



THE
RS MACDONALD
CHARITABLE TRUST

Report and Financial Statements

31 March 2019

OSCR

Scottish Charity Regulator

www.oscr.org.uk

Registered Charity
SC012710

The R S Macdonald Charitable Trust

Chairman's Review

for the year ended 31 March 2019

In the last year, the Trust marked a number of significant moments and I am once again reminded how far we have come to be the grant-maker we are today. For our 40th Anniversary we offered an additional round of funding and are now beginning to observe the difference these awards have made to the charities and their beneficiaries. My thanks to our staff for having taken on this additional work and allowing us all – the Trustees past and present, staff and awardees – an opportunity to celebrate our anniversary at our event held in June.

As the summer progressed, we then saw the departure of our Director, Douglas Hamilton. In settling into the role, our incoming Director, Rachel Campbell, spent some months considering the main components of our work i.e. governance, finance, operations and strategy, to continue to ensure our resources are helping those we fund achieve their purpose to best effect.

Trustees concluded a re-fresh of our Trust Deed, ensuring our charitable objects are aligned to our intended work. We also adopted a revised strategy, which affirms the 'direction of travel' from our previous strategy. We go forward having committed to working relationally and attuned to the ever-changing circumstances our beneficiaries face. We believe that by working alongside charities proactively and collaboratively, we can help maximise the impact of our funding.

And as the financial year closed, we marked one further departure from our staff team. Lesley Brunton, our longstanding Finance and Awards Officer, retired in March 2019. We know the amount of hard work and dedication Lesley's service gave the Trust, and it was with great appreciation our Trustees and staff - past and present - marked her departure.

We now look to our next strategic phase as one where we deliver on our re-affirmed focus, to help charities by working alongside them and offering an enabling way of working to ensure their funding brings maximum benefits.

Bruce Rigby

Bruce K Rigby
Chairman

Date: 25 September 2019

The R S Macdonald Charitable Trust

Report of the Trustees

The Trustees have pleasure in presenting their report and financial statements of the Trust for the year ended 31 March 2019.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Trust's Trust Deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

Objects and activities

- **Objects of the charity as set out in the Trust Deed**

The purposes of the Trust are the advancement and support of the charitable objects and purposes of six charitable organisations mentioned in the Deed of Trust, along with such other charitable body as provides any of the following benefits, but on condition that such body is resident, based in, or operating in Scotland:

- (a) The care and welfare of individuals suffering from neurodevelopmental or neurodegenerative disorders of genetic or other aetiology or from disorders affecting the nervous system resulting from specific incidents of trauma, poison or infection which result in damage to motor control, behaviour, communication or personality or from a combination of these;
- (b) The care and welfare of individuals who are either blind or suffering from visual impairment;
- (c) Research into the causation, or prevention, or treatment and/or management, of the conditions set out in sub-paragraphs (a) and (b);
- (d) The care and welfare of children and young persons under the age of eighteen years who have been or are in danger of being abused physically, sexually or mentally;
- (e) The care and welfare of young persons who have been or are in danger of being abused physically, sexually or mentally, who are also eligible for after care services as set out in section 29 of the Children (Scotland) Act 1995 as amended;
- (f) The encouragement and promotion of welfare conditions for children whereby the likelihood of physical, sexual or mental abuse is reduced;
- (g) The care and welfare of non-human living creatures which are either in danger, facing danger, the victims of, or in danger of being the victims of, physical abuse and;
- (h) The encouragement of welfare conditions for non-human living creatures with a view to the reduction of the likelihood of physical abuse.

- **Activities and aims and objectives of the charity for the year 2018/19**

The current work of the Trust is guided by the Strategic Plan, which we refreshed this year. The Plan for 2019-2022 is an extension to, and development of, the 2017 Strategic Plan and does not stray from our two strategic priorities:

- Build relationships with the charities we support
- Support charities to collaborate

The Plan also identifies thematic priorities that will be taken into account when assessing grant applications and identifying strategic grant opportunities.

The activities of the Trust are set out under 3 headings:

1. Grants programme
2. Non-financial support
3. Good governance

The R S Macdonald Charitable Trust

Report of the Trustees (continued)

Review of activities and performance

1. Grants programme

The Trust makes awards to registered charitable organisations resident, based in or operating in Scotland in respect of projects or work which are eligible in terms of the Trust Deed. Guidelines for Applicants, which are reviewed on an ongoing basis, are available either through the Trust's website or from staff. All awards are at the absolute discretion of the Trustees. Investments are managed to ensure there are sufficient funds to distribute, and processes are in place for approving, allocating and monitoring awards.

Trustees have set a target to award up to £3million of grants each year, between 2017 and 2020. During the year to 31 March 2019 general awards of £2,825,338 (2018: £2,872,804) were made as detailed in the summary tables below. Unfortunately a number of projects for which award funding had been agreed could not be undertaken or completed so that awards of £57,406 (2018: £166,486) were withdrawn or refunded.

General awards by type of grant:

	Number of Applications	Number of Awards	Value of Awards £	Average Value £	Success Rate (%)
Small grants	46	27	231,625	8,579	59
Main grants	99	60	1,887,002	31,450	61
Strategic Awards	2	2	225,000	112,500	100
40 th Anniversary Awards	65	13	481,711	37,055	20
RNLI	1	0	0	0	0
TOTAL	213	102	2,825,338	27,699	48

General awards by theme:

	Number of Applications	Number of Awards	Value of Awards £	Average Value £	% of total
Animal Welfare	10	3	35,000	11,667	1.2
Tackling Child Abuse and Neglect	71	35	1,017,548	29,073	36.0
Neurological Conditions	98	47	1,111,768	23,655	39.4
Visual Impairment / Sight Loss	17	8	278,811	34,851	9.9
Medical Research	16	9	382,211	42,468	13.5
RNLI	1	0	0	0	0
TOTAL	213	102	2,825,338	27,699	100

Special 40th anniversary celebration awards

In May 2018, the Trustees approved £481,711 of special 40th anniversary awards for payment in the 2018-19 year. In addition, £52,000 was awarded to the RNLI for a new lifeboat for Stranraer in 2017-18, also in celebration of the Trust's 40th anniversary. Those awarded these grants were invited to join our event held in June which marked the anniversary.

