

Cattanach SCIO Annual Report & Financial Statements

Registered Number SC049833

31st December 2022

Table of Contents

ADMINISTRATIVE DETAILS	1
CHAIR'S REPORT	2
CEO WELCOME	4
TRUSTEES' ANNUAL REPORT AND STRATEGIC RETROSPECTIVE	6
STATEMENT OF TRUSTEES' RESPONSIBILITIES	23
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CATTANACH CHARITABLE TRUST	24
STATEMENT OF FINANCIAL ACTIVITIES	27
BALANCE SHEET	28
STATEMENT OF CASH FLOWS	29
NOTES TO THE FINANCIAL STATEMENTS	30

Administrative details

Reference and administrative information

Trustees	Steve Murray (Chair) Ian McLaughlan (Vice-Chair, Grants Committee Chair; retired on 25 th March 2022) Mafe Marwick Andrew Millington Dr Patricia Jackson OBE (Vice-Chair, Grants Committee Chair since 25 th March 2022) Heather Coady Caroline Murray Jennifer Corrigan (Investment Committee Chair) Rory Marsh (Vice-Chair, Finance and Audit Committee Chair) Rachel Mathers (joined 1 st July 2022) Patricia Hall (joined 1 st July 2022) Aron Mitchell (joined 1 st December 2022)
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

Thank you for your interest in Cattanach and our work over the course of 2022. As we look back at another busy year, we are proud of the many achievements our grantee organisations have made, and the many children's lives they have touched. It is to them that I would like to extend our sincere thanks. Our main grants programme remains focussed on frontline service work across Scotland where we have seen the need for support grow even further in 2022. We are fortunate to already be working with some outstanding partners and we are also working hard to find others to help achieve our ambition of improving the overall early years system these frontline organisations are operating in.

COVID-19 Response

The pandemic thankfully may be beginning to feel a long time away, but we are acutely aware that the first quarter of 2022 was yet again shaped by restrictions, continuing uncertainty, and many old and new challenges. We saw the issues that our grantees were facing and offered as much flexibility as we could; for instance, we offered virtual meetings instead of visits where appropriate. Many of the COVID-19 response measures we implemented have become permanent features, such as our extended reporting period at the end of an award or our light-touch evaluation system.

Partnerships

We are delighted to be working with great partners across the funding and early years work. In particular, I would like to thank the Charles Gordon Foundation (CGF) Trustees, Advisory Board, and their Consultant, for their trust in our early years expertise: we were able to build on our 2020/21 pilot and administered a total of £500,000 in 2022 on behalf of the CGF. As in previous years, these awards have a special focus on the first two years of a child's life. Co-funding enabled us to support more grantees and offer them a more seamless funding experience, connecting them with two funders through one joint proposal and evaluation process. We look forward to continuing this special relationship in 2023 and beyond.

Board

2022 was again a year of goodbyes and hellos: Our Vice-Chair and Grants Committee Chair, Ian McLaughlan, stepped down in Q2 after five years of service, in line with his professional retirement from Youth Scotland. We are grateful for Ian's many contributions to Cattanach and early years services in Scotland, and wish him all the very best on this new and exciting journey.

Dr Patricia Jackson OBE stepped up to chair the Grants Committee; together with Rory Marsh, she is one of our two new Vice Chairs, who are strengthening our governance and the overall effectiveness of the Board.

A successful recruitment round saw us welcome Patricia Hall and Rachel Mathers as new Trustees in Q3 2022, both with a background in the voluntary sector. In Q4, we were joined by Aron Mitchell, who brings his valuable experience in financial services to the Board. We are delighted to have attracted such a diverse and strong talent pool and look forward to working with Patricia, Rachel and Aron over the coming years. Having a strong and diverse board is critically important to the success of Cattanach and I count myself fortunate to work with such a high calibre group of trustees.

Last but not least, I cannot miss to note our joy at the arrival of our CEO Sophie's baby daughter. She has joined us at some of our Board meetings as well as the strategy day, offering a (mostly) smiling reminder of whom our work seeks to benefit – the youngest members of our society.

Chair's Report (continued)

Special Thanks

We have a talented and dedicated staff team at Cattanach, led superbly by Sophie, 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 and then Keri Ritchie, supported by Lisa Gallagher, at Henderson Loggie LLP; our web design and communications support at Gecko Agency Ltd.; our banking team around Andrew Millar and Duncan Gourlay 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 LLP.

Outlook 2023

Much hard work has been invested in our Theory of Change work and we will see the fruits of this investment unfold in 2023. With a strong team and diverse Board, we are determined more than ever to bring about positive change for early years children and their families, and I hope you will join us on this journey for another year to come.

Kind regards,



Steve Murray
Chair
27 March 2023

CEO Welcome

Dear Friends,

Thank you for looking back with us at our 2022. My fourth year at Cattanach was also a most special one, professionally as well as personally, as Team Cattanach grew by one small person. My baby daughter has now attended more virtual meetings, conferences and conventions than most adults, and it has been a very special experience to so visibly demonstrate for whom Cattanach is working. I would like to thank our Chair, Vice-Chairs, and the Board, as well as the wonderful staff team and my maternity cover, Fraser McKinlay, for their trust and support. My daughter has been welcomed so warmly into the folds of the Cattanach family, and I am proud that – with everyone's help and patience – I have been able to continue working around our newest arrival.

My daughter's birth, with all the privilege we enjoy, has also underlined for me how crucial the right support for young families is. The early years are a time of joy but also of great vulnerability. Cattanach has been working throughout 2022 to make a positive difference, and we will continue to do so in 2023 and beyond.

