



**Foundation  
Scotland**

Foundation Scotland  
15 Calton Road  
Edinburgh  
EH8 8DL

Company Limited by Guarantee  
Company No. SC152949

Registered Charity  
Scottish Charity No. SC022910

# Annual Report and Financial Statements For the year ending 31 March 2023

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# Foundation Scotland Annual Report and Accounts

For the year ending 31 March 2023

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## Report of the Board of Trustees

The Trustees, who are also directors of The Charity for the purpose of the Companies Act, present their annual report together with the financial statements for the charity for the year ended 31 March 2023, which are prepared to meet the requirements for a directors' report and financial statements for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment [Scotland] Act 2005 and the Charities Accounts [Scotland] Regulations 2006 [as amended] the Companies Act 2006, and the Statement of Recommended Practice ['SORP'] applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK [FRS102] [Charity SORP].

## Chair's report

In 2020, Foundation Scotland set out a ten-year strategic plan, based on our vision of confident, thriving, resilient communities across Scotland, to be delivered through our purpose of supporting communities to shape their future, with the capacity and resources to deliver it.

In the three years since that strategic direction was set, communities in Scotland have been challenged by an unprecedented global pandemic, an ongoing war in Europe, which has brought both tragic human impact and an energy and cost of living crisis and there has been further pressure from inflation and instability through industrial action across vital infrastructure and public services.

Throughout this period, our staff have been adaptable, agile, and inventive and our grant making grew to record levels during the pandemic and has been largely sustained thereafter, with over £23 million being distributed this year across all areas of Scotland.

Our efforts have been focused more on immediate resilience. However, our ambition remains focussed on upstreaming and building long term sustainable community models. Our vision and purpose remain unchanged.

Practice is improving and thinking is always evolving, but these challenges and experiences have galvanised the organisation to want to do more, for more, and in more creative, inclusive, and transformational ways.

Foundation Scotland has adapted and grown as an organisation in this time. The way we work has changed to enable our services and impact to be delivered without the need for fixed office space, and our building in Edinburgh has been transformed to a centre of excellence for co-working social innovation through our partnership with The Melting Pot.

For our communities to thrive sustainably in the long term, they require to be resourced to match their vision and ambitions. This resourcing is most powerful when it harnesses what exists locally, whether that be local community leadership, collective working through anchor organisations or physical assets. Foundation Scotland can bring these visions to life with transformative funding. Our national reach allows us to take learning around the country and optimise the impact of this funding. Some of the charitable organisations we support may be small, but the huge differences they are making in their communities are never underestimated and we aim to provide long term support to communities through an authentic and committed relationship.

As Scotland's community foundation, we champion this belief. Our work is about the society we want to live in, the changes we want to make, and a commitment to the future, to our people, our place, and our planet.

We have achieved much over the last year in terms of outputs, but we have also invested in Foundation Scotland's future by building our reputation, our capacity to play an increasing leadership role in the UK Community Foundation movement and in the Third Sector in Scotland.

Foundation Scotland has demonstrated our role as pioneers through our approach to ethical investment, by our commitment to climate change and our partnership with OSCR to unlock dormant or underused charitable funds for renewed benefit to our communities.

Internally the last year has seen the design, development, and implementation of a ground-breaking Customer Relationship Management system, which is part of a general digitisation of our systems and processes to private sector standards and the leading edge of the third sector. This considerable investment in staff time and effort has not been without its challenges, but we are greatly enhanced as an organisation moving forward through its successful delivery.

For the year ending 31 March 2023

After a protracted, but carefully managed, integration of Resilient Scotland into Foundation Scotland, our Social Investment programme has been reviewed and refocused over the last year and our intention is to further strengthen the support we offer through our unique blend of grant and loan funding, by maximising the reach of our offer so that it covers all geographical regions of Scotland. We will also consider more extensive direct community support, including investing in Community Shares.

We have already begun to embed a wellbeing economy and upstream proactive intervention approach in all our funding. This seeks to counter the root cause of societal issues, rather than react to the symptoms and we will continue to build on this in the years ahead. We will also share the impact and learning from our own journey so that, over time, we can empower widespread change that is both transformational and sustainable.

Understanding and being able to articulate our impact and the difference we make is central to our own worth, our ability to demonstrate value to our donors and the trust that we build within our communities. Supporting this shared learning journey, we will utilise enhanced systems to monitor and evaluate the outcomes and impacts of our funding, whether that be through grants, loans, or direct community investment. In this way, we will build an evidence base to inform our own funding decisions and to help inform others and influence policy, by knowing what works well.

We will build on our work supporting existing donors to maximise their funds and will look to facilitate legacy arrangements, with a focus on ensuring our donors and philanthropists are assured that we fund both for impact and in ways that are meaningful to them.

As with our communities' ambitions, our own aspirations will only be achieved if appropriately resourced. At a Board level we now have a hugely passionate, highly committed, and widely skilled set of Trustees and a bespoke governance structure which allows each trustee to contribute to the organisation by providing guidance, advice, support and challenge to the executive to achieve our collective aims.

The Board has encouraged and will support the executive to take a long-term view on the workforce capacity and capability necessary to achieve the ambitions set out in our ten-year strategy, and with the support of our generous donors, we have the financial stability and sustainability to invest in the future of our team.

Finally, I would like to recognise the contribution of all the staff and Trustees in collaboratively driving, guiding, and delivering this wide range of developments and achievements this year and for their unwavering support toward our collective vision and the betterment of Scotland's communities.

Barry Sillers, Chair

For the year ending 31 March 2023

### Chief Executive Officer's Report

This year, on behalf of our donors, we distributed over £23 million with award sizes ranging from £15 to £2.3 million. Our knowledge of the non-profit sector allows us to identify organisations across the country, including charities, social enterprises, and community groups, ensuring our awards make an impact and create lasting change.

This last year, we have been able to celebrate some milestone achievements, while also sowing the seeds for new work ahead and embracing our own learning journey. We have been able to reflect on how to better report on impact and start to look at building a knowledge and evidence base, not only to inform our own funding approach in the future, but also to share that learning with others to form stronger, more impactful partnerships.

This year, we implemented our first thematic fund, 'Tackling Inequalities', which builds on our work with the Wellbeing Economy Alliance Scotland and our growing understanding of what it means to help build a wellbeing economy. Alongside this new approach, we have begun to implement a process of evaluation and learning into our work, including our Tackling Inequalities fund. We will take this approach with any new funds or projects, so that any learning we have is evidence-based, reports on impact and includes the voices of those who have lived experience.

Many of the projects and initiatives we have been developing have seen some robust results. This year, for example, our Revitalising Trusts Project, which is carried out in collaboration with OSCR, worked with twenty-eight dormant charitable trusts across Scotland to unlock their funds to better suit current day needs. A total of £2.3 million was unlocked from lost and forgotten charitable accounts.

We now manage twenty-four Education and Training Funds across Scotland on behalf of the renewables sector, and in March this year, the total funds distributed reached the milestone of £1 million.

We continued to build on our work supporting communities to create Community Invested Funds, and work alongside those who had already done so. New funds were established with the Sunart Community Company and the Clyde Borders Wind Farm Community. We now manage seventeen such Community Invested Funds.

Our Social Investment team worked hard to ensure a renewed growth in the opportunities pipeline post-pandemic, and new investments were made during the year totalling £425,050.

We were very happy to welcome several new philanthropists, setting-up bespoke programmes with and for them. We also established new community benefit funds, including a Scotland-wide fund on behalf of the Scottish Building Society, helping them to commemorate 175 years of the organisation. We also welcomed our very first Charity Invested Fund, the Spynie Village Hall Fund.

These are just a few examples of the many achievements we have to look back on in the last year. But we have also taken stock of where we need to take steps forward to do more. And we will.

I would like to thank colleagues, donors, partners, and the leaders of projects funded in the last year for helping us to deliver together for more confident, thriving, resilient communities across Scotland.

Giles Ruck, Chief Executive Officer

## About Foundation Scotland

We were established in 1992 as the Scottish Community Foundation before changing our name to Foundation Scotland in 2012. For more than 25 years, we have been working to strengthen communities across the country.

All over Scotland, local groups and charities have ideas for how to make their communities happier, fairer, and more sustainable. We enable funders, donors, and philanthropists to support the building blocks of these communities – grassroots groups, charities, anchor organisations and enterprises. We focus on communities of place, and communities of shared interest.

We support philanthropists to help their personal giving make the most difference. We work with donors to invest in community action that enables people and places to flourish. We work alongside communities to ensure that local funds are distributed by communities themselves. And we offer social investment opportunities to enable social enterprises, community organisations and charities to grow and deliver positive social impact.

Our diverse team provides a blend of financial expertise, funding experience and community-led, relationship-based approaches.

Since 1992, we have invested over £170m into communities. We are part of a movement of 47 Community Foundations in the UK, and of a global field of 2,000 foundations, each inspiring change in their community.

### **As an independent funder we can do things differently.**

We recognise the importance of both charitable giving, often supporting the status quo or responding to crises, and strategic giving, which looks beyond the 'here and now', to find solutions to social and economic challenges for the long term. The latter approach looks to address the reasons why negative social and economic outcomes happen in the first place.

We also take a long-term view that is not limited by short-term funding cycles, so that our funding can be transformative. And we enable citizens to gather around a common vision, providing the resources so they can take action that is 'people powered.'

This year, on behalf of our donors, we distributed over £20 million. Our knowledge of the non-profit sector allows us to identify organisations across the country, including charities, social enterprises, and community groups, ensuring our awards make an impact and create lasting change.

**Our vision** is of confident, thriving, resilient communities across Scotland.

For every community to thrive, it should be resourced to match its vision. **Our purpose** is to support communities to shape their future with the capacity and resources to do so.

### **Our Ambitions**

We have created four long-term, transformational ambitions to underpin our work. We focus on:

- Harnessing finance for investment into communities
- Working at the heart of transformational giving
- Sharing our learning and impact to inform policy and practice and create new opportunities
- Achieving excellence through our people, practice, and systems

### **Public Benefit**

Foundation Scotland provides public benefit in a range of ways. Through a process of research and due diligence and using long-term expertise, we bring together needs and opportunities across Scotland's communities with independent funders. We ensure that public benefit is targeted and has lasting impact.

# Foundation Scotland Annual Report and Accounts

For the year ending 31 March 2023

## Reference and administrative details

### **Board of Trustees**

Angus Tulloch	
Barry Sillers	[Chair]
Ian Marr	
James Hilder	
Jennifer Gordon	
Leslie Rance	
Mamta Patel	
Samantha Fiander	[Resigned 28 September 2022]
Sarah Whitley	
Sharon Fairweather	
Shona Smith	
Stephen Connelly	
Stewart Carruth	
Tobias Jung	
Toby Anstruther	[Vice Chair]

### **Finance Committee**

Jennifer Duvall		Co-opted member
Leslie Rance		Trustee
Mamta Patel		Trustee
Sharon Fairweather	[Chair]	Trustee

### **Investment Committee**

Angus Tulloch		Trustee
John Naylor		Co-opted member
Lisa Lim	[Appointed 6 June 2022]	Co-opted member
Sarah Whitley	[Chair]	Trustee
Shona Smith	[Resigned 11 April 2022]	Trustee

### **People Committee**

Jennifer Gordon	[Appointed 28 September 2022]	Trustee
Leslie Rance	[Chair – Appointed 29 September 2022]	Trustee
Samantha Fiander	[Chair – Resigned 28 September 2022]	Trustee
Toby Anstruther		Trustee

### **Risk and Impact Committee**

Archie Ogilvie		Co-opted member
James Hilder		Trustee
Mamta Patel		Trustee
Stephen Connelly	[Chair]	Trustee
Tobias Jung		Trustee

### **Social Investment Committee**

Cameron Kinnaird		Co-opted member
Ian Marr	[Chair]	Trustee
Isla McCulloch		Co-opted member
Jennifer Gordon		Trustee
John Kelly		Co-opted member



## Foundation Scotland Annual Report and Accounts

For the year ending 31 March 2023

### **Senior Management**

Giles Ruck	Chief Executive Officer
Elizabeth Sams	Chief Finance and Operations Officer
Deborah Cowan	Head of Communications [Appointed 24 October 2022]
Rachel Searle	Head of Communities and Impact
Vicki Corbett	Head of Development
Camille Craig	Head of Marketing [Resigned 4 November 2022]
Helen Wray	Head of Programmes and Quality
Christopher Holloway	Head of Social Investment

### **Company Secretary**

Elizabeth Sams	Chief Finance and Operations Officer
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### **Registered office**

15 Calton Road, Edinburgh, EH8 8DL

### **Auditors**

Henderson Loggie LLP	11 -15 Thistle Street, Edinburgh, EH2 1DF
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### **Bankers and Building Societies**

Nationwide	71 George Street, Edinburgh, EH2 3EE
Royal Bank of Scotland plc	36 St Andrew Square, Edinburgh, EH2 2YB

### **Investment advisors**

RBC Brewin Dolphin Ltd	Sixth Floor, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX
Charles Stanley & Co. Ltd	2 Multrees Walk, St Andrew Square, Edinburgh, EH1 3DQ
EQ Investors Ltd	Centennium House, 100 Lower Thames St, Billingsgate, London, EC3R 6DL
Rathbones Investment Management Ltd	George House, 50 George Square, Glasgow, G2 1EH
Abrdn plc	Standard Life House, 1 George Street, Edinburgh, EH2 2LL

### **Solicitors**

Shepherd & Wedderburn	1 Exchange Crescent, Conference Square, Edinburgh, EH3 8UL
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### **Offices**

All staff work from home. Whilst the Foundation no longer has any permanent offices, staff use regional co-working hubs and meeting spaces across Scotland for face-to-face meetings in addition to hybrid and virtual meetings.