2. Non-financial support

The main areas of non-financial support offered to beneficiary charities are:

- a) Hosting meetings and events - we maintained our commitment to use of our rooms for meetings and events with 33 different organisations booking space on 70 occasions during 2018/19 (2017/18: 37 different organisations made use of the meeting rooms on 90 occasions).

The R S Macdonald Charitable Trust

Report of the Trustees (continued)

Review of activities and performance (continued)

2. Non-financial support (continued)

- b) Training – the Trust continued to offer training to beneficiaries from Evaluation Support Scotland, CPAG and Third Sector Lab. We also introduced some new training, delivered by Heart in Mouth. A total of 111 places were taken up on these courses over the past year (2017/18: 113). We would like to thank our audit firm, RSM for providing access to their training on charity reserves and on GDPR to 27 of our beneficiaries, and our legal firm Anderson Strathern for providing access to their Charities Conference to 17 of our beneficiaries.

3. Good governance

One new Trustee was appointed during the year. The board retains its focus on strategy and governance, and offers regular oversight of the day to day operations. In May 2018, Trustees undertook a review of the Trust Deed, which was updated. We updated our Risk Register, which continues to be actively monitored, and concluded our work on internal policies. We introduced an agreement to set out expectations and support available to all our volunteers. Staff were trained on GDPR and we implemented a safeguarding framework and programme of training in recognition of the increasing need for all charities to attend to the protection of vulnerable adults and children. The Trustees also initiated a review of their investment advice and strategy.

Monitoring Impact

It is a condition of every grant award that a report is sent to the Trust at the end of each project year. Every report is reviewed against the initial proposal that was agreed by the Trust and feedback is given, along with requests for follow up information where there is a query about the outcomes of the project that has been funded.

Monitoring visits and update meetings with grant holders, which involve Trustees as well as staff, enable us to monitor the progress being made, as well as provide an opportunity to consider additional ways that the Trust can support the beneficiary charity.

Financial review

The Trust's work is entirely reliant on income and capital growth from its investment portfolio. The Trust's investment portfolio had a fair market value as at 31 March 2019 of £80.5M (2018: £76.7M). A full review of the achievements and performance of the investments is noted below.

Income of £1.7M (2018: £1.8M) was generated during the year. Net grant awards of £2.7M (2018: £2.2M) were paid out in the year. A list of the beneficiaries supported by the Trust during the year is included in Note 22 of the Notes to the financial statements. The total resources expended amounted to £3.3M (2018: £2.7M) as detailed in Note 6 to the financial statements.

Investment policy and performance

- **Investment policy**

The Trustees pursue a policy intended to balance, appropriately, the interests of present and future beneficiaries. The investment objective adopted by the Trustees is to deliver a long term total return net of investment management costs of 3.75% per annum in excess of inflation (as measured by the RPI), consistent with the distribution of the agreed level of grants and the covering of the running expenses of the Trust.

- **Objectives and performance of investments**

The Trustees are satisfied that their current strategy is appropriate for the long term investment objectives of the Trust, but will consider during the year whether any changes may need to be made to the structure of the portfolio. The day to day management of the investment assets is delegated to four professional investment managers. These investment managers have different risk and return parameters.

The R S Macdonald Charitable Trust

Report of the Trustees (continued)

Objectives and performance of investments (continued)

The table below summarises the investment managers' objectives and performance of the Trust's assets over the period to 31 March 2019. The performance figures shown are based on reports provided by the Trust's four investment managers. Total Fund performance based on Mercer estimates.

Fund performances against managers' benchmark

Fund	Last Year		Last 3 Years		Last 5 Years		Since Inception of Fund	
	Fund (%)	B'mark (%)	Fund (% p.a.)	B'mark (% p.a.)	Fund (% p.a.)	B'mark (% p.a.)	Fund (% p.a.)	B'mark (% p.a.)
Active Global Equity (Newton)	13.7	10.5	12.6	14.6	12.0	12.0	8.2	8.5
Passive Global Equity (Northern Trust)	12.4	12.2	14.8	14.6	-	-	11.2	11.0
Real Return Multi-Asset (Newton)	6.8	0.6	2.3	0.5	2.8	0.5	4.1	0.5
Absolute Return Fixed Income Fund (M&G)	1.0	0.6	3.7	0.5	-	-	2.8	0.5
Property Income Trust for Charities (Mayfair)	7.1	4.8	8.5	6.2	-	-	10.5	8.4
Total	9.3	6.7	9.6	8.3	8.5	7.3	6.6	5.8

Figures shown are net of fees and are based on performance provided by the Investment Managers, Mercer estimates and Thomson Reuters Datastream.

Since inception dates taken for performance measurement purposes as:

1 March 2006 for Total Fund and Newton global equity

30 September 2009 for Newton Real Return

31 August 2014 for Mayfair Property

1 December 2014 for M&G Absolute Return Fixed Income

29 May 2015 for Northern Trust passive global equity

- **Review of investment performance**

The fair value of the Trust's investments at 31 March 2019 was £80.5M (2018: £76.7M). During the year the Trust received income distributions from the fund totalling £1.7M, and also drew £1.6M from the Newton Global Equity Fund and £0.3M from the Northern Trust Global Equity Fund. The Trust's assets returned 9.3%, on a net of fees basis, over the year to 31 March 2019, outperforming the benchmark return by 2.6%. The outperformance was primarily as a result of outperformance in the Newton Global Equity and Real Return and the Mayfair property portfolio.

Over the last 3 years the asset return of 9.6% p.a. comfortably outperformed the RPI plus 3.75% target (which was 6.8% p.a.).

- **Socially responsible investment policy in respect of managed funds**

The Trustees actively encourage their investment managers to take account of social, ethical or environmental considerations insofar as they believe such considerations will benefit investment performance or reduce risk. In terms of the Financial Reporting Council's UK Stewardship Code, the investment managers report on their adherence to this Code on an annual basis.