Reflections on 2022

As we slowly came out of pandemic restrictions, the cost of living crisis has been a key factor shaping 2022. This is true for both our grantee organisations, as well as our beneficiaries, early years families across Scotland. We are sincerely worried that inequalities will be even further exacerbated. One element of our response is around rising costs for grantee organisations, but we want to make sure we are not losing sight of our strategic objectives. Thus, the compound effect of the pandemic and the cost of living crisis has seen reductions, in particular, around preventative spend. As an independent funder, we see it as our responsibility to keep prevention on the agenda and support the creation and maintenance of preventative services. We co-commissioned work on both holistic family support and rights-based funding, and are making these two strands core elements in our strategy work.

Strategic Work and Theory of Change

Throughout 2022, we had the pleasure of working with the Dartington Service Design Lab (DSDL) and a group of key stakeholders from the philanthropy, policy, and early years sectors, to discuss our Theory of Change. I would like to thank all those involved for their time, openness, and interest in mutual learning. The exercise has helped us clarify our strengths and development opportunities, as well as to identify levers within the early years system. We are now developing a new Theory of Change and strategy, which we plan to launch in the second half of 2023. As always, we will work closely with our partners – colleagues, grantees, and early years children and families – to make sure the new Theory of Change and strategy will be in line with our ambition.

Team

Similarly to the Board, we saw some changes to the staff team. Amy Baker, our Learning Officer, left for a new position in policy in Q2 2022; Amy will be missed and we wish her all the best in her new role. Eloïse Di Gianni kindly stepped in on a short-term basis to support us after Amy's departure. We welcomed a student intern, Ailsa Wilson, who has become such a great part of the team that she is still supporting our work as Grants and Relationships Assistant alongside her studies.

We also had the pleasure of being supported by Fraser McKinlay as my maternity leave cover from April to June 2022. His reflections on our operations have been as insightful as they have been helpful and we have been implementing his recommendations. One such change has been the creation of a Head of Operations role to permanently support the Chief Executive and create a Senior Management Team. We are thrilled that Becca Llewellyn has decided to take up the challenge after supporting us on a freelance basis for the previous years.

We endeavour to be the best grant-maker we can be – it is a process of continuous learning from our grantees, partners, and, above all the children themselves. Much of my work will go into making sure we follow through on this ambition, firmly with the benefit of early years children in mind. Thank you for your valuable support on this journey, which we could never complete alone.

CEO Welcome (continued)

With my warmest regards,

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

Dr Sophie Flemig
Chief Executive

27 March 2023

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 2022.

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. In 2022, we continued our support for organisations that help children from pre-birth to around school age to have a better start to life. We do so by supporting healthy relationships within any and all forms of family or care structures. 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 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

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'.

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.

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.

Trustees' annual report and strategic retrospective (continued)

Our Activities (continued)



Pillar 1 - Grant-making

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 currently offering multi-year funding of 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 we 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.

Trustees' annual report and strategic retrospective (continued)

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 that 2022 saw the return of in-person meetings; we 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 third 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 continue our Funder Plus offer in 2022, 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 (e.g. 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 previous years, Cattanach Associates also offered individual support to our grantees and some organisations that we did not grant to. This capacity building work included training, 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. Due to staffing changes and the Chief Executive's maternity leave, this area of work has been somewhat pared down in 2022; yet we are proud of the quality and breadth of the work that took place. 'SoWhat?' seminars continued to run on a monthly basis. Children's rights were at the forefront of our advocacy and research activities: Cattanach supported follow-up work from the Children's Parliament 'Year of Childhood', including the development of assets that demonstrate and illustrate what a rights-based practice in the early years looks like. Furthermore, we funded Starcatchers and the Royal Conservatoire of Scotland for Phase I of a children's rights and participation approach project targeting pre- and non-verbal children; we were delighted to have the Children's and Young People's Commissioner for Scotland offer a keynote speech at the report launch. We were co-funders for a number of research projects: firstly, a piece of scoping research on holistic family support and its role within Scotland's early years services; secondly, a report and next-step scoping of human rights funding in Scotland; and, finally, exploratory research on access and referral pathways to early years services across Scotland.

Trustees' annual report and strategic retrospective (continued)

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, Cattnach commissioned a project on behalf of the group to find ways of meaningful collaboration among independent funders and local government, which is due to report in 2023.

*Trustees' annual report and strategic retrospective (continued)***Our Achievements and Performance in 2022****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 42 new grants which ranged from £2,000 to £50,000 per annum (2021: 38 grants ranging from £1,400 to £53,208 per annum) with a total grants programme for the year of £1,033,102 (2021: £1,358,948). The grants programme total was lower than the previous year because in 2021 there were additional grants from the use of capital in response to pandemic needs.

The table below gives more detail around the different types of grants that were awarded during 2022:

Type of grant	Number of grants	Largest grant (in £)	Smallest grant (in £)	% of multi-year grants
Core grants Cattanach grants as part of our main grants programme.	16	25,000	2,000	100%
Strategic grants Cattanach grants as part of our strategic programme.	10	50,000	10,000	0%
Other grants Collaboration with our partners at the Charles Gordon Foundation, with a specific focus on children from birth to two years of age.	16	19,936	3,500	100%
All Grants	42	50,000	2,000	76%