### **Website**

[www.foundationscotland.org.uk](http://www.foundationscotland.org.uk)

## Structure, governance, and management

### Legal and charitable status

Foundation Scotland is a charitable company limited by guarantee, registered as a charity in 1992 and incorporated in 1994. The organisation was established under a memorandum of association, which established the objects and powers of the organisation and is governed under its articles of association.

Whilst Foundation Scotland is a member of the UK Community Foundations network, the strategy, policies, and decision making are determined by the Board of Foundation Scotland.

### Trustees

Members of the Board of Trustees are the directors of the company. The Trustees are responsible for establishing a vision and clear strategic priorities for the Foundation. These priorities, together with underlying objectives and performance indicators, are established on a five-year and annual basis, and the Chief Executive reports on them at Trustee meetings. According to their skills, experience and interests, most Trustees take responsibility for one or more areas of activity, including appointment to a committee and/or a working group.

Our Trustees are drawn from a wide range of backgrounds and locations across Scotland and are appointed following an open recruitment process which includes an interview with Trustees and members of the Senior Management Team.

Trustees are appointed by the Board and serve for three years, after which period they may put themselves forward for reappointment up to a nine-year total. The Trustees meet for governance purposes four times a year, including a full away day, and hold an Annual General Meeting. Those in office during 2022/23 and at the date of this report are set out in the reference and administrative details section of this report.

On appointment, each Trustee subscribes to a code of conduct and completes a register of interests, which is renewed annually. New Trustees and committee members receive a role description and appropriate strategy documents. They each attend an induction programme, covering the key aspects of our services, and visit grant funded projects to see the difference made to communities.

### Committees

The Board of Trustees has five sub-committees which focus on specific areas and have relevant duties delegated to them through Terms of Reference.

The Finance Committee meets five times a year and assists the Board in the fulfilment of its governance duties in relation to financial oversight. It undertakes detailed reviews of financial management, financial planning, and the financial performance of the Foundation and makes recommendations to the Board to help it mitigate risks and ensure financial sustainability.

The Investment Committee meets four times a year and assists the Board in the fulfilment of its governance duties in relation to the oversight of the Foundation's owned and stewarded investments – the impact fund portfolio, other fund holdings, equities, bonds, and cash. It undertakes detailed reviews of investment performance and makes recommendations to the Board.

The People Committee meets twice a year, and at other times as required, and assists the Board in monitoring the composition and diversity of the Board, the recruitment of new Trustees and the annual review of the Board's performance and supports the executive and the Board with the remuneration and benefits framework for staff and reviews the impact of workplace and wellbeing policies.

The Impact and Risk Committee meets four times a year and assists the Board in the fulfilment of its governance duties in relation to the reporting and development of an Impact framework and the oversight of risk across the Foundation. It also oversees the management of incidents and complaints.

The Social Investment Committee meets four times a year and assists the Board in the fulfilment of its governance duties in relation to the oversight of the Foundation's social investment activity. It undertakes detailed reviews of social investment performance and makes recommendations to the Board.

For the year ending 31 March 2023

### **Management and staff**

The Trustees consider the Board of Trustees as holding responsibility for directing and discharging the purpose of the charity. A Scheme of Delegation and Reserved Matters outlines the decisions which can be taken by the Chief Executive Officer and those where the Board retains authority.

The Senior Management Team comprises the key management personnel of the charity in charge of running and operating the charity on a day-to-day basis. The Senior Management Team consists of the Chief Executive, the Chief Finance and Operations Officer, the Head of Communities and Impact, the Head of Development, the Head of Marketing, the Head of Programmes and Quality, and the Head of Social Investment. On 31 March 2023, the Foundation employed 30 people, of whom 10 worked part-time.

### **Key management personnel remuneration**

The key management personnel of the charity are comprised of the Board of Trustees and the Senior Management Team, with the trustees in charge of directing and controlling the charity, delegating authority and responsibility for the running and operation of the charity on a day-to-day basis to the Senior Management Team. All Trustees give of their time freely and no Trustee remuneration was paid in the year.

Details of Trustee expenses and related party transactions are disclosed in notes 9 and 23 to the accounts.

In addition to disclosing all relevant interests annually and in accordance with the Foundation's policy, Trustees are required to declare and withdraw from decisions where a conflict of interest arises.

The Foundation has a bespoke job evaluation scheme which seeks to be a fair, consistent, and progressive framework for the measurement of job roles. All jobs, including the Senior Management Team, are evaluated by a panel, and placed in a grade. The salary for each grade is based on a benchmarking exercise from equivalent roles across the charity sector in the UK, from organisations which are comparable in nature, staffing size and turnover to the Foundation. Each grade has 6 points with employees starting at point 0 and moving up a point annually until they reach the top. The Foundation aims to apply the increments each April, subject to affordability. In addition to moving points up a grade scale, the scales themselves change annually linked to a nationally recognised cost of living inflationary benchmark.

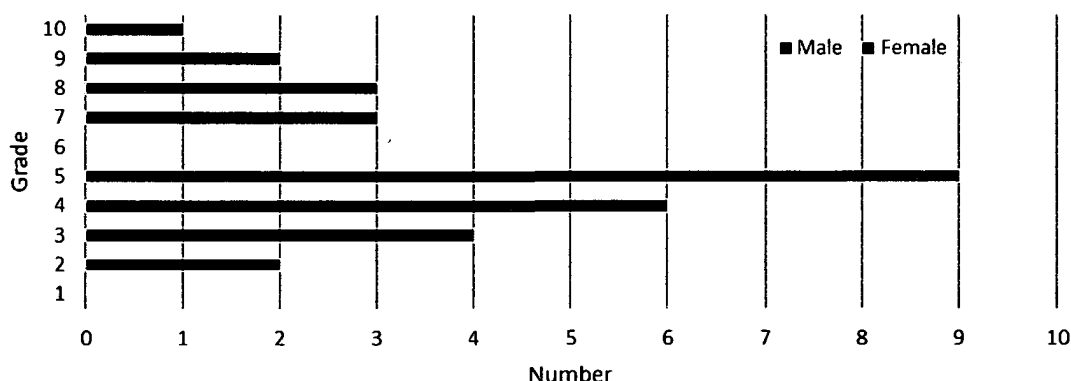
### **Pay Ratio and Gender Pay Gap**

The ratio of our highest salary rate to our median salary during 2023 was 2.52:1 [2022 - 2.49:1].

The Foundation is not required to report on gender pay gap, as it is below the threshold for reporting. However, we are committed to improving diversity, equity, and inclusion across all our activities and calculate and monitor the gender pay gap, in line with the legislation:

	2023	2022
	%	%
Mean gender pay gap	28.4	32.7
Median gender pay gap	36.9	36.4

Employee Numbers by Gender and Role Grade - 2023



## Foundation Scotland Annual Report and Accounts

For the year ending 31 March 2023

### **Volunteers**

In addition to our Trustees, a further seven people volunteered during this year as members of our sub-committees, providing expertise, guidance, and advice to support the effective governance and strategic management of the Foundation.

### **Trustees' indemnity insurance**

As permitted by Section 233 of the Companies Act 2006, the Company has purchased insurance cover on behalf of the Trustees indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

## Strategic Report

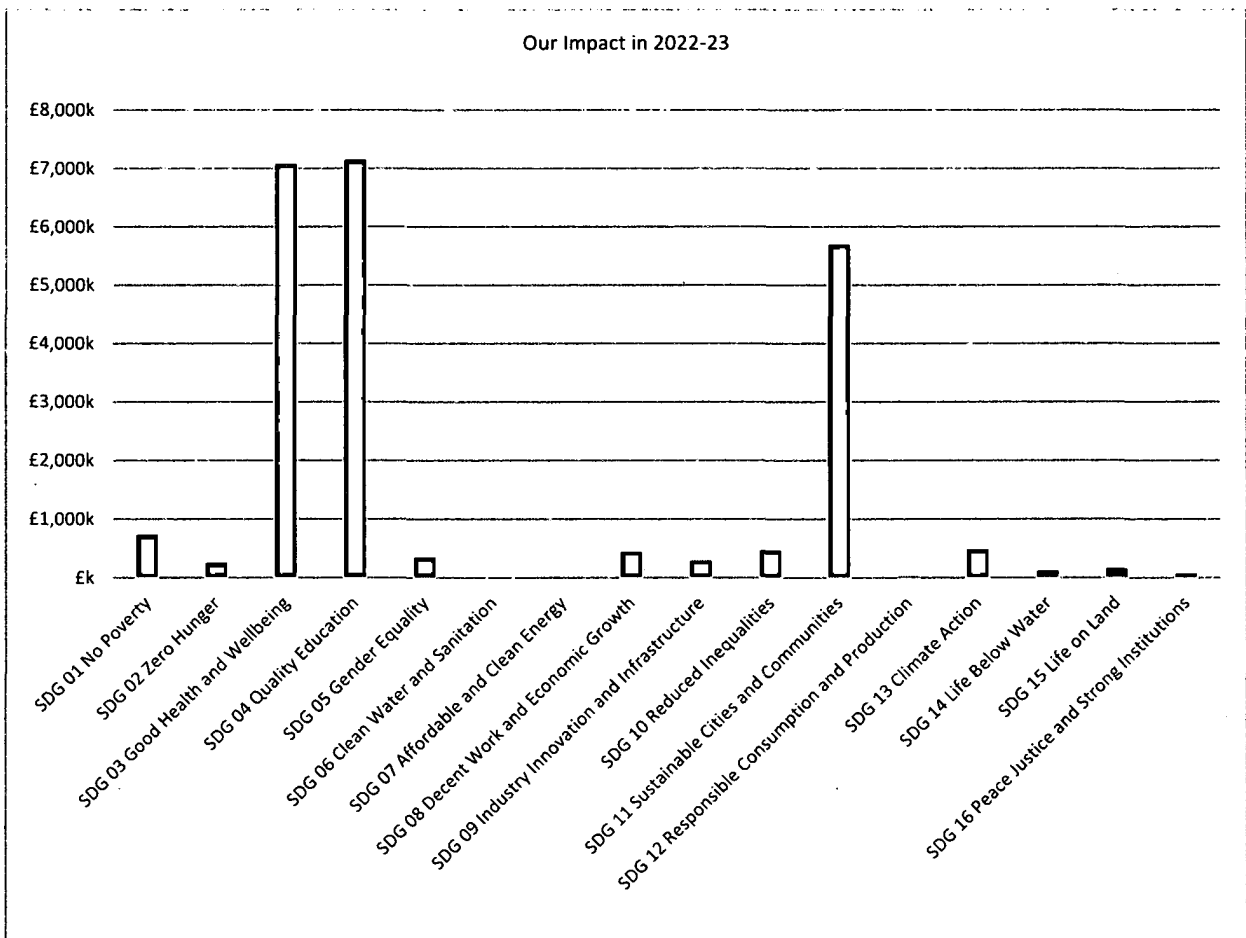
### Fund distribution

In total, the Foundation received 4,417 applications and made 2,713 awards totalling £23,402k on behalf of its funding donors during 2022/23:

Applications and awards summary	2018/19	2019/20	2020/21	2021/22	2022/23
Number of applications received for grants during year	2,822	3,744	5,579	4,057	4,417
Number of awards made in year	2,890	2,703	4,303	2,905	2,713
Total value of awards in year (including accruals)	£11,220k	£10,005k	£37,348k	£17,218k	£23,402k

The value and number of awards made varies from year to year depending on the funding received from donors and the type of grantmaking programmes being run. The large increase in 2020/21 relates to pandemic response funding, via our Covid-19 RRR programme, including funds from the National Emergencies Trust.

Our awards met a broad spread of the 16 themed Sustainable Development Goals [SDGs] as shown below. In addition to measuring the monies spent, we also commission independent evaluations on the impact of our funding and we feed-in any learning from this into the design of subsequent programmes.



