high calibre Trustees to join our Board in the future. I am pleased to announce that our SCIO application was approved on the 24<sup>th</sup> December 2019 and we will action the transition in early 2020.

*Chair's Report (continued)*

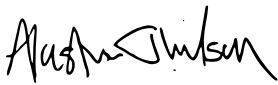
## **Recruitment**

Last but certainly not least, we went through a thorough recruitment exercise to fill the newly created position of Chief Executive. On behalf of the Trustees, I would like to welcome Dr Sophie Flemig, who joined us in this capacity in May 2019. We are delighted to have her on board and are grateful for the fresh energy, passion, and drive that she has brought to the Trust. You will see Sophie's contributions shine through in this and future reports.

There are many individuals and organisations whom I would like to thank for their support throughout 2019, above all, the organisations that we fund. We are proud of the excellent work they deliver every day – not least in these days of crisis and uncertainty – and look forward to a long and strong relationship as partners in improving the lives of children in Scotland. I would also personally like to acknowledge the contributions of Tom Baughan, who supported us as Interim Trust Manager via Fortify SCIO, as well as the teams at MHA Henderson Loggie, Brodies LLP, Sarasin & Partners LLP, Chiene + Tait, and Gecko Agency Ltd, who have all been invaluable partners on Cattanach's journey in 2019.

Of course, I am also grateful to you, dear reader, for your interest in Cattanach and for taking the time to read more about our activities in 2019. I hope you will follow – or even join – our efforts to improve the lives of very young children in Scotland over the years to come.

With very best wishes,



**Alastair Wilson**

Chair

28<sup>th</sup> May 2020

## Trustees' annual report and strategic retrospective

We, the Trustees of the Cattanach Charitable Trust, are pleased to present our annual report and financial statements for the year ended 31 December 2019.

### Our Objectives

At Cattanach, 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. We therefore support organisations that help children from birth to around three years of age and their families to have a better start to life by supporting healthy relationships within any form of family or care structure. Our main form of support is through the direct distribution of grants, which we allocate to support the charitable objectives set out in our original Trust Deed. Following the Charities and Trustee Investment (Scotland) Act 2005 these 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 constantly strive to do the best we can with the resources endowed to the Trust. This includes the following four approaches:



#### **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 on-going and intensive 'Funder Plus' support before and during the proposal stage, as well as once a grant has been awarded.



#### **Relationship-based grant-making**

Beneficiaries 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 only 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.



#### **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.

*Trustees' annual report and strategic retrospective (continued)*

At the moment, we try to assess the impact that our funding is achieving mainly through regular reports. Our grantees submit at least one annual report that provides some quantitative and qualitative information on what they have done to reach the outcomes they had initially submitted in their proposals. Some provide reports at shorter intervals if Trustees feel this would be beneficial to the organisation and its beneficiaries. We try to collect further data on the wider circumstances of the organisations we grant to, such as their communities, geographic distribution, the size of organisations, who else funds them and the type of work they undertake. As part of our new strategy, we are actively working on collecting better data – directly or through our grantees – to turn data into intelligence that can guide our own decisions around grants and priority themes, but also inform other partners and the wider Early Years policy in Scotland. This will be a focus for Cattanach in 2020.

## Our Activities

The biggest and most significant part of our work is the awarding of grants, which in turn allows funding to filter through to the families we look to support. However, we also work towards raising the profile of our organisation to be visible to potential grantees and attract proposals for high quality and impact work. We are also represented in grant maker groups, such as the Scottish Grantmakers and the Scotland Funders' Forum, at funding events across the country, and at events relevant to the Early Years sector.

In making grants, we 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 submit a proposal. This is also reflected in our feedback irrespective of whether a proposal was successful or not. Going forward, we will critically review our funding philosophy and processes regularly.



**We try to 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 is well supported, including stable employment. To this end, we are offering multi-year funding of currently three years 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 funding meeting.



*Trustees' annual report and strategic retrospective (continued)*



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

When working with potential grantees, we encourage them to be 'SMART' about the outcomes they want to achieve: specific, measurable, achievable, realistic and timeous. We also take this into account when advising on budgets and encourage organisations to include costs for robust evidencing in their budgets.



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

As part of the proposal process, one of our staff members scrutinises relevant documents and policies and discusses finances, governance and in particular child protection with organisations. Our staff have been trained in child protection and play the role of a critical friend to organisations as part of the proposal process. Our Trustees make sure to take due diligence into account as much as outcomes when coming to their funding decisions.

Furthermore, we assess applications through a full and cooperative dialogue with applicants, even before they submit their proposals. Our process also allows Trustees to review their proposal with our staff's feedback before it reaches Trustees. In doing so, we can be confident in meeting our aim of reducing the effects of poverty for young children in Scotland, by allocating the funds available to the projects most able to make an impact and work preventatively.

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

*Trustees' annual report and strategic retrospective (continued)*

## 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, it was decided that the Trust should adopt a set of values that reflect its desired ethos and behaviours, and that stand at the core of all activities we perform as a Trust, Board, as individual Trustees and members of staff.

A subgroup of Trustees led on the exercise and in February 2019, resulting in the adoption of the following official Cattanach values:



### **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 have influenced our strategy development for 2020. They have also inspired our new logo and corporate branding. The logo 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. We thank Gecko Agency Ltd for their invaluable support on this exciting journey.

## Our Achievements and Performance in 2019

### Our Grants – Overview

Keeping with our early years theme that was adopted by Trustees in 2009, all grants related to work with families who have children from pre-birth to around three years of age and focused on strengthening relationships between the child and its family. We awarded 25 new grants which ranged from £1,800 to £29,617 per annum (2018: 33 grants ranging from £3,710 to £24,117 per annum) with a total grants programme for the year of £573,973 (2018: £672,306). In addition, there was one grant from last year which was granted extra funds during the current year, dealt with as grant adjustments to original awards. Two grants were also cancelled and dealt with as grant adjustments (2018: four grant adjustments).

The average size of one-year grants was less than in the previous year: £11,751 (2018: £12,612) and, of those awarded, we have given out multi-year grants to 60% of grant holders: (2018: 73%). Last year, of those who applied for a grant, 66% were awarded funding. This year the figure stood at 42%.