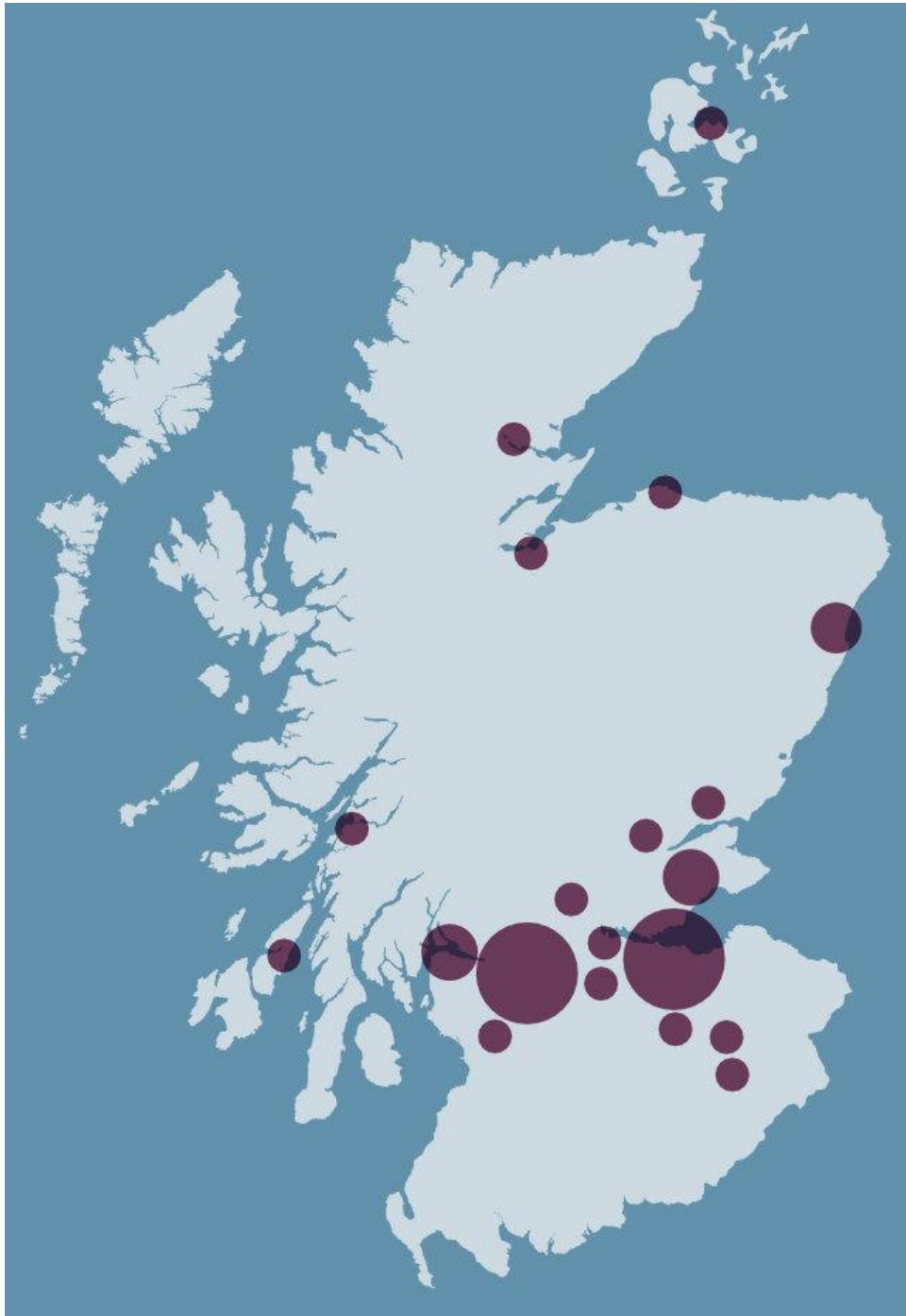
In addition, there was one grant originally awarded in 2021 which was awarded an uplift in December 2022 for year 2 and year 3 of £10,424 per annum.

Of all grants awarded, 76% were multi-year grants (2021: 82%). Of those who applied for a main grant, 32% were awarded funding (2021: 29%).

Trustees' annual report and strategic retrospective (continued)