## Our work this year

### **Ambition 1 - Harnessing finance for investment into communities**

In May 2021, we launched our Revitalising Trusts Project, in collaboration with the OSCR. The project was set up to identify charitable trusts that appeared to be inactive and support them to reactivate, ensuring public benefit from the charitable assets. By the end of March 2023, Foundation Scotland and OSCR had identified nearly three hundred dormant charitable trusts across Scotland and had worked with twenty-eight of them to unlock their funds to better suit current day needs. A total of £2.3 million was unlocked from lost and forgotten charitable accounts.

We continued to support communities to create Community Invested Funds, and work alongside those who had already done so. Community Invested Funds provide a way for a community to diversify its assets, and establish a long-term capital fund, which can support future capital projects and/or regular grants for local projects. Where this is deemed helpful, we offer community builder capital up to £25,000 as an incentive for the community fundraising approach. New funds were established with the Sunart Community Company and the Clyde Borders Wind Farm Community. We now manage seventeen such Community Invested Funds.

Our Social Investment team continues to build on being a fully integrated part of Foundation Scotland. The social investment provided by Foundation Scotland is a unique form of blended finance, a combination of grants and loans. Post pandemic, the Social Investment pipeline is again growing strongly, and new investments were made during the year totalling £425,050.

We continued to be a leading provider of support to Scotland's communities involved with and impacted by community benefit funds, particularly linked to onshore wind farm projects. These donated funds from wind farm owners provide communities with unprecedented opportunities to drive forward transformative activity to support long term community sustainability. As well as administering funds with fund strategy and spend advised entirely by a local community panel, we also support the design and development of funds.

### **Ambition 2 - Working at the heart of transformational giving**

We continued to support individual and family philanthropists, companies, community companies and charitable trusts to provide grants to charities, social enterprises and local community projects, in all areas of Scotland. We provided these donors with services including advice, planning, sourcing beneficiary organisations, running full grant programmes, and charity fund administration. Funding distributed totalled more than £23 million, with award sizes ranging from £15 to £2.3 million.

During the year, we welcomed several new philanthropists, setting-up bespoke programmes with and for them. We also established new community benefit funds, including a Scotland-wide fund on behalf of the Scottish Building Society, helping them to commemorate 175 years of the organisation. We also welcomed our very first Charity Invested Fund, the Spynie Village Hall Fund, which will build a capital base to support the village hall for years to come.

We focussed on several of the UN Sustainable Development Goals during the year, for example:

- **SDG Goal 4 – Quality Education:** The renewables sector has continued to invest in new Education and Training Funds. We now manage twenty-four across Scotland and in March this year, the total funds distributed reached the milestone of £1million. Education and Training funds support individuals to boost their skills, qualifications and training and improve their employment opportunities.
- **SDG Goal 5 – Gender Equality:** We continue to deliver a range of awards on behalf of the Volant Charitable Trust and for the Women's Fund for Scotland.
- **SDG Goal 10 - Reducing Inequalities:** This year, we implemented our first thematic fund, 'Tackling Inequalities', which builds on our work with WEAll Scotland and our growing understanding of what it means to help build a wellbeing economy. We are working with multiple donors as partners on this new fund and all successful projects will commence in summer 2023.

We continued to promote our new Impact Investment approach, managed by EQ Investors, including an online seminar for stakeholders and donors to explain our investment strategy which focusses on ensuring that our invested capital does social good. Over 67% of our invested funds are invested in this way, with several donors transferring their funds to this model. We are pleased that donors and communities are attracted by this approach.

**Ambition 3 - Ensuring our impact and learning informs practice, policy and creates new opportunities**

We have begun to implement a new approach of embedding evaluation and learning into our work, including our Tackling Inequalities fund mentioned above. We will take this approach with any new funds or projects, so that any learning we have is evidence-based, reports on impact and includes the voices of those who have lived experience. We continue our relationship with WEAll Scotland who will provide the learning from our Tackling Inequalities programme.

As a funding partner of Scotland's Social Action Inquiry, we have continued to work alongside others who support the Inquiry including the Robertson Trust and Carnegie UK. The Inquiry has co-produced the learning pathway with communities and individuals across Scotland, seeking to understand from them what helps and what hinders social action within communities. The Inquiry will reach completion later this year.

Our framework for measuring the quantitative value of our grant funding, known as 'IMPACT 2', has taken root this year, with the systematic approach to social impact measurements now rolled out across all grant-making programmes. The 'IMPACT 2' approach supports the design and development of new funding programmes as a starting point in working with new donors and other funders and will enable us to report in alignment with the United Nations Sustainable Development Goals and the Scottish Government's National Performance Framework.

We responded to two national policy consultations during the year: the Charities (Regulation and Administration) (Scotland) Bill in February 2023 and the Proposed Wellbeing and Sustainable Development Bill, also in February 2023. We were also part of: the Expert Advisory Group for the National Outcomes Review; the Workstream for considering Impact & Benefits for the National Strategy for Economic Transformation (NSET) Responsible Private Investment in Natural Capital Programme; and the Community Benefit and Natural Capital Advisory Group (convened by the Scottish Land Commission). Additionally, we were a member of the Cross-Party Groups in the Scottish Parliament on i) the Wellbeing Economy and ii) Rural Policy.

**Ambition 4 - Achieving excellence through our people, practice, and systems**

We applied the eight principles of being an open and trusting funder to our work during the year, championed by IVAR (the Institute for Voluntary Action Research). These have been adopted by a wide range of funders across the UK. These provide a helpful backdrop when developing service standards and processes.

Transparency is one of the IVAR principles, and we continue to make grant decisions available on the 360 Giving platform, which is open to the public. We now publish data back to 2012 on 360 Giving, when our database was first implemented. Our data is updated and republished every quarter.

We have maintained a consistent approach to our annual surveys to obtain learning and feedback from a range of our stakeholders including donors, grantees, and community panel members. We hold webinars for each new fund to explain the details and processes, and continue to hold Hot Topic webinars, which encourage cross-Scotland attendance.

We continued to embed our approach to climate action. This year, our staff Climate Action Working Group started an examination into the carbon footprint of the Foundation. To be transparent and accurate, we contracted Glasgow based agency, CLD Carbon to measure our emissions. A Strategy for Carbon Management at Foundation Scotland report was finalized in June 2022. The strategy detailed a carbon reduction target of 42% by 2030-31 against the 2021-22 baseline. We have become one of the first funders under the Association of Charitable Foundations (ACF's) Funder Commitment on Climate Change to pursue carbon offsetting.

We continued to support funded organisations to address climate action in their own community, building a trigger question into all funding applications, irrespective of project theme. Our investment strategy supports our climate action agenda. We were also the recipients of a Scottish Green Energy Award for Engagement.

We have a new Customer Relationship Management (CRM) platform, which is our central database. It focusses on significant efficiency and user experience improvements for all colleagues, also delivering real-time information for a range of stakeholders specific to their service and context.

We continued to focus on our wellbeing agenda with an annual staff wellbeing survey and fortnightly all-staff catch ups where we share some of our work and experiences with others. These will help us improve our approach to ensuring that our Way We Work Framework supports all staff, no matter their role, team, or location.

We also expanded our communication capacity, with the appointment of a Head of Communications to broaden and deepen our communications activities. We have invested in producing more, and clearer, publications to give easily accessible insight into the Foundation and the work that we do. And we will implement and develop a process of evaluation, learning and sharing.

## Foundation Scotland Annual Report and Accounts

For the year ending 31 March 2023

### Financial review

The Statement of Financial Activities for the year is set out on page 29 and the Balance Sheet on page 30.

#### Income

Total income for Foundation Scotland 2022-23 decreased from £32.8m to £24.9m. 2021-22 had seen two exceptional transactions – a single unrestricted donation of £7.1m and the incorporation of the Jessica (Scotland) Trust of £6.3m, therefore a drop in income had been expected.

Despite the cost-of-living crisis, the foundation began to see an up-tick in donation activity with an increase of £5.1m on the previous year from donors, into both endowment and restricted grant-making funds.

Our investment income increased by £418k. Higher interest rates meant that cash balances were able to generate better returns – a £203k improvement on the previous year. Although over 67% of endowment funds are now invested in the Foundation Scotland EQ Investment Portfolio [FSEQIP], which has a focus on long-term growth stocks rather than income, there was an improved dividend income performance as funds began to rally from the drop in the previous year. Importantly, the FSEQIP also produces social returns which are listed on page 23.

#### Expenditure

Total expenditure for Foundation Scotland increased by £6.4m from £19.0m to £25.4m with grants expenditure increasing by £6.5m.

Development costs increased by £75k on 2021-22. These costs include time logged by staff across the organisation on development work, which increased following re-opening of activities post pandemic; the annual programme of in person events resumed.

Unrestricted expenditure on loan and grantmaking increased as planned. However, the Foundation was also impacted by inflation which saw some costs increase by over 10%. Staff costs increased by £341k due to the modest pay rises for all staff that were applied, which were in line with charity sector benchmarks. However, in addition staff were each awarded a lump sum of £2k to assist with cost of living. Property costs fell by £229k as 2021-22 included a drop of £200k in the valuation of the investment property and the creation of a provision for the remaining lease of the unoccupied Glasgow Office. Professional fees increased due to the consultancy costs associated with the new CRM.

#### Balance Sheet

Net Assets decreased by £4.9m, driven primarily by the fall in the value of investments.

The valuation of our former main office (located in Edinburgh), which is now classed as an investment property and leased to a social enterprise, has remained unchanged, however it will be formally valued again in 2024. Further sums were added to investments during the year, however there were also withdrawals for grantmaking which, when combined with valuation losses, meant that by year-end investments had fallen by £6.9m.

Debtors increased by £1.2m due to a larger than usual gift aid claim outstanding at year end. In addition, accrued income rose by £1m as several donations were confirmed prior to year-end. The provision of bad debts reduced by £208k due to the removal of the general provision, which was felt to be over-prudent given the detailed provisioning undertaken on each loan. Cash balances increased due to sums received for restricted funds which will be spent out in 2023-24.

Creditors increased due to an increase in the value of grants accrued. Grants accrued represent grants committed which may not be paid out for some time. The number of funds making multi-year commitments to grantees also increased.

The provision made for the rent over the outstanding lease of the Glasgow office reduced, due to rental payments made in the year. The provision in relation to the defined benefit pension scheme also reduced by £29k, due to the contributions paid in the year.



## Future plans

### Ambition 1 - Harnessing finance for investment into communities

- Through our Revitalising Trusts project, we will continue to work with Charitable Trusts that have been dormant to unlock funds and support local causes. In year two of this project, the project team aims to work with around 50 trusts with a total asset value of approx. £2.7 million being revitalised.
- We will increase our Social Investment reach so that it covers all geographical regions of Scotland.
- We will consider more extensive direct community investment, including Community Shares.
- We will continue to work on the set up of new community-based funds from the renewable energy sector.
- We will provide specific invested fund services and publish service standards for different types of donors, including:
  - o Community Invested Fund – providing whole communities with the means to efficiently invest capital
  - o Charity Invested Fund – providing individual charities with the means to efficiently invest capital
  - o Donor Advised / Foundation Advised Funds – continuation of an existing service for individual philanthropists, with clarity on the level of advice sought for fund distribution; we will also promote the opportunity to establish legacies
- We will offer donors the opportunity to support priorities we identify, including via our new Tackling Inequalities Fund.
- We will offer donors the opportunity to support perpetual philanthropy, through our social investment loan plus grant model.

### Ambition 2 - Working at the heart of transformational philanthropy

- We will continue to build on our upstream approach to funding, with a well-being economy at its heart.
- We will monitor and evaluate the outcomes and impacts of our new Tackling Inequalities Fund to create a foundation for learning to inform our own funding decisions and to share with others.
- We will build on our work supporting donors to set up legacy arrangements.
- We will continue to support donors and philanthropists to invest impactfully, and in ways that are meaningful to them.

### Ambition 3 - Sharing knowledge gained from experience to inform policy and practice

- We will respond to national policy consultations relevant to our stakeholders and our work.
- We will continue to seek platforms so that Foundation Scotland can have a voice at policy level, based on the knowledge and impact we have gathered through evaluating our funding. This will include contributing to cross-party and advisory groups at national level.
- We will consolidate our impact agenda and streamline how we report on impact, centralising the voices of those with lived and local experience. In this way we can begin to create a learning and knowledge hub to share with others and to help us influence policy and practice.
- We will hold multi-stakeholder events so that we can share our work and learning and create new partnerships, particularly where we are moving into new investment and funding spaces.
- We will continue to collect Impact2 data to support a deeper understanding and reporting of impact across our funding programmes.

**Ambition 4- Achieving excellence through our people, practice and systems**

- We will build on our journey to improve diversity, equity, and inclusion across our work. We will establish a Working Group to take this work forward. We will use a long-term view of diversity in the Foundation to report our progress each year, building on the current gender pay gap reporting.
- We will continue to invest in Foundation Scotland staff, to build an engaged and impactful team, with the desire and expertise to learn, adapt and improve. This will include a development and training programme, analysis and responses to workload stress, a review of support such as the employee assistance scheme, and a review of salary and benefits.
- We will build on the successful implementation of our new CRM and roll-out an online portal to enable more efficient decision making by our panels.
- We will seek to reduce the increasing cyber risk by enhancing our Cyber Essentials accreditation.
- We will use the improved data and analytics available from our CRM to make data-informed decisions around our business practices thereby generating efficiencies across the Foundation and providing the best possible services to donors, panels, and grantees.