The R S Macdonald Charitable Trust

Report of the Trustees (continued)

Investment policy and performance (continued)

- **Asset allocation**

Fund	Asset Class as at 31 March 2019				Asset class as at 31 March 2018		
	Actual (£M)	Actual (%)	B'mark (%)	Ranges (%)	Actual (£M)	Actual (%)	B'mark (%)
Active Global Equity (Newton)	17.6	21.9	20	15-25	16.9	22.1	20
Passive Global Equity (Northern Trust)	28.3	35.1	30	25-35	25.5	33.2	30
Property Income Trust for Charities Fund (Mayfair)	10.6	13.2	15	10-20	10.6	13.8	15
Real Return Multi-Asset (Newton)	12.5	15.5	20	15-25	12.0	15.7	20
Absolute Return Fixed Income (M&G)	11.5	14.3	15	10-20	11.7	15.2	15
	80.5	100	100		76.7	100.0	100

Significant portfolio transactions:

- *Rebalancing*

There was no rebalancing of assets during the calendar year to 31 March 2019. As at the end of the year, the Fund's allocation to the Northern Trust passive global equities fund had marginally breached the upper (+5%) control range (by 0.1%) as outlined in the Statement of Investment Policy.

- *Drawdown of assets*

Throughout the year assets of £1.6M were drawn from the Newton Global Equity Fund and a further £0.3M from the Northern Trust Global Equity Fund to enable the Trust to meet its financial commitments.

Risk management

The Trustees reviewed and updated the Trust's Risk Register during the year. The Risk Register sets out key operational, reputational and financial risks, and the relevant mitigating actions.

The Trustees are satisfied that the internal controls for authorisation of transactions are appropriate to reduce risks of fraud and irrecoverable error. The other principal financial risk is that there is insufficient income and capital growth to meet the annual grant target, which has been mitigated through an investment strategy that provides for a mix of asset classes and has been designed with a focus on the giving target.

The main area of operational risk is the unexpected loss of key staff due to resignation or sickness. This has been mitigated through sharing of core business responsibilities between staff, an updated operations manual for grant applications, the use of a shared database and regular reporting to the Chair and Trustees.

The main areas of reputational risk are that Trustees act outwith the provisions of the Trust deed, that funds are not used in line with the Trust's charitable objects and that actions of the Trust may be subject to legal challenge. In order to mitigate against these risks, the grant assessment process involves checking that the applicant is a registered charity and that the proposal is in line with the Trust's objects before any recommendations are made. Trustees also review the Trust Deed annually.

The R S Macdonald Charitable Trust

Report of the Trustees (continued)

Reserves policy

The reserves policy of the Trust is to ensure that there are sufficient funds to meet future conditional grant commitments, and to generate growth and income that can meet future giving targets and the running expense of the Trust.

A transfer is made within unrestricted funds at each year end to designated funds (a) to cover future conditional commitments and the expected timing of such awards as disclosed in Note 21 to the Financial Statements and (b) to account for funds tied up in tangible fixed assets. The Trustees have the power to re-designate such funds within unrestricted funds.

The balance held as unrestricted funds at 31 March 2019 was £81,515,245, of which £78,937,317 are regarded as free reserves, after allowing for funds of £610,473 tied up in tangible fixed assets and funds of £1,967,455 earmarked for future commitments. The Trust is able to draw down investment assets at short notice to meet the Trust's commitments each year.

Plans for the future

During the year our newly appointed Director spent time reviewing our strategy 2017-20. We have renewed this for the period 2019-22 making the same commitments to build relationships with beneficiary charities and promote collaboration where opportunities to do so are identified. We will now recruit into our staff team to ensure beneficiary charities benefit from having Trust staff support them through their whole grant journey. We plan to implement a portfolio approach to the relationship management in order to identify good practice, understand policy and afford consistency for those we fund. We will also continually review and augment our opportunity to build capacity in the organisations we fund. Over the course of the year we shall also conclude and implement a revised Investment Strategy which will in turn inform our proposed grant expenditure for the remaining period of this strategy.

Structure governance and management

- ***Governing Document***

The Trust is constituted in terms of a Deed of Trust by Roderick Stewart Macdonald dated 7 November 1978 and registered in the Books of Council and Session on 17 November 1978, as amended by an Interlocutor of the Court of Session dated 13 August 2008 and registered in the Books of Council and Session on 3 November 2008. The Deed of Trust was further amended using the reorganisation scheme provisions contained in the Charities and Trustee Investment (Scotland) Act 2005 with the approval of the Office of the Scottish Charity Regulator granted on 26 September 2018, with the result that a new Deed of Trust dated 28 November 2018 and registered in the Books of Council and Session on 31 January 2019 has been put in place (hereafter referred to collectively as the "Deed of Trust" or the "Trust Deed").

- ***Appointment and recruitment of trustees***

The Trust is governed by a board of trustees. The power to assume trustees rests with the trustees themselves. Assumptions during the period under review are recorded in the reference and administrative details section below. Trustees are appointed for an initial period of four years after which there is an option to stand for re-appointment for a further four year term. By exception, the Chair can be appointed for up to a 12 year term and, in addition, one trustee from the Macdonald family has no fixed term of office. Recruitment of trustees is an active process, whereby interested parties are appointed by the full board, subject to appropriate due diligence. The board seeks to ensure the recruitment of any new trustee is aligned to the Trust's values, brings appropriate skills and experience, and ensures diversity and fit with the needs of the Trust.

The Chair of the trustees is elected by the board.

- ***Trustee induction and training***

The Trustees are provided with opportunities for ongoing training to ensure that they remain fully aware of their responsibilities as Trustees and are sufficiently briefed both in relation to the management of the Trust's funds and into those areas of charitable work in which the Trust has a remit in terms of its Deed of Trust. When Trustees are assumed, arrangements are made to ensure that they are provided with an appropriate induction. The board is kept updated on matters of strategic importance to the

The R S Macdonald Charitable Trust

Report of the Trustees (continued)

Structure governance and management (continued)

Trust through a combination of formal papers and verbal briefings, from professional advisors where appropriate. There are quarterly meetings where financial and operational information is presented which gives the opportunity for trustees to consider key aspects of the organisation in more detail. Trustees are also encouraged to attend appropriate training events where these will facilitate the undertaking of their role.