### Where have we funded?

To illustrate the spread of where we are funding, projects are listed by local authority rather than by type. In 2019, we allocated grants across Scotland, widening the spread across more local authorities. Most awards have gone to the Central Belt cities (led by Glasgow and Edinburgh) as is to be expected because of population numbers, but we have also funded more rural settings including the Highlands (Inverness) and Argyll and Bute (Isle of Jura). The local authority listed refers to the area where the work is being carried out, and does not always denote where the organisation is based.

This year, we also supported a Scotland-wide project through our new partnership with the Parent Infant Foundation (PIF). The newly created post of Scotland Coordinator for PIF will assist partners across the Third Sector, the Scottish Government and the NHS to join efforts to create specialised parent and infant relationship teams. This was a co-funded project with the William Grant Foundation (WGF) and we look forward to working with our colleagues at both WGF and PIF going forward.

We strongly believe in the importance of a relationship-focused approach to grant making. As with previous years, we offer a phone call to any organisation interested in submitting a proposal to give advice about the proposal process and the kind of work we fund. Our staff made every effort to visit every organisation who submitted an eligible proposal. Some of these activities had to be adjusted during our period of restructuring before the arrival of our new Chief Executive in May 2019. Thus, interim arrangements necessitated extended phone calls instead of visits for the first half of the year, but since May 2019 every project with two exceptions were visited in person.

*Trustees' annual report and strategic retrospective (continued)*

## What work have we funded?

Our strategic theme is attachment-focused Early Years work, with a priority given to the most vulnerable. Within this remit, we have funded a multitude of different projects and organisations. As in 2016, 2017 and 2018, we offered two grant programmes:

Our **Main Grants** programme has supported a range of work for vulnerable children and their families. A key theme for this year has been the formation of attachment through creative play and the arts (e.g. storytelling). Like in previous years, parenting skills have also played a big role in our funded work, equipping parents with the right skills to identify their child's needs and respond appropriately. Another common theme has been around joint movement-based activities (e.g. sports and outdoor play) and healthy eating, improving overall family wellbeing while reducing health inequalities. 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 the adversities they may face.

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

We have also continued to make grants under our **Dads Fund**, established in 2016. A designated fund was created in recognition of the specific role that fathers/male carers play in their child's early life and the need to promote healthy father/male carer-child relationships within the communities we support. Five additional grants have been awarded under this fund in 2019, again to pilot new work and to enhance existing projects. One award was made for one-year funding, one was made for two-year funding and three for three-year funding. Total funds awarded to Dads Fund projects in 2019 amounted to £104,390 (2018: £181,421). Projects focused on supporting very vulnerable fathers in building and maintaining a strong relationship with their children, irrespective of whether they were living as one family or in a separate household. Most projects offered either one-to-one intensive family support or facilitated play-based fathers' groups, while one was specifically focusing on facilitating visits for children whose male carer is serving time at HMP Barlinnie.

All our Dads Fund grant holders benefitted from further networking and 'Funder Plus' support (e.g. training, coaching, etc.), for which Cattanach worked with the Fathers Network Scotland. In the fourth quarter of 2019, we undertook an evaluation of the Dads Fund work as well as related partnerships to facilitate additional 'Funder Plus' support. Going forward, work with fathers will remain a funding focus for Cattanach, however as a subcategory of the Main Grants. We are looking forward to extending the 'Funder Plus' support to all grantees and we will seek to do so through our own staff. We thank all partners for informing our insights into working with fathers over the last three years.

## Our Partnerships

Trustees decided in 2018 that they wanted to see partnership work become more prominent in how Cattanach operates beyond the organisations it is funding. Over the course of 2019, Cattanach has been able to build valued partnerships with other funders, sector bodies, and the public sector. Thus, we were, for instance, represented at roundtable events on the Early Learning and Childcare expansion and have used our convening power to amplify the voices of the charitable organisations we fund and the beneficiaries they serve. In particular, three partnerships have been integral for Cattanach's new ambition:



### **Charles Gordon Foundation**

We were first approached by the Trustees of the newly formed Charles Gordon Foundation (CGF) in 2018. Their mission is to support children in Scotland during the first 1,000 days. In 2019, CGF funded four projects to the total of £76,591 through us. The CGF also sponsored an insightful report of work on [funding in the Early Years](#). We look forward to building on our relationship with CGF in 2020 and beyond in order to the benefit of very young children in Scotland.



### **William Grant Foundation**

The [William Grant Foundation \(WGF\)](#) facilitated the connection with CGF and we began to build our own relationship with WGF around our Early Years theme, sharing insights and experience. With the permission of prospective grantees, we shared proposals with our WGF colleagues, which has led to emerging funding relationships between our grantees and the WGF. We were also delighted to share a common interest in infant mental health and co-funded the Parent Infant Foundation for phase I of a three-tiered trailblazer project in Scotland. Trustees are very grateful for the support of WGF and are excited about the work we have jointly funded in 2019 and hope to continue to do so in 2020 as well.



### **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. Currently, there are none in Scotland with the exception of the [Glasgow Infant and Family Team \(GIFT\)](#), which works exclusively with children in local authority care. Our partnership with PIF includes a dedicated Scotland coordinator whose expertise and experience, together with the entire PIF team, are a great professional source of insight for Cattanach's operations and strategy for Early Years funding in Scotland. We thank the PIF team for their contributions and the positive changes they have inspired in Cattanach.

*Trustees' annual report and strategic retrospective (continued)*

## How we monitor outcomes

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

With our new Chief Executive in place since May 2019, we have started to review how we could improve our monitoring and evaluation practice. There are four goals that can be achieved through outcome monitoring and evaluation work: 1) accountability for grants, 2) organisational learning for our grantees to improve their work, 3) a proof of the effectiveness of a particular approach, and, 4) high-level learning for other funders and the Early Years sector. Not all of them can be achieved at the same time and we have been discussing which elements are most important to us. At our Strategy Day in November 2019, we decided to find external help to support us on the journey of reviewing our monitoring processes, most likely with a focus on organisational learning for our main grants and proof of effectiveness and high-level learning for our strategic work. The review will take place in 2020 and we look forward to reporting on it in due course.