For the year ending 31 March 2023

### Reserves policy

Foundation Scotland wishes to ensure that it achieves a position of financial strength so that, in turn, it can fulfil its purpose of growing long-term independent funding, providing social investment and building financial capital to strengthen Scottish communities.

To achieve this, the Foundation reviews its reserves policy annually to ensure that reserve levels are set to cover risks and liabilities but equally that reserves work hard, and investments and developments are undertaken in line with the strategic plan.

Free reserves are those that are available to spend on any charitable purpose. These are represented by Unrestricted Funds less Designated Funds [which includes fixed assets reserves]. In the case of the Foundation, free reserves are represented by the General Funds in note 19.

The levels of reserves and designated funds are set by the Board, with advice from the Finance Committee, and are based on identified risks and the strategic plan. The main areas with the potential to impact or requiring use of reserves have been identified and are:

- Foundation Scotland's operating income arises throughout the year however there are two peaks in the year – April and October. To provide for lags in income coming through and to ensure positive cash flow, two months of operating costs will be held – in liquid form – in unrestricted reserves. The sum required to cover this is £351k.
- As the Foundation undertakes investment in its infrastructure and operating systems, and in line with the current strategic plan, net expenditure of £211k in 2023-24 will be covered by both income generated during the year and reserves that have been purposefully established to support these investments..

In order that developments are undertaken in line with the strategic plan, the Board has designated the following unrestricted funds:

- Investments in Finance, HR, Risk Management and Strategy Execution software have been made in recent years alongside IT hardware upgrades and a new website. During 2022-23 work completed on a new Grants and Loans Management System. The Board will be considering what further investment in IT is required during 2023-24.
- In accordance with its objective of increasing its endowment funds to support communities, the Foundation has committed £303k to match fund endowment building activity over the next two years, which will be held in a designated fund.
- The current business model requires income from an invested fund to contribute to the Foundation's operating income each year. The Foundation was able to add £7.6m to this fund in 2021-22 increasing the fund to £9.0m, which will generate annual income to support future running costs. The long-term aim is to increase operating income and hence negate the requirement to hold this capital sum as a designated fund.
- Foundation Scotland participates in a multi-employer defined benefit pension scheme which has been frozen to new entrants since 2010. The scheme is currently in deficit, although the deficit has reduced. The most recent actuarial valuation [December 2021] has estimated that if the Foundation ceased to participate, the resulting final liability would be £0.8m. It is not the Trustees' intention to crystallise this liability, but they wish to ensure that should the liability arise, that this could be discharged and they have designated a sum accordingly.
- The 2020-30 Strategic Plan requires investment to support work to achieve the ambitions set. The Board have designated £175k towards this.

The Finance Committee reviews the level of reserves held against this policy at quarterly intervals throughout the year and reports on reserves coverage to the Board.

At 31 March 2023 the required level of reserves is £10.9m and the actual level of unrestricted reserves held is £12.2m. Given the macroeconomic uncertainties, the Board has agreed that the excess sum of £1.3m will be held as reserves for 2023-24.

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## Investment policy and Performance

Foundation Scotland has a detailed investment policy which is available on our website. Except for cash deposits, Foundation Scotland does not itself undertake any investing directly. We use a number of Investment Managers for this purpose.

As owners or legal custodians, Foundation Scotland held investments with a value of £49.2m at the end of March 2023, compared with £56.1m at the end of the previous year. Of this figure, £33.0m (67%) is invested at Foundation Scotland's discretion in a portfolio of around 15 social impact funds managed by EQ investors – "The FS EQ Impact Portfolio". The balance of funds, amounting to £16.2m (33%) is invested as directed by the original donors, or their stockbroking agents, mainly in investment trusts and other collective vehicles.

Through the FS EQ Impact Portfolio, we pursue an investment objective of maximising total return from income and capital growth whilst seeking to maintain the real value of our investments after taking into account any withdrawals for grant making. Income is either re-invested or held as cash for distribution. This Portfolio also seeks to achieve positive social impact. Broker and donor-managed funds are encouraged to pursue similar investment objectives. Attention is paid both to the products and services provided by the underlying companies held in the portfolios, and to their business practices.

Other than the FS EQ Impact Portfolio, there are no specific Environmental, Social or Governance (ESG) restrictions on the majority of our investment funds. Notwithstanding the foregoing, the Trustees consider that both fund managers and Board directors of invested companies have an increasing stewardship responsibility to all their stakeholders. The Board also believe that funds and companies which ignore ESG issues will be more at risk of reputational, and consequently financial, damage.

The Board agrees a level of cash to be withdrawn from the funds on an annual basis from capital and income. The level is reviewed annually to try and achieve long term sustainability. In setting the withdrawal rate, the Investment Committee will consider a range of issues including but not exclusively: investment performance; inflation; needs of beneficiaries; and the needs of Foundation Scotland guided by our Strategic Plan. The current standard level of withdrawal is four percent per annum, less Foundation Scotland's administration fee. With the prior agreement of Foundation Scotland, the level of cash withdrawal for any specific fund may be varied to suit the donor's grantmaking requirements.

It is the policy of Foundation Scotland to be as helpful as possible to potential donors. We will accept donations of investments as a transfer from a donor's personal investment portfolio and allow them to remain invested with the donor's investment manager subject to a minimum level of £500k. Where a donor does not have a sufficiently large fund to create a distinct portfolio, their monies will be invested in the FS EQ Impact Portfolio.

The Board has delegated the review and monitoring of investment performance to the Investment Committee. The Investment Committee reviews the performance of the portfolios against agreed comparators on a quarterly basis and the minutes of these meetings and a summary performance report are reviewed by the Finance Committee and the Board.

As their relevance is seriously limited by the diversity of managers, fund objectives and styles involved, we only began measuring combined Foundation Scotland investment performance in April 2019. Over the year to end March 2023, a total Foundation Scotland return of minus 7.0% is recorded versus the appropriate Asset Risk Consultants [ARC] peer group average figure of minus 4.3%. For the last two years, the corresponding figures are plus 20.7% and plus 32.4%.

In January 2021, we transferred our discretionary investments from a mainstream fund into the FS EQ Impact Portfolio. Over the year to March 2023, an FS EQ Impact Portfolio return of minus 4.8% is recorded, marginally below that of the corresponding ARC number of minus 4.3%. For the 27-month period since the inception of the FS EQ Impact Portfolio the corresponding figures are minus 2.7% and plus 5.1%.

There can be no denying that absolute and relative investment performance over the last year and a half has been disappointing. Foundation Scotland portfolios have traditionally emphasised dynamic, fast-growing and well-managed companies and, until recently, this significantly helped returns. The greater focus on socially impactful companies via the FS EQ Impact Portfolio has also led to our holding a large number of smaller companies in the rapidly expanding renewables and recycling areas. However, with interest rates rising to curb inflation, Covid, and the Ukrainian war combining to dampen the appetite for fast growing but relatively expensive stocks, the derating of such companies has been severe. With the FS EQ Impact Portfolio's zero exposure to the oil and gas sector, other major carbon emitters and defence stocks, the limited tailwinds available to mainstream funds have also been missed in our short-term investment returns.

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Although environmental and social challenges faced by the world may have taken a back seat for now, they have certainly not abated. We remain optimistic that companies working in the renewables and recycling areas, and those simply displaying overall stakeholder friendly business practices, will flourish longer term.

In addition to the financial returns, we are pleased to report on the social impacts generated from the FS EQ Impact Portfolio over the last year.

Environmental Impact		Social Impact	
Avoided 10,935 tonnes of CO2 emissions Equivalent to taking 2,377 cars off the road	Recycled 498 tonnes of waste Equivalent to 503 households annual waste	Treated 10,667 patients	Made 23,014 medical interventions
Generated 7.7 GWh of renewable energy Equivalent to 2,361 households' usage	Installed 737 KW of renewable energy capacity Enough to supply 757 homes	Delivered 207,000 hours of school further and higher education	Reached 6,000 people with preventative healthcare
Provided 22.7 billion litres of clean water Equivalent to 180 households' usage	Treated 32.2 million litres of wastewater Equivalent to 253 households' wastewater	Provided 1,388 people in developing markets access to financial services	Given 470 people in developing markets access to mobile networks

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## Risks

Our Risk Management Policy includes an assessment of the strength of the underlying controls and mitigating measures. Risks are scored in terms of their impact and their likelihood. While not included in any score of risk, the velocity of risk is also assessed and used as an indication of whether formal contingency plans need to be established – with those of a high impact and high risk score requiring a plan. The Foundation uses a risk and incident management system – RiskMate – which ensures consistency, visibility and reporting around risks, incidents, and complaints.

Responsibilities for risk management are outlined below: -

Staff	Report incidents on RiskMate and assist in identifying risks.
Team Heads	Build a risk management culture in their team, ensure controls are carried out and identify and report changed risks on RiskMate.
Chief Finance and Operations Officer	Develops the risk management policy, develops the risk and incident management system [including RiskMate], co-ordinates risk management and controls activity, reviews RiskMate and compiles reports for the Chief Executive and the Impact and Risk Committee.
Chief Executive	Understands the most significant risks and leads on the mitigation activities assigned to the executive function.
Finance Committee	Reviews and monitors the financial risks and progress against the related mitigating actions.
Investment Committee	Reviews and monitors the investment related risks and progress against the related mitigating actions.
People Committee	Reviews and monitors the people related risks and progress against the related mitigating actions.
Impact and Risk Committee	Reviews the risks in RiskMate ensuring mitigating activities are being carried out. Reviews the risk statements in the Annual Report and Accounts.
Social Investment Committee	Reviews and monitors the social investment risks and progress against the related mitigating actions.
Board	Reviews the strategic risks and incidents bi-annually, approves the risk statements in the Annual report and Accounts and approves the Risk Management Policy.

The key controls of the Foundation include:

- Formal structure and agendas for the Board and sub-committees governed in line with detailed terms of reference.
- Comprehensive business planning, budgeting, and management accounting.
- Established organisational structure and lines of reporting.
- Formal written policies including authorisation and approval procedures.

The most significant risks facing the Foundation are:

Risk	Mitigating actions:
The Foundation fails to demonstrate and communicate impact leading to a poor profile, reputation, and inability to grow.	A member of the SMT has specific responsibility for the development of impact measurement and its communication to stakeholders. An Impact Project Plan, containing a series of initiatives to improve the measurement and communication of impact, was completed in 2022-23 and the Foundation entered into a strategic partnership with the Wellbeing Economy Alliance with the aim of shifting its grantmaking to deliver sustainable longer-term resilience and preventative funding which is now being operationalised.
The Foundation's profile and reputation are insufficient to win new clients and retain existing ones.	The Foundation has refreshed its website, increased marketing and communications resource and has a detailed marketing and communications plan for the year, which supports the Strategic Plan. Live opportunities tracking has been introduced and is overseen by a Development Team. Marketing and development metrics are tracked quarterly. Service offerings have been refined and simplified.

Risk	Mitigating actions:
Unrestricted income is dependent on a few donors.	Additional stewardship is being developed for the retention of the small number of donors that provide unrestricted donations and for those donors whose fund contributions from restricted funds are significant. The Foundation promotes its "How we make a difference" as a case for support, seeking a wider number of donors that provide unrestricted funding.
Data and information systems are damaged by a cyber-attack.	Threat software is in place. Cyber security training is mandatory for all staff and Trustees who use the Foundation's systems.. Cyber Essentials certification is in place and is re-examined annually. A Business Continuity plan is in place with local backups supplementing online backups and enhanced rolling backup systems are also in place. The Foundation is working towards ISO27001 accreditation to further enhance security around its information.
Social Impact Investment Strategy fails to achieve satisfactory long-term returns.	Specialist Investment Committee is in place including three members with fund management experience. There are regular interactions with the Investment Manager and there are formal reviews annually. Investment performance tracked against 7 comparators and benchmarks.

COVID-19 has cast a long shadow on many parts of society. However, the UK and Scottish Governments' public health approach is now geared towards "living with the virus", with individuals and organisations adapting where necessary. The Foundation has seen the acute impacts of COVID-19 reduce however they have been replaced by the pernicious impact of the macroeconomic crisis on the poorest parts of our society. With inflation at a 40-year high this is now the lens through which the Foundation is reviewing all its activities and risks. The Foundation is aware however, that the cost-of-living crisis is impacting not only its internal operations but the propensity to give and is seeing an increased demand for grant support. The Board is conscious of the continued turbulence ahead and, although the Foundation has a strong reserve base, manages risks frequently.