- **Organisation**

The Trustees serving the Trust bring a range of professional, business and other areas of expertise to it. The Trustees meet frequently and regularly during the course of the year to provide strategic direction and oversight.

The board is supported by seven panels, none of which have delegated decision making powers. Five panels support each of our funding themes and assist Trustees to assess of grant applications. The finance panel supports the assessment of each charity applicant's governance and finance, and the investment panel supports the Trustees to monitor fund and manager performance. Each is chaired by a trustee and represented by volunteers with expertise in the respective panel's area of interest.

Trustees make final decisions on all grant awards. The Director is responsible for the management and administration of the Trust's operations.

Reference and administrative details

Key management personnel remuneration

The key management personnel of the Trust comprise the Trustees and the Director to whom the day to day running of the Trust has been delegated. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses are disclosed in Note 2 to the financial statements.

The pay of the Trust's Director is reviewed annually by Trustees and any changes are considered in accordance with average earnings. The remuneration of all posts is bench-marked against similar roles in comparable charities to ensure that the remuneration set is fair and in line with the sector.

Registered charity number:

SC012710

Address:

21 Rutland Square,
Edinburgh
EH1 2BB

Trustees:

Fiona Averil Patrick BA Com
Patricia Mary Donald MBE, MB, ChB, DRCOG, FRCGP, FRCP
Bruce Keir Rigby MA, FIA
Moira Jane Easson BA (Hons), CA
John Paterson MA, MBA, CQSW, DipSW
Robert David Ross LLB (Hons), Dip LP, NP (assumed 30 May 2018)

Director:

Douglas Hamilton (resigned 14 September 2018)
Rachel Campbell (appointed 14 August 2018)

Solicitors: Anderson Strathern LLP, 1 Rutland Court, Edinburgh EH3 8EY

Auditors: RSM UK Audit LLP, First Floor, Quay 2, 139 Fountainbridge, Edinburgh, EH3 9QG

Principal bankers: Santander UK PLC, Bridle Road, Bootle, L30 4GB

Investment consultants: Mercer Limited, Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP

The R S Macdonald Charitable Trust

Report of the Trustees (continued)

Reference and administrative details (continued)

Investment managers:

BNY Mellon Fund Managers Limited, 160 Queen Victoria Street, London, EV4V 4LA

Mayfair Capital Investment Management Limited, 2 Cavendish Square, London, W1G 0PU

M&G Investment Management Limited, Laurence Pountney Hill, London, EC4R 0HH

Northern Trust international Fund (Ireland) Ltd, Georges Court, 54-62 Townsend Street, Dublin 2, Ireland

Confirmation of information to auditors

The Trustees who were in office at the date of the approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Trustees' responsibilities in relation to the financial statements

The Trust's Trustees are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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

Approved by the Trustees and signed on their behalf by:

Bruce Rigby

Bruce K Rigby

Chairman

Date: 25 September 2019

Independent auditor's report

To the Trustees of the R S Macdonald Charitable Trust

Opinion

We have audited the financial statements of the R S Macdonald Charitable Trust (the 'charity') for the year ended 31 March 2019 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account) the Balance Sheet, the Statement of Cash Flows and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 charity's affairs as at 31 March 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the Charity's governing document.

Basis for opinion

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

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report

To the Trustees of the R S Macdonald Charitable Trust

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the Trustees 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with 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) and with the Charity's governing document. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Janet Hamblin

Janet Hamblin C.A. (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
First Floor, Quay 2, 139 Fountainbridge, Edinburgh, EH3 9QG

Date:

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

The R S Macdonald Charitable Trust

Statement of financial activities (Incorporating income and expenditure account)

for the year ended 31 March 2019

All funds are unrestricted

	Note	Total Year ended 31 March 2019 £	Total Year ended 31 March 2018 £
Income from:			
<i>Income from investments:</i>			
Investment income	3	1,718,229	1,821,881
Interest receivable	4	900	921
<i>Other income</i>	5	8,409	7,500
Total income		1,727,538	1,830,302
Expenditure on:			
<i>Cost of raising funds</i>			
Investment management costs		297,113	309,270
<i>Cost of charitable activities</i>		3,009,188	2,406,909
Total expenditure	6	3,306,301	2,716,179
Net expenditure on operating activities		(1,578,763)	(885,877)
Other recognised gains/ (losses)			
<i>Gains on investments:</i>			
Realised gains on investments		40,051	10,500
Unrealised gains on investments	13	5,497,196	184,458
<i>Other gains/(losses)</i>			
Gain/(loss) on disposal of owned fixed assets		52	(107)
Total other recognised gains	16	5,537,299	194,851
Net movement in funds	19	3,958,536	(691,026)
Reconciliation of funds			
Funds brought forward		77,556,709	78,247,735
Total funds carried forward		81,515,245	77,556,709

The R S Macdonald Charitable Trust

Balance Sheet

as at 31 March 2019

	Note	<i>Total Year ended 31 March 2019 £</i>	<i>Total Year ended 31 March 2018 £</i>
Fixed assets			
Tangible assets	12	610,473	624,682
Investments	13	80,537,427	76,656,150
Total fixed assets		81,147,900	77,280,832
Current assets			
Debtors and prepayments	14	132,711	102,257
Cash at bank and in hand		288,561	217,644
Total current assets		421,272	319,901
Current liabilities			
Creditors: amounts falling due within one year	15	53,927	44,024
Net current assets less current liabilities		367,345	275,877
Net assets		81,515,245	77,556,709
Represented by the funds of the charity:			
Unrestricted funds	16	81,515,245	77,556,709