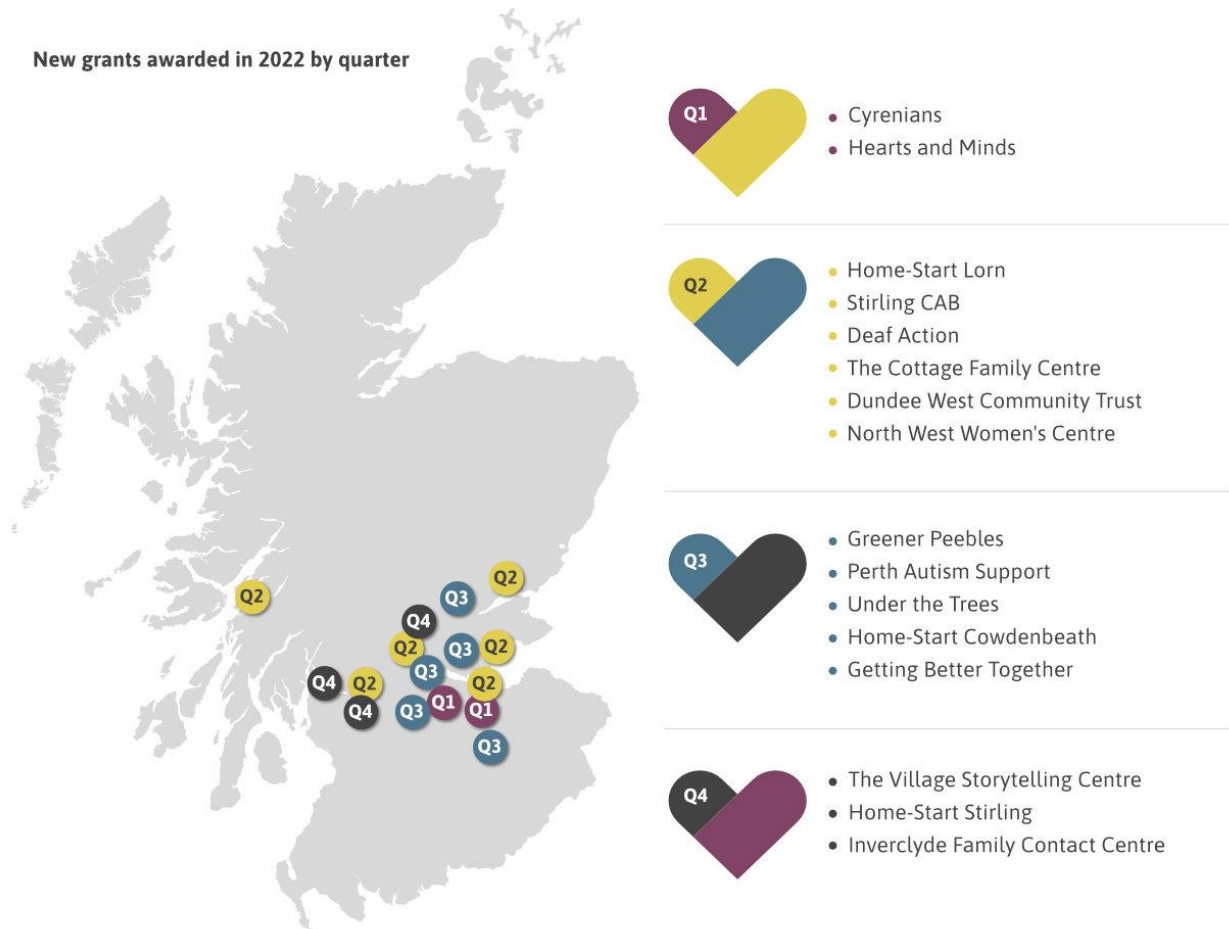
Our Grants – Geography

The map shows where our funded organisations (core grants) 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 embarked on a first step towards place-based work in 2022, supporting the creation of a new Home-Start in Dumfries. 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) in 2022 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. In 2022, we also co-funded the creation of a new policy officer post for PIF, focusing specifically on Scotland. This project continues to be co-funded with the [William Grant Foundation](#) (WGF) and the Charles Gordon Foundation (CGF). Further strategic grants included: the [Children's Parliament](#) around early years rights-based practice with a focus on Early Learning and Childcare services; [Starcatchers](#) for a rights-based participation toolkit for pre- and non-verbal children; the 'Healthier Pregnancies, Better Lives' coalition, coordinated by the [Queen's Nursing Institute Scotland](#); [Parent and Infant Mental Health Scotland](#) (PIMHS) for the creation of a network of professionals and the representation of infants and their families in policy debates; and [UNICEF](#) for scoping work around the creation of a rights-based early years accreditation similar to the Baby Friendly Initiative and Rights Respecting Schools.

One strategic project provided mental health support for mothers and carers across the UK: thus, we acted as headline sponsor for the [Pregnant Then Screwed](#) 'Festival of Mental Health' in September 2022.

We are delighted with the progress made by our place-based funding project in Perth and Kinross, the [Wellbeing Economy Alliance Scotland's](#) 'Love Letham' project, which is demonstrating how a children's rights and wellbeing budget can be created; this project was due to report in 2022 but was delayed by COVID restrictions in late 2021 and early 2022. The Cattanach Board provided further funding for an extension of the project into 2023.

Trustees' annual report and strategic retrospective (continued)

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. While further changes were discussed as part of our Theory of Change work, we did not make any changes in 2022.

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 2022 included holistic family support, with a focus on prevention while statutory services are more and more often restricted to intensive interventions. We also awarded funding to reflect the need for maximising available benefits for early years children; while perfectly within our funding criteria, this line of work has marked a new form of support for us and we are looking forward to seeing its outcomes.

2022 marked the third 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.

This year, we set aside £50,000 for place-based work to target 'blind spots' on our funding map. Due to staff capacity, some of this funding was re-directed to wider strategic work. Alongside our partners at the William Grant Foundation, we awarded £10,000 to Home-Start Dumfries, a new service aimed at providing wider early years support across Dumfries and Galloway, with consultancy input from Home-Start Glasgow North and Home-Start Wigtownshire, both former Cattanach grantees.

In 2022, we distributed £500,000 on behalf of the Charles Gordon Foundation. Learning from our collaboration in 2021 (a separate grants programme called the **First 1,000 Days Small Grants**), we jointly decided to co-fund across the main grants programme, with Charles Gordon Foundation funds directed at work benefiting children from birth to just over two.

Innovations resulting from the ongoing COVID-19 pandemic

2022 marked a return to 'normality' of sorts, even though the first quarter was still affected by COVID restrictions. 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 as over previous years; in fact, 2022 was the first time that many of the adverse outcomes caused by restrictions during the pandemic became visible (e.g., developmental delays, especially around social skills and speech; social anxiety, etc.). While we returned to our pre-pandemic budget, the addition of the CGF funding meant an overall increase in our grants programme.

Trustees' annual report and strategic retrospective (continued)

Our Partnerships

Many of our partnerships flourished over the course of 2022, and new ones were added. 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:



Charles Gordon Foundation

From 2022, we have been delighted to administer £500,000 per annum, for three years, on behalf of CGF. We truly appreciate our partnership with CGF and are delighted to be working alongside CGF colleagues going forward.



William Grant Foundation

We were delighted to continue our partnership with the [William Grant Foundation \(WGF\)](#) throughout 2022. With consent of our grantees, we shared proposals sent to us with the WGF, along with strategic funding opportunities; this included a joint report on holistic family support. 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. Cattanach 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

Our partnership with [Parent-Infant Foundation \(PIF\)](#), jointly funded with the WGF and the CGF, 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. An evaluation report by Rocket Science demonstrated the remarkable contributions that PIF's work added to the rollout of Perinatal and Infant Mental Health services across Scotland and we are delighted to continue our support of this crucial work.