Through the risk management policies and procedures of the Foundation, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary and will be kept under active review. It is recognised that systems can only provide reasonable assurance that major risks have been adequately managed.

For the year ending 31 March 2023

### Sustainability

The Foundation's strategic plan outlines a commitment to act sustainably: investing in people and planet. In connection with this, the Foundation commissioned a review of its carbon emissions which included the establishment of a methodology for the calculation of its carbon footprint. The Foundation is responsible for impacting on the environment primarily through the delivery of its services, through the day-to-day functioning of the organisation.

The Foundation's carbon footprint has been calculated in accordance with the Greenhouse Gas [GHG] Protocol<sup>1</sup> which categorises carbon emissions as scope 1,2 or 3 emissions:

	2023 tCO <sub>2</sub> e	2022 tCO <sub>2</sub> e
Scope 1 – Direct GHG emissions occur from sources that are owned or controlled by Foundation Scotland. Fuel combustion, company vehicles.	0	0
Scope 2 – This includes indirect GHG emissions that arise from the generation of purchased electricity consumed by Foundation Scotland. Purchased electricity, heat, and steam.	0	0
Scope 3 – An optional reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of Foundation Scotland but occur from sources not owned or controlled by the organisation directly. Purchased goods and services, business travel, and employees working from home.	29.95	19.34

By way of context, the carbon footprint per person in Scotland is 13 tCO<sub>2</sub>e<sup>2</sup>.

Most of our emissions are from homeworking – based on 29 full time equivalent members of staff working at home – with business travel accounting for 50% of emissions. Emissions have increased since 2021-22, during which travel was partially suppressed due to the COVID-19 pandemic restrictions.

During the year the Foundation took the decision to offset its carbon emissions and has invested in two projects. One project, overseas, is already generating 303 tCO<sub>2</sub>e of offset and the other – based in Scotland - will generate 200 tCO<sub>2</sub>e of offset when the woodland is mature.

The Foundation has deliberately focused on calculating and offsetting the emissions that it can directly influence. We will continue to seek to influence our service providers and grantees to adopt carbon reduction strategies. The Foundation Scotland EQ Impact Fund Portfolio – where over 67% of the investments are held - produces carbon emission statistics. In 2021-22 the portfolio produced 40,000 tCO<sub>2</sub>e which although highly significant when compared with the Foundation's controllable emissions, was still 77% lower than would have been produced had the investments been held in the FTSE 100 index.

<sup>1</sup> <https://ghgprotocol.org/corporate-standard>



## Financial Statements

### Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they each are aware, there is no relevant audit information of which the company's auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Trustees' Report, including the Strategic Report, was approved by the Board and signed on their behalf by;

*Toby Anstruther*

Toby Anstruther  
Vice Chair

6 July 2023

### Statement of Trustees' Responsibilities

The Trustees (who are also directors of Foundation Scotland for the purposes of company law) 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).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and the charitable company for that period. 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 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for safeguarding the assets of the group and the charitable company 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 corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Foundation Scotland Annual Report and Accounts

For the year ending 31 March 2023

### Independent auditor's report to the Trustees and members of Foundation Scotland

#### Opinion

We have audited the financial statements of Foundation Scotland [the 'charitable company'] for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 FRS 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 charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006, the Charities and Trustee Investment [Scotland] Act 2005 and Regulation 8 of the Charities Accounts [Scotland] Regulations 2006 [as amended].

#### Basis of 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 company 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' [who are also the directors of the charitable company for the purpose of company law] 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 charitable company'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 directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. 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 appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 that fact.

We have nothing to report in this regard.

**Independent auditor's report to the members and Trustees of Foundation Scotland [continued]**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Trustees' Annual Report which includes the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Annual Report which includes the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report, which includes the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities and Trustees Investment [Scotland] Act 2005 and the Charities Accounts [Scotland] Regulations 2006 [as amended] require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees [who are also the directors of the charitable company for the purposes of company law] are responsible for the preparation of the financial statements and for being satisfied that they 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 charitable company'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 charitable company 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 under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

**Independent auditor's report to the members and Trustees of Foundation Scotland [continued]**

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

As part of our planning process:

- we enquired of management the systems and controls the charitable company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- we obtained an understanding of the legal and regulatory frameworks applicable to the charitable company. We determined that the following areas were most likely to have a material impact on the financial statements: employment law [including the Working Time Directive]; anti-bribery and corruption, and compliance with charity law and the UK Companies Act;
- we considered the incentives and opportunities that exist in the charitable company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- using our knowledge of the charitable company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- inquiring of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- reading correspondence with regulators including OSCR;
- reviewing board and sub-committee meeting minutes;
- challenging assumptions and judgements made by management in significant accounting estimates, in particular in relation to valuation of investment properties, items accounted for at fair value and the pension valuation; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs [UK]. For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Foundation Scotland Annual Report and Accounts

For the year ending 31 March 2023

**Independent auditor's report to the members and Trustees of Foundation Scotland [continued]**

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's Trustees, as a body, in accordance with Section 44 [1][c] of the Charities and Trustee Investment [Scotland] Act 2005 and regulation 10 of the Charities Accounts [Scotland] Regulations 2006 [as amended]. Our audit work has been undertaken so that we might state to the members and 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, its members as a body and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Keith Macpherson [Senior Statutory Auditor]**

**For and on behalf of Henderson Loggie LLP**

**Chartered Accountants**

**Statutory Auditor**

**Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006**

**06-07-2023**

**11-15 Thistle Street**

**Edinburgh**

**EH2 1DF**

# Statement of financial activities

[Incorporating the income and expenditure account - For the year ended 31 March 2023]

	Note	Unrestricted 2023 £000	Restricted 2023 £000	Endowment 2023 £000	Total Funds 2023 £000	Total Funds 2022 £000
<b>Income and Endowments from:</b>						
Donations and Legacies	2	71	-	-	71	13,570
Investments	3	245	203	424	872	454
Charitable activities						
Income for grant making	4	1,455	21,253	1,163	23,871	18,709
Other		151	1	-	152	93
<b>Total Income</b>		<b>1,922</b>	<b>21,457</b>	<b>1,587</b>	<b>24,966</b>	<b>32,826</b>
<b>Expenditure on:</b>						
Raising Funds - Development costs	5	429	-	-	429	354
Charitable activities						
Grant and loan expenditure in furtherance of charitable objectives	6	1	23,234	-	23,235	16,676
Grant and loan making services	7	1,682	54	99	1,835	1,982
<b>Total Expenditure</b>		<b>2,112</b>	<b>23,288</b>	<b>99</b>	<b>25,499</b>	<b>19,012</b>
Net gains / [losses] on investments		[396]	-	[3,937]	[4,333]	[1,275]
<b>Net Income / [expenditure]</b>		<b>[586]</b>	<b>[1,831]</b>	<b>[2,449]</b>	<b>[4,866]</b>	<b>12,539</b>
Transfers between funds		356	4,076	[4,432]	-	-
<b>Net Income / [expenditure] after transfers between funds</b>		<b>[230]</b>	<b>2,245</b>	<b>[6,881]</b>	<b>[4,866]</b>	<b>12,539</b>
Actuarial gains/[losses] on defined benefit pension scheme		[1]	-	-	[1]	76
<b>Net movement in funds</b>		<b>[231]</b>	<b>2,245</b>	<b>[6,881]</b>	<b>[4,867]</b>	<b>12,615</b>
Total funds brought forward		12,483	21,087	47,954	81,524	68,909
<b>Total funds carried forward</b>		<b>12,252</b>	<b>23,332</b>	<b>41,073</b>	<b>76,657</b>	<b>81,524</b>

Foundation Scotland Annual Report and Accounts  
For the year ending 31 March 2023

**Balance sheet Company No. SC152949**  
at 31 March 2023

	Notes	2023 £000	2022 £000
<b>Fixed assets</b>			
Tangible assets	11	-	3
Investment property	11	1,200	1,200
Other investments	12	49,258	56,163
		50,458	57,366
<b>Current assets</b>			
Debtors	13	4,357	3,142
Cash at bank and in hand		27,404	24,659
		31,761	27,801
<b>Creditors: amounts falling due within one year</b>	14	[4,501]	[3,116]
<b>Total current assets less current liabilities</b>		27,260	24,685
<b>Creditors: amounts falling due after more than one year</b>	15	[989]	[399]
<b>Provision for liabilities and charges</b>	16	[72]	[128]
<b>Net assets</b>		<b>76,657</b>	<b>81,524</b>
<b>Funds</b>			
Endowment Funds – General	17 & 20	36,274	39,778
Endowment Funds – Revaluation reserve	17 & 20	4,799	8,176
		41,073	47,954
Restricted Funds	18 & 20	23,332	21,087
Unrestricted & Designated Funds	19 & 20	12,252	12,483
<b>Total Funds</b>		<b>76,657</b>	<b>81,524</b>

These financial statements were approved by the Board on 6 July 2023 and were signed on its behalf by:

*Toby Anstruther*

Toby Anstruther [Vice Chair]

**Cash flow statement** for the year ended 31 March 2023

	2023 £000	2022 £000
<b>Net income as per the statement of financial activities</b>	[4,866]	12,539
<b>Adjustments for</b>		
Depreciation charge	3	4
Revaluation	-	200
[Gains]/losses on investments	4,333	1,275
Interest and dividend income	[735]	[345]
[Increase]/decrease in debtors	[1,215]	[1,774]
[Decrease]/increase in creditors	1,975	545
Increase / [decrease] in provisions	[56]	34
<b>Net cash provided by operating activities</b>	[561]	12,478
<b>Cash flows from investing activities:</b>		
Dividends & interest from investments	735	345
Proceeds from sale of investments	15,780	23,656
Purchase of investments	[13,208]	[29,984]
<b>Net cash used in investing activities</b>	3,306	[5,983]
<b>Change in cash and cash equivalents in the reporting period</b>	2,745	6,495
<b>Cash and cash equivalents at the beginning of the reporting period</b>	24,659	18,164
<b>Cash and cash equivalents at the end of the reporting period</b>	27,404	24,659



## Notes forming part of the financial statements

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

#### Status of the company

The Foundation is a company, incorporated in Scotland with the registered address as on page 8 and limited by guarantee of its members and does not have a share capital. Each member has undertaken to contribute an amount not exceeding £1 towards any deficit arising in the event of the company being wound up. (Note, all Directors are members and vice-versa). If on the winding up of the company any assets remain after satisfaction of all the company's debts and liabilities, such assets shall be given or transferred to some charitable body or bodies whose objects are altogether or in part similar to the objects of the company.

The financial statements are presented in pounds sterling, which is the functional currency of the charity, and rounded to the nearest thousand pounds.

#### Basis of preparation and assessment of going concern

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment assets and are in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland [FRS 102] issued in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland [FRS 102] and the Charities Accounts [Scotland] Regulations 2006 and the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS 102.

The Trustees have considered the position for the next twelve months and have concluded that the use of the going concern basis of accounting is appropriate because there are no material uncertainties relating to activities or conditions that may cast doubt about the ability of the charity to continue as a going concern.

#### Income

Incoming resources, including legacies and gifts are recognised when there is entitlement, probability of receipt and the income can be measured with sufficient accuracy. Where income is received subject to certain performance conditions the income is deferred.

Income from the endowment fund is added to the fund. Each year up to 4% of the endowment fund [unless a donor has specifically asked for a higher level] is distributed for the purposes of each of the funds with an approximate 1% contribution to administration and grant making costs transferred to the general fund.

Investment income comprises of interest received on fixed term deposit accounts and the Trust's current account together with interest on loans advanced, accounted for on an accruals basis.

#### Expenditure

All expenditure is recognised on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to the relevant category of resources expended. The Foundation is registered for VAT and all expenditure categories include any irrecoverable VAT.

Salary costs are allocated across activities based on timesheets and non-salary costs are allocated on a pro-rata basis.

#### Funds

Funds are classified as restricted, endowment, designated or general. These are defined as follows:

- Expendable endowment funds represent those assets which are held for long term investment by the charity.
- Restricted funds are funds which must be used for specific activities which have been declared by the donor.
- General funds are expendable at the discretion of the Board of Trustees in the furtherance of the objects of the Foundation.

Further details of the nature and purpose of funds and the basis of transfers are given in the notes.

#### Fixed assets and depreciation

Fixed assets are included at cost.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Furniture	-	over 5 years
IT and Office equipment	-	over 3 years
Office fittings [leased properties]	-	over term of lease

#### Investment properties

Investment properties or parts of properties held for investment purposes are measured initially at cost and subsequently at fair value at the reporting date. Valuations are carried out every two years by an external expert and derived from the current market rents and investment property yields for comparable property, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of financial activities.

#### Investments

Investments are included at fair value at the balance sheet date. Realised gains and losses, representing the difference between sale proceeds and market value at the previous financial year end, or purchase cost if acquired during the financial year, are dealt with in the statement of financial activities. Unrealised gains and losses, representing the movement in the market value of investments over the financial year, or from their date of purchase if acquired during the financial year, are dealt with separately in the statement of financial activities.