Approved by the Trustees on

2019

Bruce Rigby

Bruce K Rigby
Chairman

The R S Macdonald Charitable Trust

Statement of cash flows

at 31 March 2019

	<i>Note</i>	Total funds Year ended 31 March 2019 £	<i>Total funds Year ended 31 March 2018 £</i>
Cash flows from operating activities:			
Net cash used in operating activities	19	(3,298,536)	(2,577,052)
Cash flows from investing activities:			
Dividends and interest from investments		1,719,129	1,822,802
Purchase of tangible fixed assets		(5,971)	(3,130)
Proceeds from sale of tangible assets		324	-
Purchase of investments		(860,692)	(10,840,342)
Proceeds from sale of investments		2,516,663	11,743,136
Net cash provided by investing activities		3,369,453	2,722,466
Change in cash and cash equivalents in the reporting period		70,917	145,414
Cash and cash equivalents at the beginning of the reporting period		217,644	72,230
Cash and cash equivalents at the end of the reporting period		288,561	217,644
Analysis of cash and cash equivalents			
Cash at bank and in hand		278,902	215,195
Short deposits (less than 3 months)		9,659	2,449
Total cash and cash equivalents		288,561	217,644

The R S Macdonald Charitable Trust

Notes to the financial statements

at 31 March 2019

1. Accounting policies

(a) *Basis of preparation and assessment of going concern*

The financial statements have been prepared under the historical cost convention with the exception of investments which are included at fair value, their market value. The financial statements have been prepared 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 on 16 July 2014, the Charities SORP (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

All financial information has been presented to the nearest pound Sterling.

The Trust constitutes a public benefit entity as defined by FRS 102.

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern with sufficient free reserves to draw on if required. With respect to the next reporting period, 2019-20, the most significant areas of uncertainty that affect the carrying value of assets held by the Trust are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Trustees' annual report for more information).

(b) *Fund accounting*

All funds are unrestricted and are either free reserves or designated and comprise those funds which the Trustees are free to use at their discretion in accordance with the charitable objects of the Trust.

Designated funds are those set aside for particular purposes. The nature and purpose of each fund is stated in Note 16.

(c) *Income recognition*

All income is recognised once the charity has entitlement to the income it is probable that the income will be received and the amount of income receivable can be measured reliably.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment managers of the dividend yield of the investment portfolios.

(d) *Expenditure recognition*

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

General overheads and governance costs

All expenditure, with the exception of conditional grant awards, is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to Note (f) below.

Grants

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Trust as follows:

- Unconditional grants are accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the award.
- In the case of single or multi-year conditional grant award offers that are subject to the recipient fulfilling certain conditions, those grants are only accrued when the recipient has been notified of the grant and any remaining unfulfilled conditions attaching to that grant outside of the control of the Trust satisfied. Those liabilities are considered to be contingent liabilities and recognised as payable as soon as there is a legal or constructive obligation committing the Trust to the expenditure. The total potential commitments for those conditional awards are included in the designated fund 'Funds earmarked for future commitments'. Disclosure is made in Note 7 and fully analysed in Note 21 to the financial statements.

The R S Macdonald Charitable Trust

Notes to the financial statements

at 31 March 2019

1. Accounting policies (continued)

(e) Value added tax

Value added tax is not recoverable by the Trust, and is consequently charged to the relevant costs in the Statement of Financial Activities or capitalised as part of the cost of the fixed assets as appropriate.

(f) Allocation of support and governance costs

Support costs are allocated between governance costs and other support costs attributable to grant making activities and beneficiary support, being the main charitable activities of the Trust, where apportionment applies. Note 7 gives further information on what support costs include and the basis of apportionment to cost categories. Support costs relating to charitable activities have been apportioned on a time basis on the administrative costs of (a) awarding, monitoring and assessing grants and (b) beneficiary support.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and professional fees together with an apportionment of overhead and support costs.

The allocation of support and governance costs is analysed in Notes 7 and 8.

(g) Cost of raising funds

The costs of raising funds consist of investment management costs and when appropriate certain professional fees.

(h) Charitable activities

Costs of charitable activities include grants made, governance costs and an apportionment of support costs as shown in Note 6 to the financial statements.

(i) Tangible fixed assets and depreciation

Tangible fixed assets costing £200 or more are capitalised on initial acquisition and included in the balance sheet at cost or valuation including costs attributable to bringing the assets into working condition for their intended use. Expenditure which enhances the tangible fixed assets is capitalised at cost. Fixed assets donated for the Trust's own use and which cost £200 or more are capitalised at their current value.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	over 50 years straight line
Furniture and furnishings	over 15 years straight line
Office equipment	over 4 years straight line

Depreciation on tangible fixed asset additions and disposals during the year is calculated on a pro-rated basis according to the month of purchase or disposal.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

(j) Revaluation of tangible fixed assets

In line with FRS 102 the Trust has elected not to adopt a policy of revaluation of tangible freehold property. The Trust will retain the book value of the property which will be reviewed annually for impairment.

(k) Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing market prices as valued by the Trust's appointed investment managers. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

(l) Gains and losses on investments

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are recognised in the Statement of Financial Activities.

The R S Macdonald Charitable Trust

Notes to the financial statements

at 31 March 2019

1. Accounting policies (continued)

(m) Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' to all of its financial instruments. Financial instruments are recognised in the Trust's balance sheet when the Trust becomes party to the contractual provisions of the instrument. The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Further details are disclosed in Note 20 to the Financial Statements.

Basic financial assets

Debtors and cash and bank balances are initially measured at the balance sheet date at transaction price including transaction costs and are subsequently measured at their market or settlement value with the exception of investments which are unquoted and subsequently measured at fair value, their market value, using the investment managers' valuations.

Basic financial liabilities

Basic financial liabilities comprise creditors which are initially recognised at transaction price 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 reliably. Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

(n) Pensions

The Trust contributes to Personal Pension Plans operated by Standard Life for its eligible employees. The contributions are accounted for on a defined contribution basis in accordance with FRS 17. The amounts are charged as expenditure and represent the contributions payable to those plans in respect of the accounting period. There were no outstanding contributions at the year-end (2018: nil).

(o) Key judgements and estimates

Preparation of the financial statements requires management to make some key judgements and estimates. The key area of judgement relates to the allocation of staff time not directly attributable to the charity's charitable activities. The allocation of staff time affects both the staff costs allocated to the individual charitable activities costs and governance costs.

2. Related party transactions and Trustees' remuneration and expenses

Trustees' remuneration and expenses

The Trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2018: nil). During the year reimbursements totalling £1,140 were made to four Trustees for travel expenses incurred on behalf of the Trust. (2018: £309 in respect of two Trustees)

Related party disclosures

No payments to related parties were made during the year under review.