Parent and Infant Mental Health Scotland (PIMHS)

As a new partnership, we awarded funding to PIMHS for their development and advocacy work aimed at filling the 'baby blind spot'. We are looking to PIMHS to provide further representation of early years children's interests at strategic levels across the Scottish Government, local authorities, and health boards, in line with our strong strategic interest in infant mental health.



Children's Parliament

After supporting the [Children's Parliament](#) for their [Year of Childhood](#) work in 2021, 2022 saw a soft launch of further demonstration work around a rights-based early years practice. We are proud to stand for children's human rights as [Unfearties](#) and will do our utmost to help embed the UNCRC in Scotland going forward.



Dartington Service Design Lab

Throughout 2022, we critically looked at our theory of change with the DSDL team, led by Catherine-Rose Stocks-Rankin and Kate Tobin. Through a collaborative process, we explored how we currently think about change and how it can be achieved. This work included a steering group of grantees, Trustees, sector leaders and academics; we are very grateful for everyone's contribution and are using the DSDL work as basis for the development of our new theory of change and strategy in 2023.



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

WEAll Scotland has been leading our 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 delighted to see the enthusiasm with which Love Letham was met by the children and families of Letham, as well as the PKC officials, and look forward to seeing WEAll Scotland continue its work in 2023.

Trustees' annual report and strategic retrospective (continued)

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 at the end of years one and two. This takes the form of a visit by Cattanach staff and (when appropriate) one or more Trustees, or a phone call. 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 2022, Cattanach staff visited 29 organisations in person and had 25 virtual calls for evaluation purposes.

Key themes raised during these visits and calls continue to highlight the detrimental effects of systemic challenges – such as poverty and reduced statutory capacity – on the delivery of early years services by our grantees. Evidence is now also abounding around the detrimental impact of pandemic measures on children's outcomes (e.g., speech/developmental delays, attachment anxiety, etc.).

Trustees' annual report and strategic retrospective (continued)

How we communicate externally

Throughout 2022, 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 40,000 times, while increasing our following in 2022 by 22% to 1,100 followers.

The Cattanach Loop, a monthly newsletter for our grantees, stakeholders, partners, and all those with an interest in the early years in Scotland now has 192 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 2022 (March, June, 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 in advance of Board meetings.

Trustees were supported by the Chief Executive, Dr Sophie Flemig, who is leading the operations of Cattanach. In 2022, she started to build a Senior Management Team (SMT). Thus, Cattanach now benefits from the contributions of Becca Llewellyn as Head of Operations. A further and final SMT member - a Head of Policy and Public Affairs – will be recruited in 2023.

Trustees' annual report and strategic retrospective (continued)

Our Structure, Governance and Management (continued)

The Trustees who served during the year ended 31 December 2022 are shown below. All of the Trustees were members of the main Board and in addition they each served on a Committee.



We were supported by Michael Barr who has been co-opted to the Investment Committee since 2021; while he is involved in formulating recommendations to the full Board, he was not involved in Board decisions. Cattanach is enormously grateful for Michael's expert advice and guidance and thanks him for his ongoing efforts.

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 or the Head of Operations. 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.

Trustees' annual report and strategic retrospective (continued)

Our Structure, Governance and Management (continued)

In 2022, we welcomed Patricia Hall and Rachel Mathers, who joined the Board on 1st July 2022, and Aron Mitchell, who joined the Board on 1st December 2022. 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 Executive Team. 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:

For example, the Open University Attachment course, the Harvard Brain Story certification, and training on investment, funding and climate change.



We valued our memberships and related briefings:

The Association of Charitable Foundations, Scotland Funders' Forum, the Scottish Grantmakers, the Scottish Council for Voluntary Organisations, Children in Scotland, and the Child Poverty Action Group. Signatories to the Funders Pledge on Climate Change.



We followed-up on our understanding of ethical investment:

We continue to actively follow our 2021 investment policy statement, which is based on our values and guides our investment managers.



We benefited from briefings and discussions with partners:

The Parent-Infant Foundation, the Wellbeing Economy Alliance Scotland, the Dartington Service Design Lab, StartHere, and the Children's Parliament.



We held a Strategy Seminar in November 2022:

Discussions focused on our ambition for change as part of the theory of change and strategy review, due to conclude in the second half of 2023.

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' annual report and strategic retrospective (continued)

Our Finance Review

Over the year ended 31 December 2022, the value of the investments, after allowing for the various changes, decreased by £3,383,248 (2021: increased by £1,846,057). £1,033,102 (2021: £1,358,948) was awarded in grants. The total awarded grants figure of £1,033,102 includes Cattanach core and strategic grants of £558,102 and grants made on behalf of others totalling £475,000. The net loss for the year was £3,407,306. (2021: net income £1,407,595).

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. Our Investment Policy Statement was signed off in 2021 and will be reviewed at the latest in 2024.

The Investment Committee was chaired by Jennifer Corrigan, with Mafe Marwick and Andrew Millington making up the Committee's membership, supported by Michael Barr as co-opted member. In Q4 2022, Aron Mitchell joined the Investment Committee as its most recent member.

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.

Over the course of 2022, the portfolio fell by -10.3% versus the global equity benchmark index of -8.1% and the fund decreased in value from £25,276,643 to £21,893,395 (2021: increase from £23,430,586 to £25,276,643). The Trust's investments generated an income of £270,890 (2021: £301,449), or a yield of 1.2% (2021: 1.2%). Investment management fees were £140,196 (2021: £142,944).