## How we communicate externally

Trustees agreed in 2018 that it was essential for Cattanach to be visible to organisations across Scotland and beyond if it is to attract the best proposals for work that benefits very young children. Profile also matters if we want to support grantees in accessing and sharing best practice as well as amplifying the beneficiary voice through our convening power. This resulted in a thorough review of our communications structure.

By the end of 2019, we soft-launched a new and much improved website that is built with the user in mind and offers a much easier way to communicate what matters – about grants and beyond. The official launch will take place around The Gathering in February 2020. Cattanach is now also represented on social media, such as Twitter (@CattanachSCIO) and LinkedIn, and we hope to expand this work through a dedicated grantee Facebook group in 2020. As part of the overhaul, we have also received a new logo and corporate look and feel, which stems directly from our values and the way we work. We are delighted with the 'make-over' and the positive feedback we have been receiving from partners and grantees.

Over the course of 2019, we also made an effort to be represented at more regional funders' fairs, including East Lothian and North Lanarkshire. We look forward to our first time at The Gathering in February 2020 and many more events that help us meet potential grantees and partners across Scotland.

*Trustees' annual report and strategic retrospective (continued)*

## **Our Structure, Governance and Management**

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

Under our current strategy, Cattanach funds charities registered in Scotland with the Office of the Scottish Charity Regulator, for work which benefits children in Scotland. The 2020 Stepping Stone Strategy presented in the following section is expressing the ambition for 2020 to build on our existing strategy. Cattanach maintains certain governance conditions for funding, which include a level of free reserves not exceeding six months expenditure, a management committee of at least three people, and a separation between paid staff and the management committee. After critical discussions with grantees, sector bodies and funder colleagues, we will be reviewing our reserves level condition in 2020.

In May 2019, Cattanach Trustees agreed to start the process of becoming a Scottish Charitable Incorporated Organisation (SCIO) to modernise our governance and provide limited liability protection for our Trustees through a corporate structure. Our legal partners Brodies LLP were appointed to undertake this work for us and we were delighted to be granted SCIO status by the Office of the Scottish Charity Regulator on 24<sup>th</sup> December 2019, with the organisational transfer to take place in 2020. The SCIO transition will also entail more clarity on our governance so we keep attracting high-calibre individuals to our Board; this will include Terms of Reference for the full Board as well as a Schedule of Internal Delegation, reflecting the change from a part-time Trust Manager to an organisational Chief Executive.

*Trustees' annual report and strategic retrospective (continued)*

We met four times as a full Board in 2019 (February, May, August and November) to distribute grants and conduct other business. The Finance and Audit Committee met quarterly. A separate Investment Committee was created in August 2019 and held meetings in August and November 2019. The grants programme derived from income from the investments, which are in turn reviewed by the Investment Committee. Interim trust management support to May 2019 was provided by Fortify SCIO, the social enterprise arm of the Corra Foundation. On 6 May 2019, we welcomed our new Chief Executive, Dr Sophie Flemig, to the Cattanach team.

The Trustees who served during the year ended 31 December 2019 were as follows: -

<b>Alastair Wilson (Chair)</b>
<b>Ian McLaughlan</b>
<b>Helen Healy (resigned 31 December 2019)</b>
<b>Gordon Humphries (Finance and Audit and Investment Committee Chair from February 2019, resigned 20 March 2020)</b>
<b>Mafe Marwick</b>
<b>Duncan McEachran</b>
<b>Andrew Millington (Finance and Audit Committee Chair to February 2019)</b>
<b>Steven Murray</b>
<b>Rhoda Reid</b>
<b>Neil Wood (resigned 16 May 2019)</b>

Trustees are appointed initially for a period of three years with an option to stand for a total of three 3-year terms. Office bearers may serve for up to 6 years in addition to any time served as an ordinary Trustee and may be re-appointed 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 application and withdraws from the meeting for the duration of the discussion.



*Trustees' annual report and strategic retrospective (continued)*

While we did not recruit any new Trustees in 2019, our Board followed a programme of skills development throughout the year:



**We met with our grantees:**

In 2019, our Chair accompanied the Chief Executive to a project visit within the Glasgow area, while another Trustee joined on a project visit to Argyll and Bute. Our Vice Chair attended a grantee event together with the Chief Executive and also met with funded organisations as part of a funders' reception.



**We received governance training offered by our legal and investment partners:**

Our Finance and Audit/Investment Committee Chair attended the annual seminar organised by our portfolio managers in London, while two Trustees took part in a workshop on governance hosted by our legal partners in Edinburgh. Another Trustee attended a workshop on a rights-based approach to supporting families. All Trustees were given the opportunity to complete an Open University course on Early Childhood Attachment online in their own time.



**We value our memberships and related briefings:**

We receive regular briefings and the quarterly journal from the Association of Charitable Foundations. Cattanach continued our membership of the Scotland Funders' Forum, the Scottish Grantmakers and Children in Scotland, whose journals and regular briefings we receive.



**We benefited from briefings and discussions with partners:**

Trustees were able to learn from presentations by the Parent Infant Foundation (PIF) as well as from partner funders at a joint lunch. At the Strategy Day, a current grantee organisation was represented by their Chief Executive to discuss their experiences working with very vulnerable families. Trustees also received an after-dinner speech from an academic from the University of Edinburgh researching international practices on early learning and childcare.

At quarterly meetings, Trustees consider financial matters including investment, risk management, grant making and reports and overall performance. The Board is now supported by the Finance and Audit Committee and the Investment Committee, which meet prior to the main Trustees' meeting to review finance and audit issues, and the investment performance, respectively. The Trust affairs were managed by interim support through Fortify until our Chief Executive joined in May. We also received support through agency staff as required through the year. This year, we also offered a five-month internship placement to a recent graduate. The financial servicing of Cattanach continued to be carried out by Henderson Loggie, Chartered Accountants.

*Trustees' annual report and strategic retrospective (continued)*

## 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. Trustees also sought the advice of a recruitment consultant, who assisted Cattanach Trustees in the recruitment of the new Chief Executive.