#### Leases

Assets acquired under finance leases or hire purchase are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the income and expenditure account on a straight-line basis over the period of the lease.

#### Pension scheme

Foundation Scotland participates in a pension scheme providing benefits based on final pensionable pay, which is now closed to new entrants. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by FRS102 it recognises a liability representing the net present value of the deficit reduction contributions payable under the existing deficit funding arrangements.

#### Redundancy and termination payments

Foundation Scotland aims to avoid redundancies. Where this is not possible redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point the charity is demonstrably committed to terminate the employment of an employee.

#### Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Where loans are repayable on demand these debts are not discounted.

#### Loans

Loans are shown on the Balance Sheet at value recoverable. The recoverability of loan debtors is determined using a risk profile matrix to calculate the risk of default for each loan issued. The risk of default determines the level of bad debt provision.

#### Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of one year or less from the date of acquisition or opening of the deposit or similar account.

#### Creditors

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

#### Provisions

Specific provisions against advances are recognised when a risk of non-recoverability is identified. Provisions made during the year, less amounts released, are charged to the Statement of Financial Activities and are netted off against advances reported in the Balance Sheet.

#### Financial instruments

The Foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

#### Taxation status

The Foundation is recognised by HM Revenue & Customs as a charity for the purposes of the Corporation Tax Act 2010 part 11 and is exempt from income and corporation tax on its charitable activities.

#### Contingent liability

A contingent liability is identified and disclosed for those grants and loans resulting from a present obligation following an award offer where settlement is dependent on the recipient fulfilling various stated terms and conditions; the outcome of which is uncertain.

#### Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Foundation's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the Trustees have made the following judgements:

- Determine whether leases entered into by the Foundation as a lessee and lessor are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.
- The recoverability of loan debtors is determined using a risk profile matrix to calculate the risk of default for each loan issued. The risk of default determines the level of bad debt provision.

The following is the Foundation's key source of estimation uncertainty:

The value of the deficit in the defined benefit pension fund is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the liabilities, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates.

#### Investment Property

The value of the investment property is valued by a Chartered Surveyor using the market information of similar properties but there is an evitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the open market.

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2. Income from donations and legacies

	Unrestricted	Restricted	Endowment	Total Funds 2023	Total Funds 2022
	£000	£000	£000	£000	£000
Individuals	6	-	-	6	7,144
Trusts (Jessica Scotland Trust)	-	-	-	-	6,352
Corporates	65	-	-	65	74
<b>Total</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>13,570</b>
Year ended 2022	7,220	6,350	-		13,570

3. Income from investments

	Unrestricted	Restricted	Endowment	Total Funds 2023	Total Funds 2022
	£000	£000	£000	£000	£000
Dividends	94	-	424	518	331
Bank Interest	151	66	-	217	14
Loan interest	-	137	-	137	109
<b>Total</b>	<b>245</b>	<b>203</b>	<b>424</b>	<b>872</b>	<b>454</b>
Year ended 2022	15	113	326		454

4. Income from charitable activities

	Unrestricted	Restricted	Endowment	Total Funds 2023	Total Funds 2022
	£000	£000	£000	£000	£000
Non-Invested Funds	1,455	21,253	-	22,708	16,065
Invested funds	-	-	1,163	1,163	2,644
<b>Total</b>	<b>1,455</b>	<b>21,253</b>	<b>1,163</b>	<b>23,871</b>	<b>18,709</b>
Year ended 2022	1,041	15,024	2,644		18,709

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5. Costs of raising funds: Development

	Unrestricted	Restricted	Endowment	Total Funds 2023	Total Funds 2022
	£000	£000	£000	£000	£000
Staff costs	245	-	-	245	170
Travel, training & recruitment	2	-	-	2	-
Property	1	-	-	1	-
Website and IT	19	-	-	19	23
Office costs	6	-	-	6	2
Professional fees	16	-	-	16	11
Support costs (Note 8)	140	-	-	140	148
	<u>429</u>	<u>-</u>	<u>-</u>	<u>429</u>	<u>354</u>
Year ended 2022	354	-	-		354

6. Grant and loan expenditure in furtherance of the charity's objects

	Unrestricted	Restricted	Endowment	Total Funds 2023	Total Funds 2022
	£000	£000	£000	£000	£000
Grant making from non-invested funds	1	19,094	-	19,095	15,376
Grant making funds from invested funds	-	4,307	-	4,307	2,166
Write back of loans provided for	-	[207]	-	[207]	[1,092]
Loans written off	-	40	-	40	226
	<u>1</u>	<u>23,234</u>	<u>-</u>	<u>23,235</u>	<u>16,676</u>
Year ended 2022	8	16,668	-	-	16,676

A full listing of grants paid can be found on <https://grantnav.threesixtygiving.org/funder/GB-SC-SC022910>

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6 Grants payable in furtherance of the charity's objects (Continued)

Charity - Grants payable in furtherance of the charity's objects – by Local Authority

		2023 £000	2022 £000
<b>North</b>	Highland	1,356	1,040
	Orkney	38	62
	Shetland	-	-
	Western Isles	43	68
<b>North East</b>	Aberdeen City	163	141
	Aberdeenshire	651	517
	Moray	514	605
<b>East</b>	Angus	37	61
	Dundee City	288	174
	Fife	361	509
	Perth and Kinross	179	195
<b>Central</b>	Clackmannanshire	67	145
	East Dunbartonshire	18	34
	Falkirk	430	116
	North Lanarkshire	120	66
	South Lanarkshire	287	222
	Stirling	458	537
	West Dunbartonshire	11	16
<b>West</b>	Argyll and Bute	324	295
	East Renfrewshire	9	20
	Glasgow City	1,844	1,195
	Inverclyde	44	56
	Renfrewshire	80	115
<b>South East</b>	East Lothian	329	174
	Edinburgh City	9,619	6,960
	Midlothian	135	97
	West Lothian	232	372
	Scottish Borders	466	384
<b>South West</b>	Dumfries and Galloway	2,793	1,598
	East Ayrshire	23	79
	North Ayrshire	118	83
	South Ayrshire	733	538
<b>Other</b>	Outside Scotland	1,632	1,068
<b>Total</b>		<b>23,402</b>	<b>17,542</b>

## 7. Loan and Grant Making Services

Analysed by expenditure type

	Unrestricted	Restricted	Endowment	Total Funds 2023	Total Funds 2022
	£000	£000	£000	£000	£000
Staff costs	924	-	-	924	854
Travel, training & recruitment	17	-	-	17	6
Property	5	3	-	8	-
Website and IT	7	1	-	8	5
Office Costs	61	5	-	66	23
Professional fees	138	45	99	282	348
Support costs (Note 8)	530	-	-	530	746
	<u>1,682</u>	<u>54</u>	<u>99</u>	<u>1,835</u>	<u>1,982</u>
Year ended 2022	1,514	342	126	-	1,982

## 8. Unrestricted costs and split of support costs

	Delivery costs			Support costs				
	Development	Grant and loan making services	Governance	Operations and Executive	Property and offices	Total 2023	Total 2022	
	£000	£000	£000	£000	£000	£000	£000	
Staff costs	245	924	37	341	-	1,547	1,206	
Travel, training & recruitment	2	17	7	33	-	59	14	
Property costs	1	5	[8]	7	28	33	309	
Website and IT	19	7	-	54	-	80	106	
Office costs	6	61	4	50	1	122	70	
Professional fees	16	138	47	69	-	270	204	
	<u>289</u>	<u>1,152</u>	<u>87</u>	<u>554</u>	<u>29</u>	<u>2,111</u>	<u>1,909</u>	
Reallocation of support costs	140	530	[87]	[554]	[29]	0	-	
	<u>429</u>	<u>1,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,111</u>	<u>1,868</u>	
Year ended 2022	354	1,514	-	-	-	-	1,868	



9. Staff Costs

	2023 £000	2022 £000
Wages and salaries	1,322	1,182
Social security costs	149	123
Pension costs – defined contribution scheme	76	68
	<u>1,547</u>	<u>1,373</u>
Interest expense in respect of defined benefit pension scheme	1	1
Actuarial gains/ [losses] on defined benefit pension schemes	1	78
Deficit pension contributions paid	29	29

At the end of the financial year pension contributions amounting to £9,314 [2022 £9,759] were payable and are included in creditors.

The Foundation considers its Senior Management Team to be its key management personnel. The staff costs in relation to the SMT are:

	2023 £000	2022 £000
Staff Costs	538	490

The number of employees receiving remuneration in excess of £60,000 were:

	2023	2022
£60,000 - £70,000	3	2
£70,000 - £80,000	-	-
£80,000 - £90,000	-	1
£90,000 - £100,000	1	-

The average number of staff employed by the company [excluding Trustees] during the year, analysed by category, was as follows:

	2023	2022
Community Investment	12	13
Executive	1	1
Finance and Operations	7	7
Marketing and Development	4	3
Philanthropy	6	6
Social Investment	3	3
	<u>33</u>	<u>33</u>

Members of the Board of Trustees are not remunerated by the Foundation; no Trustee received expenses or other benefits during the year. The Trustees had Trustees Indemnity Insurance in place during the year.

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**10. Net incoming resources**

Net incoming resources is stated after charging:

	2023 £000	2022 £000
Depreciation and other amounts written off tangible fixed assets	3	4
Write down of investment property	-	200
<b>Auditor's remuneration</b>		
Audit of these financial statements	18	18
Other services - payroll	4	5
Tax services	1	3

**11. Tangible Fixed Assets**

	Investment Land and Buildings £000	Fixtures, Fittings and Equipment £000	Total £000
<b>Cost or valuation</b>			
At beginning of year	1,200	11	1,211
Additions	-	-	-
Revaluation	-	-	-
Disposals	-	-	-
At end of year	<u>1,200</u>	<u>11</u>	<u>1,211</u>
<b>Depreciation</b>			
At beginning of year	-	8	8
Charge for year	-	3	3
Disposals	-	-	-
At end of year	<u>-</u>	<u>11</u>	<u>11</u>
Net Book Value 31 March 2023	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Net Book Value 31 March 2022	<u>1,200</u>	<u>3</u>	<u>1,203</u>

All assets are held for charitable purposes.

The investment property under Investment Land and Building is leased to a tenant. In March 2022, a valuation was carried out by an external expert with a recognised relevant qualification using the RICS valuation – global standards. The next revaluation is being planned for March 2024. The historic cost of the investment property is £2,136m.

12. Other investments

	2023 £000	2022 £000
Market value as at 1 April	56,163	51,110
Additions	13,208	31,661
Disposal proceeds	[15,780]	[25,333]
Net investment gain/(loss)	[4,333]	[1,275]
Market value at 31 March	49,258	56,163
Historical value at 31 March	44,633	48,038
Represented by:		
Cash and fixed interest securities	2,120	4,140
Listed shares	114	388
Unlisted shares	8	8
Investment trusts and unit trusts	47,016	51,627
	49,258	56,163
<u>Investments comprising more than 5% of market value</u>		
Janus Henderson Sustainable Equity	4,678	-
Schroder Global Sustainable Value Equity	4,598	2,895
BMO Responsible Global Equity	4,575	4,100
Monks Investment Trust	2,829	-
Impax Environmental Leaders	2,578	3,103
Cash on deposit	-	4,139
Fidelity Sustainable Water	-	2,972
Ninety One Global Environmental	-	2,930
Baillie Gifford Worldwide Positive Change	-	2,876

The main risk to the Foundation from financial instruments lies in the combination of uncertain economic conditions, rising interest rates and investment markets. Liquidity risk is anticipated to be low as listed investments are traded in markets with good liquidity and high trading volumes and this is expected to continue.

The Foundation invests in pooled investment vehicles and is therefore directly exposed to counter-party risk. This risk is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled manager operates and diversification of investments amongst a number of pooled funds. Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities. Market risk arises principally in relation to equities held in the pooled vehicles. The Foundation manages this exposure to market risk by constructing a diverse portfolio of investments across various markets and by retaining expert advisors to manage its investment portfolio.

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**13. Debtors**

	2023 £000	2022 £000
Current proportion of loans receivable	454	425
Other	288	172
Prepayments and accrued income	1,667	568
Trade Debtors	41	10
	<u>2,450</u>	<u>1,175</u>
Debtors due in more than one year		
Loans receivable 2-5 years	1,385	1,579
Loan receivable greater than 5 years	628	702
Bad debt provision	<u>[106]</u>	<u>[314]</u>
	<u>4,357</u>	<u>3,142</u>

Other debtors relates to a Gift Aid Claim which was received from HMRC in April and May.

There are 36 loans which make up the Loans Receivable balance. The repayment terms on the loans range from 6 months to 10 years with the majority being 10 years. The rates of interest on the loans range from 5.00% to 6.75%.

33 loans are secured by a minimum of a floating charge.