Trustees' annual report and strategic retrospective (continued)

Risk Management

The Trust maintains a live risk register that is updated by the Chief Executive and Head of Operations 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

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
 - 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 any interests are declared at each meeting
 - ii) Inductions and regular briefings for Trustees, access to professional training on governance
 - iii) Trustee Code of Conduct, Terms of Reference and Schedule of Internal Delegation
3. Strategy and Monitoring
 - i) Annual Strategic meeting to form a longer-term strategy and review related objectives
 - ii) Chair oversees the monitoring of agreed actions
4. Operations
 - i) Regular appraisals for all staff
 - ii) IT records are backed up and paper records minimised
 - iii) Health and Safety policies and method statements are reviewed annually
 - iv) Annual budget is approved by the Board; expenditure is monitored quarterly

Trustees' annual report and strategic retrospective (continued)

Our Reserves Policy

The total reserves at 31 December 2022 are £21,469,735 (2021: £24,877,041) of which £21,469,735 (2021: £24,854,836) are endowed reserves, £nil (2021: £22,205) are restricted reserves and £nil are unrestricted reserves (2021: £nil). The deficit for the year on unrestricted reserves was £nil (2021: £nil). Prior to transfers the deficit for the year on unrestricted reserves was £506,924 (2021: £1,195,191).

In 2022, we signed off a new reserves policy, which sees us holding at least 3 month's operational costs as well as sufficient funds to cover the grant commitments for the following quarter.

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 27 March 2023 and are signed on behalf of the Trustees by:



Steve Murray
Chair

Trustees' annual report and strategic retrospective (continued)

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 2022 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 2022, 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

27 March 2023

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 2022

	Note	Unrestricted Fund £	Restricted Fund £	Endowment Fund £	Total 2022 £	Unrestricted Fund £	Restricted Fund £	Endowment Fund £	Total 2021 £
Income									
Donations		796	-	-	796	796	-	-	796
Grants		-	500,000	-	500,000	903	-	-	903
Income from investments	3	270,890	-	-	270,890	301,449	-	-	301,449
Total income and endowments		271,686	500,000	-	771,686	303,148	-	-	303,148
Expenditure									
Expenditure on raising funds	4	-	-	(140,196)	(140,196)	-	-	(142,944)	(142,944)
Expenditure on charitable activities	5	(778,610)	(522,205)	-	(1,300,815)	(1,498,339)	(162,795)	-	(1,661,134)
Total expenditure		(778,610)	(522,205)	(140,196)	(1,441,011)	(1,498,339)	(162,795)	(142,944)	(1,804,078)
Net expenditure before gains and losses on investments		(506,924)	(22,205)	(140,196)	(669,325)	(1,195,191)	(162,795)	(142,944)	(1,500,930)
Net (losses)/gains on investments		-	-	(2,737,981)	(2,737,981)	-	-	2,908,525	2,908,525
Net (expenditure)/income		(506,924)	(22,205)	(2,878,177)	(3,407,306)	(1,195,191)	(162,795)	2,765,581	1,407,595
Transfer between funds		506,924	-	(506,924)	-	1,195,191	-	(1,195,191)	-
Net movement in funds		-	(22,205)	(3,385,101)	(3,407,306)	-	(162,795)	1,570,390	1,407,595
Total funds held at 1 January 2022	13,14	-	22,205	24,854,836	24,877,041	-	185,000	23,284,446	23,469,446
Total funds held at 31 December 2022		-	-	21,469,735	21,469,735	-	22,205	24,854,836	24,877,041

All activities relate to continuing operations.

Balance sheet
at 31 December 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Investments	9		21,893,395		25,276,643
Current assets					
Debtors	10	4,877		12,977	
Cash at bank		583,506		693,425	
			588,383		706,402
Current liabilities					
Creditors	11	(746,021)		(788,055)	
Net current (liabilities)/assets			(157,638)		(81,653)
Total assets less current liabilities			21,735,757		25,194,990
Creditors: Amounts falling due after more than one year	11		(266,022)		(317,949)
			21,469,735		24,877,041
Funds					
Unrestricted funds	13		-		-
Restricted funds	13		-		22,205
Endowment funds	13		21,469,735		24,854,836
			21,469,735		24,877,041

These financial statements were approved and authorised for issue on 27 March 2023 and are signed on behalf of the Trustees by:



Steve Murray
Chair

Statement of cash flows
for the year ended 31 December 2022

	2022 £	2022 £	2021 £	£
Cash flows from operating activities				
Net (expenditure)/income		(3,407,306)		1,407,595
Net losses/(gains) on investments		2,737,981		(2,908,525)
Income from equalisations, redemptions, capital distributions or accrued dividends		-		18,103
Income from investments		(270,890)		(301,449)
Decrease/(increase) in debtors		8,100		(8,330)
(Decrease)/increase in creditors < 1 year		(42,034)		175,150
(Decrease)/increase in creditors > 1 year		(51,927)		70,018
		<hr/>		<hr/>
Cash used in operating activities		(1,026,076)		(1,547,438)
Cash flows from investing activities				
Investment income	270,890		301,449	
Payments to acquire investments	(8,658,666)		(10,126,770)	
Receipts from sale of investments	9,512,453		11,227,903	
Movement in cash held in investment portfolio	(208,520)		(56,768)	
	<hr/>		<hr/>	
Cash provided by investing activities		916,157		1,345,814
		<hr/>		<hr/>
(Decrease) in cash and cash equivalents in the year		(109,919)		(201,624)
Cash and cash equivalents at the beginning of the year		693,425		895,049
		<hr/>		<hr/>
Total cash and cash equivalents at the end of the year		583,506		693,425
		<hr/>		<hr/>
Cash and cash equivalents comprise:				
Cash at bank		583,506		693,425
		<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 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. 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 £392 (2021: £28) were reimbursed to 2 Trustees (2021: 1 Trustee) during the year.