## Our Plan for the Future



In November 2019, the Trustees met for a Strategy Day which was kindly facilitated by the Chair of another Scottish funding body. Trustees discussed their vision and ambitions for the Trust, based on the values that were set in February. The discussions were enriching and wide-reaching, with Trustees discussing all aspects from their risk appetite to the outcomes they wanted to achieve to the work required to get there. We are very excited with the result – our 2020 Stepping Stone Strategy.



Step 1

### Values



#### **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.



## Step 2

### Our Strategic Outcomes

Based on our values, over a decade of Early Years funding practice and the recent strategic discussions at the 2019 Strategy Seminar, the outcomes that Cattanach wants to achieve through its funding and based on its values are threefold:



#### **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.



#### **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.



#### **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.



### Step 3

## Strategic Objective Themes

Based on our values, over a decade of Early Years funding practice and the recent strategic discussions at the 2019 Strategy Seminar, the objectives that Cattanach wants to achieve through its funding and based on its values are fourfold:



#### **BE TRAILBLAZERS**

Support organisations to lead change, focusing on encouraging innovation and promoting best practice in Early Years funding across our networks.



#### **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.



#### **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.



#### **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.

*Trustees' annual report and strategic retrospective (continued)*

## Our Finance Review

Over the year ended 31 December 2019, the value of the investments, after allowing for the various changes, increased by £3,731,467 (2018: decrease by £1,965,872). £556,543 (2018: £672,306) was awarded in grants. A number of grants have been awarded over more than one year, details of which can be found in note 8. The net income for the year was £3,696,265 (2018: net expenditure of £2,060,925).

## Our Investment Policy

Across the Finance and Audit Committee and, from the third quarter onwards, the Investment Committee, there were six official meetings during the calendar year to discuss the investment portfolio and other financial matters pertaining to the Trust. 2019 marks the first full year with our new portfolio managers Sarasin & Partners LLP. At meetings, discussions included reviewing the benchmark, asset allocation, ethical policy and investment performance. After appointing the portfolio manager recruitment in 2018, this year was focused on developing the new relationship. Members expressed a particular interest in clarifying what the Trust values mean for our ethical investment policy, a question which will be fully considered in 2020.

Until February 2019, the Finance Committee was chaired by Andrew Millington. Alastair Wilson and Gordon Humphries made up this Committee's membership. Gordon Humphries took over as chair of the Finance Committee from February 2019. From August 2019, he chaired both the Finance and Audit Committee and the newly created Investment Committee, whose members comprised Alastair Wilson (Chair) and Andrew Millington. From November 2019, Mafe Marwick joined the Finance and Audit Committee; she will also join the Investment Committee in 2020.

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.

At Investment Committee meetings as well as the Strategy Seminar, Trustees discussed their preferred focus on prevention over intervention and how 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 up to 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 portfolio returned 24.3% versus the global equity benchmark index of 21.7%

The Trust's accounts have been prepared covering the calendar year 2019. Over this period under review, the fund increased in value from £18,204,065 to £21,935,532 (2018: decrease from £20,169,937 to £18,204,065). The Trust's investments generated an income of £440,139 (2018: £716,498), or a yield of 2% (2018: 3.9%). Investment management fees were £128,434 (2018: £88,437).

## Risk Management

The Trust maintains a live risk register that is updated by the Chief Executive at least quarterly and discussed by Trustees at every Board meeting. Key risks for the Trust are categorised as follows:

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

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

Systems in place to mitigate our risks include:

1. Funding and Investment
  - a. Operate a Finance and Audit and Investment Committee prior to Board meetings
  - b. Regular review of fund manager performance
  - c. Thorough review of investment policy scheduled
2. Governance and Trustee Responsibility
  - a. A register of Trustees' interests is maintained and reviewed at least annually and any changes to Trustees' interests are formally declared at each meeting
  - b. Inductions and regular briefings for Trustees, access to professional training on governance
  - c. Trustees are issued with a Code of Conduct
  - d. Trust values have been created
  - e. Terms of Reference for the two Committees (Finance and Audit and Investment) have been signed off by the full Board; Board Terms of Reference and a Schedule of Internal Delegation will be signed off in Q1 of 2020
3. Strategy and Monitoring
  - a. Host a Strategic meeting of the Board every year to form a longer-term strategy and review and revise related objectives
  - b. Chief Executive has created an Action Tracker
  - c. Chair to oversee the monitoring of agreed actions
4. Operations
  - a. Chair undertakes six-monthly appraisals with the Chief Executive, records of which are circulated to all Trustees
  - b. Chief Executive undertakes six-monthly appraisals with all staff
  - c. Trustees update their sector knowledge through regular presentations and information updates by the Chief Executive
  - d. IT records are backed up and paper records minimised
  - e. A new bespoke grant management system was commissioned
  - f. Health and Safety policies and method statements are reviewed annually
  - g. 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

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*1 A steadily growing portfolio without capital spend-down would prioritise spending on future generations over the current beneficiaries.*

*Trustees' annual report and strategic retrospective (continued)*

## **Our Reserves Policy**

The total reserves at 31 December 2019 are £21,869,238 (2018: £18,172,973) of which £21,829,698 (2018: £18,088,961) are endowed reserves, £nil (2018: £nil) are designated reserves, £nil (2018: £nil) are restricted reserves and £39,540 are unrestricted reserves (2018: £84,012). The deficit for the year on unrestricted reserves was £44,472 (2018: £76,051 surplus).

We are pleased with the outcomes of the Dads Fund but will not assign further monies to a designated fund; instead, work focusing on fathers and male carers will become a subcategory of our Main Grants programme and budget.

During the year there was a deficit on the unrestricted reserves and the Trustees took the decision to release £200,000 from the endowed funds to unrestricted reserves.

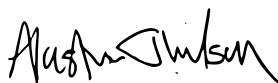
## **Our Approval of this Report**

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 28 May 2020 and are signed on behalf of the Trustees by:



**Alastair Wilson**

*Chairman*

## Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are responsible for safeguarding the assets of charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



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

## Opinion

We have audited the financial statements of The Cattanach Charitable Trust (the 'charity') for the year ended 31 December 2019 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 2019, 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

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

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

## Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appear to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact.

We have nothing to report in this regard.