**14. Creditors: amounts falling due within one year**

	2023 £000	2022 £000
Trade creditors	29	72
Tax and social security	20	15
Accruals	23	17
Grants payable	4,429	3,012
	<u>4,501</u>	<u>3,116</u>

**15. Creditors: amounts falling due after more than one year**

	2023 £000	2022 £000
Grants payable	989	399
	<u>989</u>	<u>399</u>

16. Provision for liabilities and charges

	2023 £000	2022 £000
Defined benefit pension scheme net present value of deficit contributions payable		
Provision at start of period	64	170
Unwinding of the discount factor [interest expense]	1	1
Deficit contribution paid	[29]	[29]
Remeasurements - impact of any change in assumptions	[1]	[1]
Remeasurements - amendments to the contribution schedule	-	[77]
Provision at end of period	35	64
Office Rental – Onerous Contract	37	64
	72	128

Defined benefit pension scheme net present value of deficit contributions payable

The Foundation participates in a multi-employer scheme which provides benefits to some 82 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Foundation to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the Foundation is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

## 16. Provision for liabilities and charges [continued]

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2020. This actuarial valuation was certified on 21 December 2021 and showed assets of £153.3m, liabilities of £160.0m and a deficit of £6.7m. To eliminate this funding shortfall, the Trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers to the scheme as follows:

From 1 April 2022 to 30 May 2024: £1.5m per annum [payable monthly and increasing by 3% each year on 1<sup>st</sup> April]

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the employer has agreed to a deficit funding arrangement the employer recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

### Income and expenditure account impact

	2023 £000	2022 £000
Interest expense	1	1
Remeasurements - impact of any change in assumptions	[1]	[1]
Remeasurements - amendments to the contribution schedule	-	[77]

### Assumptions

	2023	2022	2011
Rate of discount	5.40	2.30	0.86

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The scheme actuary has estimated that the employer debt that would become payable if the Foundation ceased to participate or if the scheme was wound up would be £0.9m as at 30 September 2021. It is not the Trustees' intention to crystallise this liability.

As a replacement to the Scottish Voluntary Sector Pension Scheme the Foundation currently has a group personal pension scheme administered by Royal London. The Foundation's contributions are restricted to those detailed in note 9.

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17. Endowment Funds

Endowment Fund	Purpose – to provide income for grant making funds which support	Balance brought forward £000	Income & Gains £000	Expense & Losses £000	Transfer £000	Balance carried forward £000
A'Chruach Community	community projects - in West Loch Fyne, Dunadd, and Lochgilphead	15	-	-	100	115
Alexander Trust	young people and older people in Aberdeenshire and the Isle of Bute	165	1	[9]	[6]	151
B and P Johnson Family Foundation	grant making activity - UK-wide	554	2	[26]	[3]	527
Barr Community	general charitable activity and development – Barr	131	-	[6]	2	127
The Beatrice Foundation	general grantmaking activity - Scotland-wide	155	-	[7]	[7]	141
Bertha Fund	grant making activity with a focus on Perth and Kinross	502	2	[25]	[28]	451
Betty & Roy Ure Trust	voluntary organisations and charities in Arran	1,152	5	[57]	[43]	1,057
Bluebird Trust	causes related to the environment, human rights, ill-health or other disadvantage – UK and overseas	347	32	[30]	[3]	346
Brunton Endowment Trust	general grantmaking activity – Scotland-wide, particularly Aberdeenshire.	279	1	[14]	[10]	256
Budge Foundation	grant making activity - UK-wide	288	5	[26]	[23]	244
Campbell Crowson Fund	elderly, health and disability issues- Scotland-wide	184	1	[9]	[6]	170
Carrick Futures	general charitable activity - in the Carrick futures communities in South Carrick	389	2	[18]	104	477
Cervus Trust	general charitable activities - Scotland-wide	511	2	[25]	[13]	475
Coram Trust	rural and urban regeneration projects, especially housing - Scotland-wide	256	4	[11]	[33]	216
David and Averil Macdonald	general grantmaking - Elgin, Tain, Islay and Broxburn areas	1,271	5	[64]	[71]	1,141
Dorenell Community	general charitable activity and development – Dufftown & District, Glenlivet & Inveravon; Glenrines, The Cabrach	915	130	[32]	2	1,015
Douglas McDougall	general grantmaking activity - UK and overseas	168	7	[30]	[3]	142
Elizabeth Drummond Fund	general educational projects - Scotland-wide	1,235	5	[60]	[47]	1,133
ENCOMM Endowment	general charitable activity and development – East Nairnshire	258	1	[12]	[2]	245
F Laing Family Trust	general grantmaking activity - Scotland-wide	107	-	[5]	[4]	98
Forbes Fund	general grantmaking activity - in the Highlands	369	2	[18]	[14]	339
Fountainhall Trust	educational activities – UK-wide	1,399	121	[196]	[100]	1,224
Garpeil Fund	general grantmaking activity - UK and overseas	12,876	134	[2,092]	[585]	10,333
Gartmhor Trust	disadvantaged families, supporting talented young people – Edinburgh and Fife priority	2,374	40	[355]	[86]	1,973
Gateway Exchange	people achieve their potential	314	1	[15]	[32]	268
George and Grace Thomson Trust	general grantmaking activity – Dundee. Scholarships at Heriot Watt - Edinburgh	140	-	[9]	[66]	65
Gillian Charlotte Campbell Fund	general grantmaking in Edinburgh and East Lothian, Lanarkshire and the Scottish Borders	300	1	[14]	[11]	276
Glebefoot Charitable Trust	community groups - Scotland-wide, NE of Scotland in particular	713	3	[34]	[27]	655
Glenkerie Community	general charitable activity and development - Glenkerie area of the Scottish Borders	178	1	[9]	[1]	169
Gordon Brown Memorial Fund	families affected by cancer and the development of youth sport particularly rugby	276	1	[14]	[10]	253
Irene Sproule	the Church of Scotland congregation at Coldstream Parish Church	111	-	[5]	[4]	102
The Julie and Loren Hufstetler Foundation	general grantmaking activity - UK-wide	193	1	[10]	[2]	182
Karen Napier Charitable Trust	education - UK-wide and overseas	494	32	[2]	[140]	384

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Endowment Fund	Purpose – to provide income for grant making funds which support	Balance brought forward	Income & Gains	Expense & Losses	Transfer	Balance carried forward
		£000	£000	£000	£000	£000
Kinlochaline Trust	general grantmaking activity - UK and overseas	196	1	[2]	[7]	188
Kinross-shire Fund	communities, projects & groups - Kinross-shire area	205	1	[11]	[11]	184
Kuenssberg Family	general grantmaking activity-UK-wide	-	572	-	-	572
Leckie Family Trust	general grantmaking activity - Scotland-wide	833	129	[192]	[52]	718
Leckie Family Trust - IFB	general grantmaking activity - Scotland-wide	204	1	[9]	[8]	188
Live Well Charitable Fund	alleviate poverty - Edinburgh area	278	1	[14]	[11]	254
Make Trust	general grantmaking activity - Scotland-wide	685	13	[80]	[86]	532
Mary Janet King Trust	general grant-making activity with a focus on music - Scotland-wide	225	1	[12]	[35]	179
McNab Family Charitable Trust	general grantmaking activity - Scotland-wide	246	1	[12]	[9]	226
NF Trust	general grantmaking activity - Scotland-wide	3,711	141	[1]	[2,403]	1,448
Ochil Developments Blackford Community Fund	general charitable activity and development - Blackford area	414	2	[20]	[3]	393
Paraclete Trust	general grantmaking activity - Scotland-wide	397	1	[19]	[15]	364
Parish of Stow Community	general grantmaking activity – Parish of Stow	125	-	[6]	[1]	118
Path Trust	general grantmaking activity - UK-wide	149	1	[7]	[6]	137
Philippians 4:19	general grantmaking activity - Scotland-wide	1,070	4	[52]	[40]	982
Prudential Fund	general grantmaking activity - Stirling area.	136	1	[6]	[2]	129
Robert & Edith McMillan Edinburgh Music School Trust	Edinburgh Music School activities at Broughton High School	192	1	[10]	[2]	181
Russell Trust	general grantmaking activity - UK and overseas	257	6	[6]	[3]	254
Sanday Community Future	community projects – on the Island of Sanday, Orkney	85	25	[5]	[1]	104
The Snowdrop Trust	general grantmaking activity-UK-wide	337	1	[15]	[19]	304
Sutherland Page Trust	general educational projects - Scotland-wide	2,995	12	[136]	[110]	2,761
Urras Oighreachd Ghabhsainn [UOG] Community	general grantmaking activities - within the community of the Galston Estate	192	1	[10]	[1]	182
Victoria League in Scotland [VLS] Trust	education activity - Scotland-wide	155	1	[8]	[26]	122
Viewforth Trust	general grantmaking activity-UK-wide	1,166	5	[59]	[65]	1,047
Ward Family Trust	general grantmaking activity - UK and overseas	705	7	[35]	[92]	585
William Grant Piping Trust	music activity - Scotland-wide	659	3	[31]	[28]	603
William Hunter Trust	relief of poverty with a priority - Edinburgh and the Lothians	642	3	[32]	[31]	582
Women's Fund WFS	projects which benefit women - Scotland-wide	221	1	[10]	[1]	211
		45,099	1,478	[4,039]	[4,240]	38,298
Other Endowments funds with less than £100k		2,855	250	[138]	[192]	2,775
<b>Total Endowment Funds</b>		<b>47,954</b>	<b>1,728</b>	<b>[4,177]</b>	<b>[4,432]</b>	<b>41,073</b>
Year ended 2022		48,424	2,100	[393]	[2,177]	47,954



18. Restricted Funds

Restricted Fund	Purpose – to support	Balance brought forward £000	Income £000	Expense £000	Transfer £000	Balance carried forward £000
Alec Bowie	employment and enterprise - Edinburgh and Fife	-	1,512	[250]	-	1,262
Annandale and Nithsdale Community Benefit Company	activities that support the rural regeneration and sustainability – 42 council areas Annandale and Nithsdale	166	414	[440]	-	140
Baillie Gifford Community Awards Fund	general activities – Scotland-wide	303	194	[256]	-	241
Baillie Gifford Giving	charities individuals and groups - UK-wide	316	8,108	[7,871]	-	553
Ballantrae Community Fund	community projects – Ballantrae	111	53	[5]	[10]	149
Blackcraig Wind Farm Community Fund	community projects - Carsphairn; Glencairn; Dunscore; St Johns Town of Dalry; New Galloway; Balmaghie; Crossmichael; Parton; Corsock & Kirkpatrick Durham; Balmaclellan	121	251	[321]	[19]	32
Cairnryan Community Fund	community projects – Cairnryan	111	27	[31]	[12]	95
Carrick Futures	community projects - Barrhill, Barr, Pinwherry & Pinmore, Colmonell & Lendalfoot, Ballantrae and Girvan	423	223	[307]	[107]	232
Douglas West Wind Farm Community Benefit Fund	community projects – int ecommunity council area of Coalburn and Douglas (inc Glespin and surro	70	118	[68]	-	120
East Neuk of Fife	thriving communities in the East Neuk of Fife	209	-	[3]	3	209
EDF Burnhead Moss Community Fund (Limerigg & Slamannan)	community projects – Limerigg and Slamannan	137	-	[66]	33	104
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Glenlivet & Inveravon)	community projects – Glenlivet & Inveravon	130	1	[72]	101	160
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Glenrinnies)	community projects – Glenrinnies	249	2	[41]	101	311
EDF Renewables Dorenell Wind Farm Community Benefit Fund (The Cabrach)	community projects – The Cabrach	127	1	[75]	101	154
EDF Renewables Dorenell Wind Farm Community Benefit Fund (Cross Area)	community projects – Cross Area	94	1	[51]	101	145
RWE Bad a Cheo Wind Farm Community Fund (Watten)	charities and groups - in the Watten Community Fund area	111	1	[24]	41	129
RWE Camster Community Fund (Tannach & District)	charities and groups - in the Camster Community Fund area	168	-	[78]	58	148
RWE Camster Community Fund (Watten)	charities individuals and groups - three community council areas	255	-	[73]	58	240
GG Trust	charities individuals and groups - UK-wide	178	-	[462]	330	46
NF Trust	general grantmaking activity - Scotland-wide	94	-	[2,199]	2,386	281
Falck Assel Valley Wind Farm Community Fund (Barr)	community projects – Barr	122	36	[27]	[9]	122
Falck Assel Valley Wind Farm Community Fund (Pinwherry)	community projects – Pinwherry & Pinmore	130	36	[26]	-	140
Fountainhall Trust	educational activities – UK-wide	130	-	[224]	94	-