3. Investment income

Investment income is derived from investment funds which the Trust is entitled to receive during the period of the accounts.

	Value	Value	Income	Income
	2019	2018	2019	2018
	£	£	£	£
Unlisted investments:				
<i>Unit/Investment Trusts/</i>				
UK:	10,592,187	10,617,385	604,216	646,340
<i>Other Institutional/common pooled funds</i>				
UK:				
- Investment companies with variable capital	30,129,488	28,885,979	632,395	491,761
Overseas:				
- Investment companies with variable capital	11,522,568	11,670,150	253,320	201,607
- Undertakings for Collective Investments in Transferable Securities (UCITS)	28,293,184	25,482,636	228,298	482,173
	80,537,427	76,656,150	1,718,229	1,821,881

The R S Macdonald Charitable Trust

Notes to the financial statements

at 31 March 2019

4. Interest receivable

Interest receivable is derived from bank interest which the Trust is entitled to receive during the period of the financial statements.

5. Other income

Other income primarily relates to rental income receivable from renting a spare room to another charitable Trust within the Trust's premises. Included within other income is £1,000 (2018: nil) for donated services from a Strategy Consultant. A corresponding expense has been recognised within professional fees in line with the Charities SORP (FRS102).

6. (a) Total expenditure summary

	2019	2018
	£	£
Charitable activities including support costs	2,899,366	2,357,820
Attributable governance costs (Note 8)	109,822	49,089
Total charitable activities expenditure (Note 7)	3,009,188	2,406,909
Costs of raising funds	297,113	309,270
Fully analysed (Note (6b))	3,306,301	2,716,179

(b) Allocation of total expenditure

	<i>Total charitable activities</i>	<i>Cost of raising funds</i>	<i>Total expenditure 2019</i>	<i>Total expenditure 2018</i>
	£	£	£	£
Grant making	2,730,154	-	2,730,154	2,204,838
Support to beneficiaries	15,413	-	15,413	16,976
Investment management costs	-	297,113	297,113	309,270
Staffing costs	144,122	-	144,122	118,491
Professional fees	62,767	-	62,767	15,432
Property expenses	13,501	-	13,501	12,189
Other expenses	43,231	-	43,231	38,983
	3,009,188	297,113	3,306,301	2,716,179
	<i>Note 7</i>			

The R S Macdonald Charitable Trust

Notes to the financial statements

at 31 March 2019

7. Charitable activities including support and governance costs

The Trust provided grants and additional support to a number of charitable institutions in furtherance of its charitable objects. The allocation of costs between activities is as follows:

		<i>Grant making</i>	<i>Beneficiary support</i>	<i>Total Charitable expenditure 2019</i>	<i>Total Charitable expenditure 2018</i>
	<i>Basis</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Direct costs	Actual	2,730,154	15,413	2,745,567	2,221,814
Support and governance costs:					
Staffing costs	Time	132,334	11,788	144,122	118,491
Professional fees	Actual	62,767	-	62,767	15,432
Property expenses	Actual	13,501	-	13,501	12,189
Other expenses	Actual	43,231	-	43,231	38,983
		251,833	11,788	263,621	185,095
Total charitable expenditure		2,981,987	27,201	3,009,188	2,406,909

Support and governance costs included in the total charitable activities have been apportioned to the relative cost categories as follows:

- Investment management costs are allocated 100% to costs of raising funds in the Statement of Financial Activities.
- Staff remuneration is apportioned on a time basis.
- Other items of expenditure have been specifically allocated to the relevant cost categories in line with prior years.

Grant making contingent liability

In addition £1,967,455 (2018: £1,929,677) was held in the designated fund for potential awards where conditions remained to be satisfied. Full details are as detailed in Note 21 to the financial statements.

8. Governance costs

Governance costs allocated to charitable activities are as follows:

		<i>2019</i>	<i>2018</i>
	<i>Basis</i>	<i>£</i>	<i>£</i>
Professional fees	Actual	50,203	4,776
External auditor fees	Actual	11,836	10,536
Staffing costs	Time	46,335	31,511
Training costs	Actual	1,448	2,266
Note 6(a)		109,822	49,089

9. Remuneration of staff and key management personnel

• Staff remuneration

Staff costs were as follows:

	<i>2019</i>	<i>2018</i>
	<i>£</i>	<i>£</i>
Staff remuneration	128,047	106,082
Employers' National Insurance	9,981	7,298
Pension payments	6,094	5,111
	144,122	118,491

The R S Macdonald Charitable Trust

Notes to the financial statements

at 31 March 2019

9. Remuneration of staff and key management personnel (continued)

Employee benefits:

Included in staff remuneration is an accrual for holiday pay which is specifically required under FRS 102.

At the year-end an accrual of nil was provided (2018: £1,881)

The average number of employees, calculated on the basis of full time equivalents, was as follows:

	2019	2018
Administration	3.1	2.9

- **Key management personnel remuneration**

The key management personnel of the Trust are disclosed in the reference and administrative section of the Trustee's report.

The total employment benefits of the key management personnel of the Trust was £75,474 (2018: £58,897). During the year under review there were no employees with emoluments above £60,000 (2018: nil above £60,000).

Employee pensions:

During the year a total of £6,094 (2018: £5,162) was paid to Standard Life Assurance Limited in respect of Personal Pension Plans on behalf of the Trust's eligible employees. These are defined contribution plans that are registered as workplace pension schemes for auto enrolment purposes. The Trust makes a 5% of salary contribution of all eligible staff who join. There were no outstanding pension contributions at the year-end (2018: nil).

- **Volunteers**

In addition to the Trustees there are small teams of expert volunteer assessors who contributed over 300 hours to the assessment process during the year at no cost to the Trust. The volunteers' contribution is central to the assessment of the grant applications.

10. Taxation

No provision for taxation has been made as The R S Macdonald Charitable Trust is a registered charitable trust and therefore exempt from income tax, subject to the conditions of Sections 518 to 537 of the Income Tax Act 2007.