## **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 19, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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

24 September 2020

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 2019

	Note	Unrestricted Fund £	Designated Fund £	Restricted Fund £	Endowment Fund £	Total 2019 £	Unrestricted Fund £	Designated Fund £	Endowment Fund £	Total 2018 £
<b>Income</b>										
Grants		-	-	77,000	-	77,000	-	-	-	-
Income from investments	3	440,139	-	-	-	440,139	716,498	-	-	716,498
<b>Total income and endowments</b>		<b>440,139</b>	<b>-</b>	<b>77,000</b>	<b>-</b>	<b>517,139</b>	<b>716,498</b>	<b>-</b>	<b>-</b>	<b>716,498</b>
<b>Expenditure</b>										
Expenditure on raising funds	4	-	-	-	(128,434)	(128,434)	-	-	(88,437)	(88,437)
Expenditure on charitable activities	5	(647,240)	(114,371)	-	-	(761,611)	(576,367)	(192,518)	-	(768,885)
<b>Total expenditure</b>		<b>(647,240)</b>	<b>(114,371)</b>	<b>-</b>	<b>(128,434)</b>	<b>(890,045)</b>	<b>(576,367)</b>	<b>(192,518)</b>	<b>(88,437)</b>	<b>(857,322)</b>
<b>Net (expenditure) before gains and losses on investments</b>		<b>(207,101)</b>	<b>(114,371)</b>	<b>77,000</b>	<b>(128,434)</b>	<b>(372,906)</b>	<b>140,131</b>	<b>(192,518)</b>	<b>(88,437)</b>	<b>(140,824)</b>
Net gains and losses on investments		-	-	-	4,069,171	4,069,171	-	-	(1,920,101)	(1,920,101)
<b>Net income/(expenditure)</b>		<b>(207,101)</b>	<b>(114,371)</b>	<b>77,000</b>	<b>3,940,737</b>	<b>3,696,265</b>	<b>140,131</b>	<b>(192,518)</b>	<b>(2,008,538)</b>	<b>(2,060,925)</b>
Transfer between funds		162,629	114,371	(77,000)	(200,000)	-	(64,080)	64,080	-	-
<b>Net movement in funds</b>		<b>(44,472)</b>	<b>-</b>	<b>-</b>	<b>3,740,737</b>	<b>3,696,265</b>	<b>76,051</b>	<b>(128,438)</b>	<b>(2,008,538)</b>	<b>(2,060,925)</b>
Total funds held at 1 January 2019	13, 14	84,012	-	-	18,088,961	18,172,973	7,961	128,438	20,097,499	20,233,898
<b>Total funds held at 31 December 2019</b>		<b>39,540</b>	<b>-</b>	<b>-</b>	<b>21,829,698</b>	<b>21,869,238</b>	<b>84,012</b>	<b>-</b>	<b>18,088,961</b>	<b>18,172,973</b>

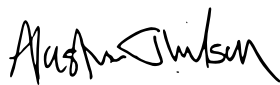
All activities relate to continuing operations. There were no restricted funds in the prior year.

# Balance sheet

at 31 December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Investments	9		21,935,532		18,204,065
<b>Current assets</b>					
Debtors	10	2,428		4,990	
Cash at bank		375,193		469,417	
		<u>377,621</u>		<u>474,407</u>	
<b>Current liabilities</b>					
Creditors	11	(355,386)		(407,259)	
<b>Net current assets</b>			<u>22,235</u>		<u>67,148</u>
<b>Total assets less current liabilities</b>			<u>21,957,767</u>		<u>18,271,213</u>
<b>Creditors:</b> Amounts falling due after more than one year	11		(88,529)		(98,240)
			<u>21,869,238</u>		<u>18,172,973</u>
<b>Funds</b>					
Unrestricted funds	13		39,540		84,012
Designated funds	13		-		-
Restricted funds	13		-		-
Endowment funds	13		21,829,698		18,088,961
			<u>21,869,238</u>		<u>18,172,973</u>

These financial statements were approved and authorised for issue on 28 May 2020 and are signed on behalf of the Trustees by:



**Alastair Wilson**

Chairman

# Statement of cash flows

for the year ended 31 December 2019

	2019 £	2019 £	2018 £	2018 £
<b>Cash flows from operating activities</b>				
Net income/(expenditure)		3,696,265		(2,060,925)
Net (gains)/losses on investments		(4,069,171)		1,920,101
Income from equalisations, redemptions, capital distributions or accrued dividends		10,920		(11,349)
Income from investments		(440,139)		(716,498)
Decrease in debtors		2,562		259
(Decrease)/increase in creditors < 1 year		(51,873)		85,922
(Decrease)/increase in creditors > 1 year		(9,711)		5,752
		<hr/>		<hr/>
<b>Cash used in operating activities</b>		(861,147)		(776,738)
<b>Cash flows from investing activities</b>				
Investment income	440,139		716,498	
Payments to acquire investments	(4,458,429)		(17,408,136)	
Receipts from sale of investments	4,761,631		17,661,225	
Movement in cash held in investment portfolio	23,582		(195,969)	
		<hr/>		<hr/>
<b>Cash provided by investing activities</b>		766,923		773,618
		<hr/>		<hr/>
<b>Decrease in cash and cash equivalents in the year</b>		(94,224)		(3,120)
<b>Cash and cash equivalents at the beginning of the year</b>		469,417		472,537
		<hr/>		<hr/>
<b>Total cash and cash equivalents at the end of the year</b>		375,193		469,417
		<hr/> <hr/>		<hr/> <hr/>
<b>Cash and cash equivalents comprise:</b>				
Cash at bank		375,193		469,417
		<hr/> <hr/>		<hr/> <hr/>