3 Income from investments

	2022 £	2021 £
Investment income	268,217	300,843
Bank interest	2,673	606
	<hr/>	<hr/>
	270,890	301,449

4 Expenditure on raising funds

	2022 £	2021 £
Investment manager's fees and charges	140,196	142,944
	<hr/>	<hr/>

*Notes to the financial statements (continued)***5 Expenditure on charitable activities**

	Grants awarded (note 8) £	Support and governance costs (note 6) £	Total 2022 £	Total 2021 £
Charitable activities	1,033,102	267,713	1,300,815	1,661,134

Grants were split £558,102 from unrestricted funds, £475,000 from restricted funds and £nil from designated funds (2021: £1,196,153 unrestricted, £162,795 restricted and £nil designated).

6 Support costs and governance costs

	Unrestricted £	Restricted £	Total 2022 £	Total 2021 £
Support costs				
Staff salaries (note 7)	111,640	47,205	158,845	187,077
Maternity cover	18,720	-	18,720	-
Accommodation costs	23,045	-	23,045	8,257
Administrative support	5,243	-	5,243	6,655
Legal and professional fees	-	-	-	20,959
Accountancy fees	16,111	-	16,111	14,099
Subscriptions and conferences	12,603	-	12,603	7,550
Website/computer costs	7,423	-	7,423	10,542
Insurance	3,391	-	3,391	3,210
Bank and service charges	270	-	270	220
General expenses	4,249	-	4,249	3,263
Advertising and marketing	-	-	-	28,983
Travel and subsistence	3,446	-	3,446	1,312
Postage, freight and courier	32	-	32	112
Grantee support	7,269	-	7,269	2,341
	<u>213,442</u>	<u>47,205</u>	<u>260,647</u>	<u>294,580</u>
Governance costs				
Audit fee	4,025	-	4,025	3,276
Trustees' expenses	392	-	392	28
Recruitment costs	935	-	935	60
Meeting expenses	1,628	-	1,628	459
Trustees' strategic away day/conferences	86	-	86	3,783
	<u>7,066</u>	<u>-</u>	<u>7,066</u>	<u>7,606</u>
	<u>220,508</u>	<u>47,205</u>	<u>267,713</u>	<u>302,186</u>

Support costs were all unrestricted in 2021.

Notes to the financial statements (continued)**7 Staff costs and numbers**

	2022	2021
	£	£
Wages and salaries	139,085	162,535
Employers' national insurance	10,782	13,787
Pension costs	8,978	10,755
	158,845	187,077
	101,423	96,456

The emoluments of one member of staff, including benefits in kind, are within the range of £80,000 to £90,000 (2021: one within the range of £80,000 to £90,000), not including retirement benefits which are accruing under a defined contribution scheme.

The average number of employees in the year was 5 (2021: 5).

8 Grants awarded	Project type	2022	2021
		£	£
<i>Core grants</i>			
Children 1 st	Fathers Works	-	54,000
Isle of Jura Development Trust	Toddler Group	-	2,800
Citadel Youth Centre	Parent Support	-	46,197
Govan HELP	Child Support	-	30,000
Merry-Go Round Glasgow	Parent and Child Support	-	8,317
Village Storytelling Centre ¹	Child Support	17,801	10,000
Avenue	Parent Support	-	67,382
Centre Stage	Child Support	-	60,448
Home-Start Aberdeen	Parent and Child Support	-	54,872
Home-Start Levenmouth	Parent and Child Support	20,848	32,000
Ladybirds	Child Support	-	55,705
Nurture the Borders	Parent and Child Support	-	36,420
One Parent Families Scotland	Parent and Child Support	-	56,889
PEEK (Possibilities for Each and Every Kid)	Child Support	-	75,000
Family and Community Development West Lothian – 3 year award ²	Dads' Work	-	45,000
Cyrenians	Parent Support	74,805	-
Deaf Action	Parent and Child Support	15,000	-
Dundee West	Parent and Child Support	12,000	-
Getting Better Together	Parent and Child Support	12,000	-
Greener Peebles	Outdoor / Nature Play	6,000	-
Home-Start Stirling	Parent and Child Support	7,106	-
HS Cowdenbeath	Parent and Child Support	12,000	-
HS Lorn	Parent and Child Support	18,000	-
Inverclyde Family Contact Centre	Parent and Child Support	15,000	-
North West Women's Centre	Mothers' Work	12,000	-
Perth Autism Support	Parent and Child Support	36,419	-
Stirling CAB	Parent Support	21,000	-
The Cottage	Parent and Child Support	17,415	-
Under The Trees	Outdoor / Nature Play	19,500	-

Notes to the financial statements (continued)**8 Grants awarded (continued)**

	Project type	2022 £	2021 £
<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/>
Total Core grants		316,894	998,562
<u>Strategic grants</u>			
Children's Parliament	Children's Rights	50,000	88,773
Queen's Nursing Institute	Preconception Health	40,000	40,000
Strategic UNICEF UK	Children's Rights	-	50,000
Theory of Change	Strategic	-	19,578
Parent Infant Foundation	Infant Mental Health	35,000	35,000
Home-Start Dumfries	Place-Based Work	10,000	-
Parent and Infant Mental Health Scotland (PIMHS)	Infant Mental Health	45,000	-
Parent Infant Foundation – Policy Manager Scotland role	Infant Mental Health	10,000	-
Pregnant Then Screwed (Motherhood Plan)	Maternal Mental Health	15,000	-
Startcatchers	Children's Rights	20,000	-
The Corra Foundation	Children's Rights	5,000	-
Wellbeing Economy Alliance	Children's Rights	11,208	-
		<hr/>	<hr/>
Total Strategic grants		241,208	233,351
<u>COVID grants</u>			
Community of Practice Collaboration Infant Mental Health – Strategic Grant	Strategic	-	(760)
		<hr/>	<hr/>
Total COVID grants		-	(760)