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Restricted Fund	Purpose – to support	Balance brought forward £000	Income £000	Expense £000	Transfer £000	Balance carried forward £000
Foresight Kinegar Wind Farm Community Fund [Oldhamstocks]	community projects – Oldhamstocks	103	3	[132]	26	-
FS Tackling Inequalities		-	-	-	481	481
Gartmhor Trust	disadvantaged families, supporting talented young people – Edinburgh and Fife priority but Scotland wide considered	122	-	[106]	55	71
Great Glen Energy Co-op		-	196	-	-	196
Hadyard Hill Community Fund [Dailly]	community projects – Dailly	119	[7]	[45]	39	106
Hadyard Hill Community Fund [Pinwherry & Pinmore]	community projects – Pinwherry & Pinmore	219	[7]	[40]	50	222
Julie and Loren Hufstetler Foundation	general grantmaking activity - UK-wide	74	96	[32]	-	138
Kilgallioch Wind Farm Community Benefit Fund	community projects – 28 Community Council areas across South Ayrshire and Dumfries & Galloway	139	520	[583]	-	76
Ladbroses [GVC]	Community projects with a focus on sport and healthy activity	103	145	[248]	-	-
Langhope Rig Wind Farm Community Benefit Fund A	community projects – Ettrick & Yarrow, Lilliesleaf, Ashkirk & Midlem	115	-	[95]	55	75
Logie Trust	and Upper Teviotdale & Borthwick Water	107	-	-	-	107
Made by Sport – Clubs in Crisis	charities individuals and groups - Scotland-wide	-	-	-	-	-
Miller Mathieson	sports clubs – Scotland-wide	-	180	[25]	-	155
Minnycap Community Benefit Fund	community projects – Johnstone, templand and Kirkpatrick Juxta	207	90	[46]	-	251
Old Luce Community Fund [Scottish Power Renewables Kilgallioch]	community projects –Old Luce Community Council area	437	-	[222]	[20]	195
Renantis Auchrobert Wind Farm Community Benefit Fund		81	121	[28]	-	174
RL Fund		-	-	[50]	178	128
Sankalpa Foundation	business development and the rural economy – Gate House of Fleet	178	-	-	[178]	-
Scottish Building Society Fund		-	158	-	-	158
Social Investment Fund	social enterprise projects – Scotland-wide	6,728	179	[234]	[224]	6,449
Stroupster Wind Farm Community Benefit Fund	community projects - Dunnet and Canisbay	358	206	[103]	[126]	335
The Ross Girls Trust	general grantmaking activity – UK-wide	217	-	[4]	-	213
The Volant Charitable Trust Fund	women, children and young people at risk and facing social deprivation – Scotland-wide	591	725	[1,254]	-	62
TP Fund		414	720	[140]	-	994
Torrance Farm Wind Park Community Fund [HEG]	community projects - Harthill, Eastfield & Greenrigg	163	-	[26]	33	170
Vattenfall Clashindarroch Wind Farm Community Fund	community projects - Huntly, Strathbogie, Tap O'Noth, Cabrach	359	243	[349]	-	253
Vattenfall Unlock our Future Fund	Community projects – Aberdeenshire and Aberdeen City	228	170	[126]	-	272
Ventient Energy A'Chruach Community Fund	Community projects - West Loch Fyne, Dunadd, Lochgilphead	363	178	[141]	[100]	300

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Restricted Fund	Purpose – to support	Balance brought forward £000	Income £000	Expense £000	Transfer £000	Balance carried forward £000
Ventient Energy Galawhistle Wind Farm Community Fund	Community projects – Coalburn and Douglas & Glespin Community Council areas	268	150	[50]	-	368
Ventient Energy Glenkerie Wind Farm Community Fund	community projects – Tweedsmuir, Broughton, Drumelzier, Coulter, Biggar, Symington, Robertson, Lamington and Skirling	118	110	[62]	-	166
Ventient Gordonstown Community Fund [Auchterless, Inverkeithny & Fisherford]	community projects - Auchterless, Inverkeithny, Fisherford	179	-	[18]	30	191
Wathegar 2 Wind Farm Community Benefit Fund [Watten]	community projects – Watten	159	-	[8]	49	200
Wathegar 2 Wind Farm Community Benefit Fund [Tannach]	community projects – Tannach	100	-	-	26	126
Wathegar Wind Farm Community Fund [Tannach & District]	community projects – Tannach and District	122	[2]	[44]	41	117
Whiteside Hill Wind Farm		1	332	-	[155]	178
Whiteside Hill Wind Farm Community Fund [Kirkconnel & Kelloholm]	community projects – Kirkconnel & Kelloholm	143	-	[37]	47	153
Wild Salmonid Support Fund		120	-	[120]	-	-
		16,390	15,484	[17,338]	3,557	18,093
Other Restricted funds with less than £100k		4,697	5,973	[5,950]	519	5,239
<b>Total Restricted Funds</b>		<b>21,087</b>	<b>21,457</b>	<b>[23,288]</b>	<b>4,076</b>	<b>23,332</b>
Year ended 2022		14,822	2,092	[17,010]	1,788	21,087

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19. Unrestricted and Designated Funds

	Balance brought forward £000	Income £000	Expense £000	[Losses]/ Gains £000	Transfer £000	Actuarial Gains/ [losses] £000	Balance carried forward £000
<b>Current Year</b>							
<b>General Funds</b>							
General Fund	1,563	1,922	[2,112]	[396]	902	[1]	1,878
Revaluation Reserve	-	-	-	-	-	-	-
<b>Designated Funds</b>							
IT Developments	47	-	-	-	[36]	-	11
Endowment Building Fund	328	-	-	-	[25]	-	303
Income Generation Fund	9,000	-	-	-	-	-	9,000
Pension Scheme Deficit Fund	1,219	-	-	-	[334]	-	885
Strategic Plan Implementation Fund	126	-	-	-	[68]	-	58
Strategic Plan Implementation Fund – [SMT]	200	-	-	-	[83]	-	117
<b>As at March 2023</b>	<b>12,483</b>	<b>1,922</b>	<b>[2,112]</b>	<b>[396]</b>	<b>356</b>	<b>[1]</b>	<b>12,252</b>
<b>Prior Year</b>							
<b>General Funds</b>							
General Fund	1,602	8,369	[1,876]	-	[6,608]	76	1,563
Revaluation Reserve	97	-	-	[138]	41	-	-
<b>Designated Funds</b>							
IT Developments	94	-	-	-	[47]	-	47
Endowment Building Fund	353	-	-	-	[25]	-	328
Income Generation Fund	1,400	-	-	-	7,600	-	9,000
Pension Scheme Deficit Fund	1,750	-	-	-	[531]	-	1,219
Strategic Plan Implementation Fund	367	-	-	-	[241]	-	126
Strategic Plan Implementation Fund – [SMT]	-	-	-	-	200	-	200
<b>As at March 2022</b>	<b>5,663</b>	<b>8,369</b>	<b>[1,876]</b>	<b>[138]</b>	<b>389</b>	<b>76</b>	<b>12,483</b>

**Transfers**

IT Developments Designated Fund transfers related to the development of the new CRM system.

Endowment Building Fund transfers represented contributions made during the year to Community Endowment Builder Funds.

Pension Scheme Deficit Fund transfers represented the release back to the General Funds because of the improved position on the defined benefit pension scheme.

Strategic Plan Implementation Funds transfers represented support to several projects during the year.

Strategic Plan - SMT Implementation Funds transfers represented support to several projects during the year.

**Designated Funds purposes**

IT Developments – to fund IT developments in line with the strategic plan.

Endowment Building Fund – to support the establishment of new endowment funds.

Income Generation Fund – to provide an income generating invested fund to support core costs.

Pension Scheme Deficit Fund – to provide a sum equivalent to the buy-out value of the final salary pension scheme.

Strategic Plan Implementation Fund – to resource activities in line with the new strategic plan.

Strategic Plan Implementation Fund [SMT] – delegated to the SMT to resource activities in line with the new strategic plan.

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20. Analysis of net assets between funds

Fund balances at year end are represented by:

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Tangible fixed assets	-	-	1,200	1,200
Investments	41,073	-	8,185	49,258
Net current assets	-	24,321	2,939	27,260
Creditors due after more than one year	-	[989]	-	[989]
Provisions	-	-	[72]	[72]
	<u>41,073</u>	<u>23,332</u>	<u>12,252</u>	<u>76,657</u>

Fund balances at the previous year end were represented by:

	Endowment £000	Restricted £000	Unrestricted £000	Total £000
Tangible fixed assets	-	-	1,203	1,203
Investments	47,954	-	8,209	56,163
Net current assets	-	21,486	3,199	24,685
Creditors due after more than one year	-	[399]	-	[399]
Provisions	-	-	[128]	[128]
	<u>47,954</u>	<u>21,087</u>	<u>12,483</u>	<u>81,524</u>

21. Operating lessor commitments

	2023 £000	2022 £000
Within 1 year	60	60
In the second to fifth years inclusive	125	185
After 5 years	-	-
	<u>185</u>	<u>245</u>

Operating lessor commitments are in respect of property rental income.

## 22. Ultimate controlling party and related party transactions

The Trustees control the activities of the Foundation.

UK Community Foundations provides membership and associated central IT platforms for UK Community Foundations. For these services £27,708 [2022: £37,915] was charged during the period. Toby Anstruther is a Director of UK Community Foundations. The amount due to UK Community Foundations at the year-end was £0 [2022: £0].

The following organisations, to which a Foundation Scotland Trustee is related, received grants in 2022-23:

Organisation	Grants paid	FS Trustee/Committee Member	Relationship with Recipient
Scottish Refugee Council	950	Stewart Carruth	Wife works for the Scottish Refugee Council
Edinburgh International Festival Endowment Fund	37,500	Sarah Whitley	Trustee Edinburgh International Festival Endowment Fund
Saint Andrew Boat Club	22,800	Sarah Whitley	Trustee
Leuchie House Short Break Centre	20,000	Angus Tulloch	Wife Trustee of Leuchie House
Preston Lodge Learning Foundation	250	Angus Tulloch	Trustee
George Watson's Family Foundation	100	Stephen Connelly	Chair - Watsons Malawi Partnership
Ullapool Community Trust	3,000	Mamta Patel	Chair - Ullapool Community Trust
Macmillan Cancer Relief	1,946	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Dumfries YMCA SCIO	20,000	John Naylor	President YMCA
Renfrew YMCA SCIO	7,956	John Naylor	President YMCA
YMCA Edinburgh SCIO	20,000	John Naylor	President YMCA
Tain and District Youth Cafe (YMCA)	13,927	John Naylor	President YMCA

The equivalent information for 2021-22 was:

Organisation	Grants paid	FS Trustee/Committee Member	Relationship with Recipient
Scottish Refugee Council	1,200	Stewart Carruth	Wife works for the Scottish Refugee Council
Venture North Cooperative Limited	8,182	Isla McCulloch	Employed by Cooperatives UK
Macmillan Cancer Support	2,622	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Macmillan Cancer Relief	10,580	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
Macmillan Cancer Relief East of Scotland	306	Cameron Kinnaird	Trustee Macmillan Glasgow Committee
The Growth Partnership	5000	Ian Marr	Employed by The Growth Partnership
Paisley YMCA	4,976	John Naylor	President YMCA
Broughty Ferry YMCA	4,000	John Naylor	President YMCA
Wishaw Young Mens Christian Association (YMCA)	3,230	John Naylor	President YMCA
Tain and District Youth Cafe (YMCA)	13,927	John Naylor	President YMCA
Denny and Dunipace YMCA	7,168	John Naylor	President YMCA
YMCA Scotland	10,100	John Naylor	President YMCA
Edinburgh International Festival Endowment Fund	72,000	Sarah Whitley	Trustee Edinburgh International Festival Endowment Fund

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Organisation	Grants paid	FS Trustee/Committee Member	Relationship with Recipient
Saint Andrew Boat Club	574,400	Sarah Whitley	Trustee
Didasko Education Co. Ltd	60,500	Sarah Whitley	Trustee
Leuchie House Short Break Centre	15,500	Angus Tulloch	Wife Trustee of Leuchie House
Pittenweem Tennis Club Ltd	2,021	Toby Anstruther	Trustee
George Watson's College	250	Stephen Connelly	Chair - Watsons Malawi Partnership
George Watson's Family Foundation	150,000	Stephen Connelly	Chair - Watsons Malawi Partnership

None of the Foundation Scotland Trustees listed above were involved in the assessment of grant applications or the decision to approve funding to the organisations to which they are related other than in the case of a donor directed award relating to their own charitable funds held with Foundation Scotland. No balances were outstanding on the grants at the year end.

### 23. Contingent liabilities

Contingent liabilities relate to grant and loan awards offered during the year where settlement is dependent on the recipient fulfilling various stated terms and conditions, the outcome of which is uncertain. The total of grant contingent liabilities at 31<sup>st</sup> March was £1,386,920 [2022: £1,926,321].

### 24. Financial Instruments

	2023	2022
	£000	£000
Assets measured at fair value through profit & loss	47,129	52,023

Assets measured at fair value through profit and loss comprise investments