# Notes to the financial statements

## 1 Accounting policies

- (a) **Accounting convention**  
The financial statements are prepared under the historical cost convention as modified by revaluation of investments and in accordance with applicable accounting standards. The charity is a Public Benefit Entity. The financial statements are compliant with the charity's constitution, Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice (SORP) FRS 102 "Accounting and Reporting by Charities" (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 including the effects of Covid 19 pandemic on the charity (see note 19) and have reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.
- (c) **Income**  
Incoming resources comprise: investment income, which is accounted for on receipt by the Fund Manager, dividends are recognised once the dividend has been declared and notification has been received of the dividend due; and voluntary income, recognised when the Trust has entitlement to the income, when it is probable the income will be received and when the amount can be measured reliably.
- (d) **Expenditure**  
Expenditure is accounted for on an accruals basis inclusive of VAT. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Trust to the expenditure and it is probable that settlement will be made. Costs of raising funds consist of investment management fees. Expenditure on charitable activities include grants made and an allocation of support and governance costs. Grants are recognised in full in the year in which they are approved. Where material, the provision for multi-year grants is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Trust that would permit the Trust to avoid making the future payments, settlement is probable and the effect of discounting is immaterial. The discount rate used is the average rate of investment yield in the year in which the grant award is made. This discount rate is regarded by the Trustees as providing the most current available estimate of the opportunity cost of money reflecting the time value of money to the Trust.
- (e) **Allocation of support and governance costs**  
Support costs are allocated between governance costs and other support costs. Governance costs comprise those costs involving the public accountability of the charity and its compliance with regulations and good practice. They therefore include the costs of statutory audit and legal fees, together with the costs of Trustees' meeting and the strategic away-day. Other support costs relate to the administrative costs of running the Trust and are allocated to charitable activities accordingly.
- (f) **Investments**  
Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value at the balance sheet date using the closing market price. Realised and unrealised gains and losses are charged or credited in the statement of financial activities and are allocated to the endowment fund. The Trust has no complex financial instruments. The main form of financial risk faced by the Trust is that of volatility in the investment markets due to wider economic conditions.
- (g) **Debtors**  
Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.



Notes to the financial statements (continued)

**1 Accounting policies (continued)**

(h) **Creditors and provisions**

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

(i) **Defined contribution plans**

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

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

(j) **Fund accounting**

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

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

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

**2 Trustees remuneration and expenses**

No Trustee received any remuneration during the year. Travel and meeting expenses of £1,604 (2018: £284) were reimbursed to 5 Trustees (2018: 5 Trustees) during the year.

**3 Income from investments**

	2019 £	2018 £
Investment income	438,236	713,702
Bank interest	1,903	2,796
	<u>440,139</u>	<u>716,498</u>

**4 Expenditure on raising funds**

	2019 £	2018 £
Investment manager's fees and charges	128,434	88,437

Notes to the financial statements (continued)

**5 Expenditure on charitable activities**

	Grants awarded (note 8) £	Support and governance costs (note 6) £	Unrestricted 2019 £	Unrestricted 2018 £
Charitable activities	<b>556,543</b>	<b>205,068</b>	<b>761,611</b>	768,885

Grants were split £452,153 from unrestricted funds and £104,390 from designated funds (2018: £490,885 unrestricted and £181,421 designated).

**6 Support costs and governance costs**

	Unrestricted £	Designated £	Restricted £	Total 2019 £	Total 2018 £
<b>Support costs</b>					
Staff salaries (note 7)	<b>56,249</b>	-	-	<b>56,249</b>	23,421
Staff expenses	<b>3,227</b>	-	-	<b>3,227</b>	3,949
Accommodation costs	<b>2,449</b>	-	-	<b>2,449</b>	2,800
Administrative support	<b>35,288</b>	-	-	<b>35,288</b>	16,445
Legal and professional fees	<b>17,550</b>	-	-	<b>17,550</b>	9,000
Project costs	-	<b>9,981</b>	-	<b>9,981</b>	11,097
Accountancy fees	<b>15,541</b>	-	-	<b>15,541</b>	12,049
Subscriptions and conferences	<b>638</b>	-	-	<b>638</b>	668
Website costs	<b>37,981</b>	-	-	<b>37,981</b>	11,868
Insurance	<b>752</b>	-	-	<b>752</b>	863
Bank and service charges	<b>82</b>	-	-	<b>82</b>	(26)
General expenses	<b>800</b>	-	-	<b>800</b>	-
Advertising and marketing	<b>585</b>	-	-	<b>585</b>	-
	<b>171,142</b>	<b>9,981</b>	-	<b>181,123</b>	92,134
<b>Governance costs</b>					
Audit fee	<b>3,240</b>	-	-	<b>3,240</b>	3,099
Trustees' expenses	<b>1,604</b>	-	-	<b>1,604</b>	284
Recruitment costs	<b>12,960</b>	-	-	<b>12,960</b>	-
Meeting expenses	<b>2,320</b>	-	-	<b>2,320</b>	1,062
Trustees' strategic away day/conferences	<b>3,821</b>	-	-	<b>3,821</b>	-
	<b>23,945</b>	-	-	<b>23,945</b>	4,445
	<b>195,087</b>	<b>9,981</b>	-	<b>205,068</b>	96,579

Support costs were split £85,482 unrestricted and £11,097 designated in 2018.

Notes to the financial statements (continued)

**7 Staff costs and numbers**

	2019	2018
	£	£
Wages and salaries	50,338	22,517
Employers national insurance	2,657	73
Pension costs	3,254	831
	<u>56,249</u>	<u>23,421</u>
Remuneration and benefits of key management personnel	<u>42,496</u>	<u>23,421</u>

No employee received emoluments of more than £60,000. The average number of employees in the year was 2 (2018: 1).