11. Auditor's remuneration

The external auditor's remuneration constituted an audit fee of £11,836 (2018: £10,536). No additional services were provided in the year under review (2018: nil).

The R S Macdonald Charitable Trust

Notes to the financial statements

at 31 March 2019

12. Tangible fixed assets

	<i>Freehold property</i> £	<i>Furniture and furnishings</i> £	<i>Office equipment</i> £	<i>Total</i> £
Cost or valuation:				
As at 1 April 2018	780,264	14,641	27,964	822,869
Additions	-	2,255	3,716	5,971
Disposals	-	(1,157)	(3,463)	(4,620)
As at 31 March 2019	780,264	15,739	28,217	824,220
Depreciation:				
As at 1 April 2018	167,553	7,034	23,600	198,187
Charge for the year	15,711	983	3,213	19,907
Charge on disposals	-	(884)	(3,463)	(4,347)
As at 31 March 2019	183,264	7,133	23,350	213,747
Net book value:				
As at 31 March 2019	597,000	8,606	4,867	610,473
As at 31 March 2018	612,711	7,607	4,364	624,682

13. Investments

Investments are included at fair value, their market value, and are held primarily to provide an investment return for the Trust.

Investments are unlisted and were valued by the Trust's investment managers as detailed below. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value). Gains or losses on sale of investments are accounted for in the Statement of Financial Activities.

	2019 £	2018 £
Market value at 1 April 2018	76,656,150	77,363,986
Additions at cost	860,692	10,840,342
Disposals	(2,476,611)	(11,732,636)
Unrealised appreciation of investments	5,497,196	184,458
Market value at 31 March 2019	80,537,427	76,656,150

Investments at fair value, their market value:

	2019 £	2018 £
Unlisted investments:		
<i>Unit/Investment Trusts:</i>		
- Open ended investment companies – Domicile UK	10,592,187	10,617,385
<i>Other: Institutional/common pooled funds</i>		
- Investment companies with variable capital – Domicile UK	30,129,488	28,885,979
- Investment companies with variable capital – Domicile overseas	11,522,568	11,670,150
- Undertakings for Collective Investments in transferable securities scheme (OCITS) - Domicile overseas	28,293,184	25,482,636
Market value at 31 March 2019	80,537,427	76,656,150

The R S Macdonald Charitable Trust

Notes to the financial statements

at 31 March 2019

13. Investments (continued)

Material investments:

The Trustees set 5% of the year end fair value, their market value, of the investment portfolio as the threshold for reporting material investments and the following shareholdings or investments are considered individually to be material.

	<i>Valuation basis</i>	<i>Market value £</i>	<i>Percentage of total portfolio</i>
<i>Unlisted investments:</i>			
<i>Unit Trusts:</i>			
Property Income Trust for Charities	Bid	10,592,187	13.2%
<i>Other: Institutional/common pooled funds:</i>			
Newton Global Equity Fund (X shares accumulation class)	Bid	17,617,778	21.9%
Newton Real Return Fund (Exempt 2 income class)	Bid	12,511,710	15.5%
M&G Alpha Opportunities Fund	Bid	11,522,568	14.3%
Northern Trust World Custom ESG Equity Index Fund	Bid	28,293,184	35.1%

Valuations at fair price (their market value):

The unlisted investments in the Newton Global Equity Fund and the Newton Real Return Fund were valued at 31 March 2019 by BNY Mellon Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority.

The unlisted investments in the Property income Trust for Charities was valued at 31 March 2019 by DTZ Debenham Tie Leung Limited and is authorised and regulated by the Financial Conduct Authority.

The unlisted investments in the M&G Alpha Opportunities Fund was valued at 31 March 2019 by State Street Fund Services (Ireland) Limited which is authorised and regulated by the Central Bank of Ireland (the Regulator).

The unlisted investments in the Northern Trust World Equity ESG Index Fund at 31 March 2019 were valued by Northern Trust International Fund Administration Services (Ireland) Ltd which is authorised and regulated by the Central Bank of Ireland (the Regulator).

Financial instruments, sustainability and management of risk

The significance of the financial instruments to the ongoing financial sustainability of the Trust is considered in the investment policy and performance sections of the annual Report of the Trustees.

Liquidity risk

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by market regulators and central banks has continued to provide for orderly trading in the markets and so their ability to buy and sell quoted equities is anticipated to continue. The Trust does not make use of derivatives and similar financial instruments and takes the view that the investments are held for the long term total return. Historically the managers' portfolio performances have shown that volatility in any particular 5 year period is normally corrected.

14. Debtors and prepayments

	2019	2018
	£	£
Dividends receivable	125,820	96,109
Sundry debtors	37	176
Prepayments	6,854	5,972
	132,711	102,257

The R S Macdonald Charitable Trust

Notes to the financial statements

at 31 March 2019

15. Creditors: amounts falling due within one year

	2019	2018
	£	£
Taxation and social security	5,354	2,815
Accruals	48,573	41,209
	53,927	44,024

16. Summary of unrestricted fund movements

	<i>At 1 April</i> 2018	<i>Income</i>	<i>Expenditure</i>	<i>Transfers</i>	<i>Gains</i>	At 31 March 2019
	£	£	£	£	£	£
<i>Free reserves fund</i>	75,002,350	1,727,538	(3,306,301)	(23,569)	5,537,299	78,937,317
<i>Designated funds:</i>						
1 - Funds earmarked for future commitments	1,929,677	-	-	37,778	-	1,967,455
2 - Fixed assets fund	624,682	-	-	(14,209)	-	610,473
	2,554,359	-	-	23,569	-	2,577,928
	77,556,709	1,727,538	(3,306,301)	-	5,537,299	81,515,245

Note 17

	<i>At 1 April</i> 2017	<i>Income</i>	<i>Expenditure</i>	<i>Transfers</i>	<i>Gains</i>	<i>At 31 March</i> 2018
	£	£	£	£	£	£
<i>Free reserves fund</i>	76,227,484	1,830,302	(2,716,179)	(534,108)	194,851	75,002,350
<i>Designated funds:</i>						
1 - Funds earmarked for future commitments	1,376,197	-	-	553,480	-	1,929,677
2 - Fixed assets fund	644,054	-	-	(19,372)	-	624,682
	2,020,251	-	-	534,108	-	2,554,359
	78,247,735	1,830,302	(2,716,179)	-	194,851	77,556,709

Note 17

Free reserves fund:

Free reserves are unrestricted funds which have not been designated for other purposes, available for use at the discretion of the Trustees, in furtherance of the general objectives of the Trust. The Trustees have the power to re-designate such funds within unrestricted funds. When a designation has been made at the balance sheet date, the amount of the designation may be adjusted subsequent to the year-end if more accurate information becomes available. The Trust is able to draw down investment assets at short notice to meet Trust's annual commitments each year.