Notes to the financial statements (continued)**8 Grants awarded (continued)**

	Project type	2022	2021
		£	£
<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
Deaf Action	Parent and Child Support	30,000	-
Dundee West	Parent and Child Support	12,000	-
Family Journeys	Parent and Child Support	14,557	-
Getting Better Together	Parent and Child Support	30,462	-
Greener Peebles	Outdoor / Nature Play	10,500	-
Hearts and Minds	Child Support	58,083	-
Home-Start Stirling	Parent and Child Support	43,404	-
HS Cowdenbeath	Parent and Child Support	25,075	-
HS Lorn	Parent and Child Support	27,000	-
Inverclyde Family Contact Centre	Parent and Child Support	45,000	-
North West Women's Centre	Mothers' Work	10,500	-
Perth Autism Support	Parent and Child Support	36,419	-
Stirling CAB	Parent Support	31,500	-
The Cottage	Parent and Child Support	30,000	-
The Village Storytelling Centre	Child Support	45,000	-
Under The Trees	Outdoor / Nature Play	25,500	-
		<hr/>	<hr/>
<i>Total Other grants</i>		475,000	127,795
		<hr/>	<hr/>
Total grants programme		1,033,102	1,358,948
		<hr/>	<hr/>

Notes to the financial statements (continued)**9 Investments**

	Investments £	Cash held for reinvestment £	Total £
Market value at 1 January 2022	24,982,098	294,545	25,276,643
Purchases at cost	8,658,666	(8,658,666)	-
Disposal proceeds	(9,512,453)	9,512,453	-
Dividends and interest accrued movement	-	270,812	270,812
Dividends and interest remitted	-	(274,017)	(274,017)
Investment management fees	-	(141,869)	(141,869)
Accrued dividends	-	-	-
Capital drawdown	-	(500,000)	(500,000)
Other movements	-	(193)	(193)
Realised gain on disposal	14,389,004	-	14,389,004
Unrealised loss on revaluation	(17,126,985)	-	(17,126,985)
	21,390,330	503,065	21,893,395
			20,703,731
Historical cost at 31 December 2022			20,703,731
		2022	2021
Investments at fair value comprise:		%	%
Equities		97.7	99.0
Cash held within the investment portfolio		2.3	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 are traded in quoted public markets. 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	2022	2021
		£	£
	Prepayments	4,517	10,178
	Other debtors	360	2,799
		<hr/>	<hr/>
		4,877	12,977
		<hr/>	<hr/>
11	Creditors	2022	2021
		£	£
	<i>Amounts due within one year</i>		
	Grants payable	686,345	729,750
	Accruals	45,315	46,245
	Other creditors	14,361	12,060
		<hr/>	<hr/>
		746,021	788,055
		<hr/>	<hr/>
		2022	2021
		£	£
	<i>Amounts due after more than one year</i>		
	Grants payable	266,022	317,949
		<hr/>	<hr/>
	Analysis of movement in grant commitments		
	Grant commitments at the start of the year	1,047,699	807,627
	Grants awarded in the year	1,033,102	1,358,948
	Grants paid	(1,128,434)	(1,118,876)
		<hr/>	<hr/>
	Grant commitments at the end of the year	952,367	1,047,699
		<hr/>	<hr/>
12	Financial instruments	2022	2021
		£	£
	<i>Carrying amount of financial assets</i>		
	Financial assets measured at fair value	21,893,395	25,276,643
		<hr/>	<hr/>

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

Notes to the financial statements (continued)**13 Funds**

	Balance at 1 January 2022	Income	Expenditure	Losses	Transfers	Balance at 31 December 2022
2022	£	£	£	£	£	£
Unrestricted	-	271,686	(778,610)	-	506,924	-
<i>Restricted:</i>						
Charles Gordon Foundation	22,205	500,000	(522,205)	-	-	-
Endowment	24,854,836	-	(140,196)	(2,737,981)	(506,924)	21,469,735
	<u>24,877,041</u>	<u>771,686</u>	<u>(1,441,011)</u>	<u>(2,737,981)</u>	<u>-</u>	<u>21,469,735</u>

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.

During the year a transfer of £506,924 (2021: £1,195,191) has been made from the endowment fund to the unrestricted fund, to meet the deficit arising on the fund at the year end. This is in line with Cattanach's Total Return approach to its investments.

	Balance at 1 January 2021	Income	Expenditure	Gains	Transfers	Balance at 31 December 2021
2021	£	£	£	£	£	£
Unrestricted	-	303,148	(1,498,339)	-	1,195,191	-
<i>Restricted:</i>						
William Grant Foundation - Trailblazer Project	35,000	-	(35,000)	-	-	-
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.

Notes to the financial statements (continued)**14 Analysis of net assets by fund**

2022	Unrestricted Fund £	Restricted Fund £	Endowment Fund £	Total £
Investments	423,660	-	21,469,735	21,893,395
Current assets	588,383	-	-	588,383
Current liabilities	(746,021)	-	-	(746,021)
Creditors falling due > one year	(266,022)	-	-	(266,022)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	21,469,735	21,469,735
	<hr/>	<hr/>	<hr/>	<hr/>
2021	Unrestricted 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)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	22,205	24,854,836	24,877,041
	<hr/>	<hr/>	<hr/>	<hr/>

15 Analysis of changes in net cash during the year

	As at 1 January 2022 £	Cashflows £	As at 31 December 2022 £
Cash at bank and in hand	693,425	(109,919)	583,506
	<hr/>	<hr/>	<hr/>

16 Financial commitments

There are no financial commitments which have been entered into during the year (2021: none).

17 Related party transactions

There were no related party transactions during the year (2021: none)

18 Ultimate controlling party

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