8	Project type	2019	2018
		£	£
<b>Argyll and Bute</b>			
Home Start Lorn	Core Costs	-	7,500
Home Start MAJIK <sup>1</sup>	Core Costs	-	10,000
Isle of Jura Development Trust	Toddler Group	1,800	-
<b>Ayrshire</b>			
St Peter's Children's Centre – 2 year award	Toddler Group	-	36,034
<b>Clackmannanshire</b>			
Home-Start Clackmannanshire	Parent Support	5,903	-
<b>Dumfries and Galloway</b>			
Home-Start Wigtownshire	Dads Fund	4,508	4,508
Home-Start Wigtownshire – 3 year award <sup>2</sup>	Parent Support	-	8,250
<b>Dundee</b>			
Boomerang Community Centre – 2 year award	Toddler Group	-	19,440
Boomerang Community Centre – 2 year award <sup>3</sup>	Dads Fund	(8,170)	8,750
Dundee United Community Trust – 3 year award	Child Support	-	22,500
Home-Start Dundee	Dads Fund	-	16,413
<b>Edinburgh</b>			
Children 1 <sup>st</sup> – 2 year award	Dads Fund	-	33,543
Citadel Youth Centre	Parent Support	-	16,500
Citadel Youth Centre – 2 year award	Parent Support	30,658	-
Craigmillar Literacy Trust – 2 year award	Speech and Language Support	-	-
Craigmillar Literacy Trust – Books for Babies – 2 year award	Parent Support	-	11,475
Dad's Rock	Dads Fund	-	11,542
Dad's Rock – 2 year award	Dads Fund	30,000	-
Dean and Cauvin Trust – 3 year award	Parent Support	50,207	-
Home Link Family Support – 2 year award	Parent Support	34,996	-
North Edinburgh Arts	Parent and Toddler Art Group	15,000	-
One Parent Families Scotland – 3 year award	Dads Fund	-	50,828
The Broomhouse Centre	Toddler Group	9,217	-

<sup>1</sup> awarded further amount in relation to original 2015 application

<sup>2</sup> reduced from original award

<sup>3</sup> award was terminated

Notes to the financial statements (continued)

8	Project type	2019 £	2018 £
<b>Grants awarded (continued)</b>			
<b>Fife</b>			
Cottage Family Centre – 2 year award	Dads Fund	-	20,000
Fife Gingerbread – 2 year award <sup>4</sup>	Dads Fund	-	32,837
<b>Forth Valley</b>			
Aberlour Childcare Trust <sup>5</sup>	Dads Fund	-	(13,190)
Family Mediation Central Scotland – 3 year award	Parent Support	-	11,130
<b>Glasgow</b>			
confab – 3 year award	Young Mothers	-	22,500
Cranhill Parish Church – 2 year award <sup>6</sup>	Parent Support	-	10,000
Geeza Break – 3 year award <sup>7</sup>	Parent Support	-	41,973
Glasgow Sculpture Studios	Dads Fund	-	5,000
Glasgow Children's Hospital Charity	Child Support	<b>16,960</b>	-
Govan HELP	Child Support	<b>29,617</b>	-
Home-Start Glasgow South – 3 year award	Dads Fund	<b>22,500</b>	-
Merry-Go-Round Glasgow – 3 year award	Parent Support	-	29,610
Merry-Go-Round Glasgow	Parent Support	-	9,735
Merry-Go Round Glasgow [1]	Core Support	<b>4,000</b>	-
Saheliya – 3 year award	Parent Support	<b>55,983</b>	-
South Glasgow Childcare Partnership (Bookbug) – 2 year award	Toddler Group	-	7,000
South Glasgow Childcare Partnership (Bookbug) – 2 year award	Toddler Group	-	20,790
Toybox Lee Avenue	Dads Fund	-	15,000
Toybox Lee Avenue – 3 year award	Dads Fund	<b>44,739</b>	-
Tron Theatre – 2 year award	Child Support	-	20,630
Village Storytelling Centre – 3 year award	Toddler Group	<b>30,000</b>	-
<b>Highland</b>			
Hilton Family Support	Parent Support	<b>8,500</b>	-
Kyle of Sutherland Hub – 3 year award	Toddler Group	-	14,000
<b>Inverclyde</b>			
Inverclyde Family Contact Centre <sup>8</sup>	Parent Support	-	2,000
Mind Mosaic Counselling and Therapy – 3 year award	Parent Support	-	72,351
<b>Inverness</b>			
Enterprise Childcare – 2 year award <sup>9</sup>	Parent and Child Support	<b>(13,768)</b>	-
<b>Lanarkshire</b>			
CrossReach Lanarkshire <sup>10</sup>	Parent Support	-	14,774

<sup>4</sup> awarded a further amount in relation to original application

<sup>5</sup> award was terminated

<sup>6</sup> grants funded by restricted donation received in 2019

<sup>7</sup> grants funded by restricted donation received in 2019

<sup>8</sup> awarded a further amount in relation to original application

<sup>9</sup> award was terminated

<sup>10</sup> grants funded by restricted donation received in 2019

Notes to the financial statements (continued)

8	Project type	2019 £	2018 £
<b>Grants awarded (continued)</b>			
<b>Moray</b>			
Step by Step in Moray <sup>11</sup>	Parent Support	-	6,000
<b>North Lanarkshire</b>			
Getting Better Together Ltd [1] – 2 year award	Toddler Group	<b>7,500</b>	-
<b>Perth and Kinross</b>			
Home-Start Perth <sup>12</sup>	Parent Support	-	9,844
<b>Renfrewshire</b>			
Home-Start Renfrewshire & Inverclyde	Dads Fund	<b>10,417</b>	-
<b>Scottish Borders</b>			
Hawick Congregational Community Church <sup>13</sup>	Parent Support	-	1,000
<b>South Lanarkshire</b>			
Agape Wellbeing	Parent Support	<b>19,632</b>	-
Healthy Valleys	Toddler Group	<b>16,091</b>	-
Project 31 – 3 year award	Toddler Group	<b>29,700</b>	-
<b>West Dunbartonshire</b>			
Rock community Church – 2 year award	Child support	<b>34,137</b>	-
Rock Community Church	Child Support	-	17,039
<b>West Lothian</b>			
Family and Community Development West Lothian – 3 year award	Parent Support	-	45,000
Family and Community Development West Lothian – 3 year award	Dads Fund	<b>34,905</b>	-
Home-Start West Lothian	Parent Support	<b>3,945</b>	-
<b>Scotland</b>			
Parent Infant Foundation	Child Support	<b>27,566</b>	-
		<b>556,543</b>	672,306

<sup>11</sup> reduced from original award

<sup>12</sup> awarded a further amount in relation to original application, funded by restricted donation received in 2019

<sup>13</sup> awarded a further amount in relation to original application

**9 Investments**

	Investments £	Cash held for reinvestment £	Total £
Market value at 1 January 2019	17,908,400	295,665	18,204,065
Purchases at cost	4,458,429	(4,458,429)	-
Disposal proceeds	(4,761,631)	4,761,631	-
Dividends and interest accrued movement	-	449,200	449,200
Dividends and interest remitted	-	(656,628)	(656,628)
Investment management fees	-	(119,227)	(119,227)
Accrued dividends	(10,920)	-	(10,920)
Other movements	-	(129)	(129)
Realised gain on disposal	441,805	-	441,805
Unrealised gain on revaluation	3,627,366	-	3,627,366
<b>Market value at 31 December 2019</b>	<b>21,663,449</b>	<b>272,083</b>	<b>21,935,532</b>
Historical cost at 31 December 2019			<b>18,881,876</b>

Notes to the financial statements (continued)

**9 Investments (continued)**

	<b>2019</b>	2018
	%	%
Investments at fair value comprise:		
Equities	<b>98.8</b>	99.6
Alternatives	-	-
Cash held within the investment portfolio	<b>1.2</b>	0.4
	<hr/>	<hr/>
	<b>100</b>	100
	<hr/> <hr/>	<hr/> <hr/>

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

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

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

**10 Debtors**

	<b>2019</b>	2018
	£	£
Prepayments	<b>2,428</b>	4,990
	<hr/>	<hr/>

**11 Creditors**

	<b>2019</b>	2018
	£	£
<i>Amounts due within one year</i>		
Grants payable	<b>292,976</b>	364,561
Accruals	<b>49,897</b>	34,720
Other creditors	<b>12,513</b>	7,978
	<hr/>	<hr/>
	<b>355,386</b>	407,259
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)

**11 Creditors (continued)**

	2019 £	2018 £
<i>Amounts due after more than one year</i>		
Grants payable	<b>88,529</b>	98,240
Analysis of movement in grant commitments		
Grant commitments at the start of the year	<b>462,801</b>	375,581
Grants awarded in the year	<b>556,543</b>	672,306
Grants paid or written back in the year	<b>(637,839)</b>	(585,086)
Grant commitments at the end of the year	<b>381,505</b>	462,801

**12 Financial instruments**

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Financial assets measured at fair value	<b>21,935,532</b>	18,204,065
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<b>(443,915)</b>	(505,499)
	<b>21,491,617</b>	17,698,566

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

Liabilities measured at amortised cost comprises accruals and other creditors.

**13 Funds**

	Balance at 1 January 2019 £	Income £	Expenditure £	Gains and losses £	Transfers £	Balance at 31 December 2019 £
Unrestricted	84,012	<b>440,139</b>	<b>(647,240)</b>	-	<b>162,629</b>	<b>39,540</b>
Designated	-	-	<b>(114,371)</b>	-	<b>114,371</b>	-
Restricted	-	<b>77,000</b>	-	-	<b>(77,000)</b>	-
Endowment	18,088,961	-	<b>(128,434)</b>	<b>4,069,171</b>	<b>(200,000)</b>	<b>21,829,698</b>
	<b>18,172,973</b>	<b>517,139</b>	<b>(890,045)</b>	<b>4,069,171</b>	-	<b>21,869,238</b>

Designated funds represent amounts set aside to support further Dads' Fund projects in the coming year. The restricted fund represents the "First 1,000 days fund". During the year a donation was received from the William Grant Foundation to retrospectively fund four projects that were approved for payment by the Trust in 2018.

Notes to the financial statements (continued)

**13 Funds (continued)**

	Balance at 1 January 2018 £	Income £	Expenditure £	Gains and losses £	Transfers £	Balance at 31 December 2018 £
Unrestricted	7,961	716,498	(576,367)	-	(64,080)	84,012
Designated	128,438	-	(192,518)	-	64,080	-
Restricted	-	-	-	-	-	-
Endowment	20,097,499	-	(88,437)	(1,920,101)	-	18,088,961
	<u>20,233,898</u>	<u>716,498</u>	<u>(857,322)</u>	<u>(1,920,101)</u>	<u>-</u>	<u>18,172,973</u>

**14 Analysis of net assets by fund**

<b>2019</b>	<b>Unrestricted Fund £</b>	<b>Designated Fund £</b>	<b>Restricted Fund £</b>	<b>Endowment Fund £</b>	<b>Total £</b>
Investments	105,834	-	-	21,829,698	21,935,532
Current assets	279,865	83,765	13,391	-	377,621
Current liabilities	(290,862)	(50,533)	(13,991)	-	(355,386)
Creditors falling due > one year	(55,297)	(33,232)	-	-	(88,529)
	<u>39,540</u>	<u>-</u>	<u>-</u>	<u>21,829,698</u>	<u>21,869,238</u>
<b>2018</b>	<b>Unrestricted Fund £</b>	<b>Designated Fund £</b>	<b>Restricted Fund £</b>	<b>Endowment Fund £</b>	<b>Total £</b>
Investments	115,104	-	-	18,088,961	18,204,065
Current assets	393,979	80,428	-	-	474,407
Current liabilities	(344,775)	(62,484)	-	-	(407,259)
Creditors falling due > one year	(80,296)	(17,944)	-	-	(98,240)
	<u>84,012</u>	<u>-</u>	<u>-</u>	<u>18,088,961</u>	<u>18,172,973</u>



Notes to the financial statements (continued)

**15 Analysis of changes in net cash during the year**

	As at 1 January 2019 £	Cashflows £	As at 31 December 2019 £
Cash at bank and in hand	469,417	(94,224)	375,193
	<u>469,417</u>	<u>(94,224)</u>	<u>375,193</u>

**16 Financial commitments**

	2019 £	2018 £
Financial commitments	-	10,070
	<u>-</u>	<u>10,070</u>

**17 Related party transactions**

There were no related party transactions during the year.

**18 Ultimate controlling party**

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

**19 Post balance sheet events**

Since the year end, the Trust has faced a new challenge relating to COVID19. The Trustees are reviewing all aspects of the ongoing needs of the Trust. Whilst there are short term implications such as a reduction in investment income and a fall in the value of investments, the Trust is well placed to support all activities and existing grant commitments due to a combination of ongoing positive cash flow and cash reserves. £900,000 has been raised from capital to ensure our grant-making and operations continue at the level we had intended for 2020 and 2021, irrespective of dividend income. As a consequence, the Trust continues to be a going concern.