Designated funds:

Designated funds are unrestricted funds earmarked by the Trustees for specific future purposes as detailed above.

The R S Macdonald Charitable Trust

Notes to the financial statements

at 31 March 2019

16. Summary of unrestricted fund movements (continued)

Utilisation of designated funds:

1. Funds earmarked for future contingent commitments

The anticipated timing for the pay-out of the funds earmarked for future contingent grant awards is as detailed in Note 21 to the financial statements.

2. Fixed assets fund

The fixed assets fund is an unrestricted fund designated by the Trustees and reflects the funds tied up in the Trust's fixed assets. When additional fixed assets are required these are added to the fund on acquisition and the fund reduced each year in line with the annual depreciation charge as disclosed in the tangible fixed assets and depreciation accounting policy.

17. Transfers between funds

- A transfer of £37,778 (2018: £553,480) was made from the free reserves fund to the designated fund earmarked for future commitments to account for the increased level of funds earmarked for future conditional grant awards (as disclosed in Note 21 to the financial statements).
- A transfer of £14,209 (2018: £19,372) was made from the fixed assets fund to the free reserves fund to account for the reduction in the net book value of tangible fixed assets being carried at the year end.

18. Analysis of net assets

All funds are unrestricted, therefore, the analysis of net assets is as stated in the Balance Sheet.

19. Reconciliation of net movement in funds to net cash flow from operating activities

	<i>Year ended 31 March 2019 £</i>	<i>Year ended 31 March 2018 £</i>
Net movement in funds for the reporting period (as per the Statement of Financial Activities)	3,958,536	(691,026)
Adjustments for:		
Depreciation charges	19,907	22,395
(Gains) on investments	(5,537,247)	(194,958)
Investment income and interest receivable	(1,719,129)	(1,822,802)
(Gains)/losses on disposal of fixed assets	(52)	107
(Increase)/decrease in debtors	(30,454)	126,041
Increase/(decrease) in creditors	9,903	(16,809)
Net cash used in operating activities	(3,298,536)	(2,577,052)

The R S Macdonald Charitable Trust

Notes to the financial statements

at 31 March 2019

20. Financial instruments

	2019	2018
	£	£
<i>Carrying amount of financial assets</i>		
Financial assets measured at fair value through Statement of Financial Activities	80,537,427	76,656,150
Financial assets measured at amortised cost	125,857	96,285
<i>Carrying amount of financial liabilities</i>		
Financial liabilities measured at amortised cost	(48,573)	(41,209)
	80,614,711	76,711,226

Financial assets measured at fair value comprise unlisted investments. Financial assets measured at amortised cost comprise accrued income and other debtors.

Financial liabilities measured at amortised cost comprise accruals.

21. Grant making contingent liability

At 31 March 2019 the contingent liability was split as follows:

	2019	2018
	£	£
Payable in one year	1,546,589	1,234,956
Payable in two years	411,866	608,365
Payable in three years	9,000	86,356
	1,967,455	1,929,677

The R S Macdonald Charitable Trust

Notes to the financial statements

at 31 March 2019

22. Supported organisations

During the year ended 31 March 2019 the following organisations were supported by the RS Macdonald Charitable Trust:

Animal Welfare	Tackling Child Abuse and Neglect (continued)
Approved Small Animal Charities participating in the Paws for Progress project	Junction Young People Health & Wellbeing
Dogs Trust	Kinship Care Midlothian SCIO
Edinburgh Dog & Cat Home	Lucy Faithfull Foundation
Scottish SPCA	Mentor UK
Underheugh Ark, The	People Know How
World Horse Welfare	Pilton Youth and Children's Project
	Positive Help
	Safe Strong and Free
Tackling Child Abuse and Neglect	Scottish Adoption
3D Drumchapel	St Andrew's Children's Society
Adoption UK	Tayside Council on Alcohol
Argyll & Bute Rape Crisis	Volunteer Tutors Organisation
Avenue Confidential	Volunteering Matters
Barnardo's	Waverley Care
Befriend a Child	Who Cares? Scotland
Big Hearts Community Trust	
Broomhouse Centre & Enterprises, The	Medical Research
Children 1 st	Action Medical Research
Church of Scotland – CrossReach	Alzheimer's Research UK
Circle	Cure Parkinson's Trust, The
Citadel Youth Centre SCIO	Fight for Sight
Clan Childlaw Ltd	Glasgow Caledonian University Foundation
Columba 1400	INSPIRE Foundation, The
Cottage Family Centre	International Spinal Research Trust
COVEY (Community Volunteers Enabling Youth)	Theirworld
Edinburgh Women's Aid	Tommy's
Family Rights Group	University of St Andrews
Freedom From Torture	
Geeza Break	Neurological Conditions
Getting Better Together Ltd	Abbeyfield Ballachulish Society Ltd
Glasgow and Clyde Rape Crisis	Alzheimer's Society
Glasgow City Mission	Angus Special Playscheme
Govan HELP	Autism Initiatives
Granton Youth Centre	Back Up Trust
Harmeny Education Trust Limited	Badenoch and Strathspey Therapy Gardens
Hear Me	Baillieston Community Care
Home Link Family Support	Beannachar Camphill Community (Beannachar Ltd)
Home-Start Aberdeen	Bield Housing & Care
Home-Start Clackmannanshire	Birds of Paradise Theatre Company
Home-Start Dundee	Caberfeidh Horizons
Home-Start Falkirk West	Camphill School Aberdeen
Home-Start Glasgow North	Caring Operations Joint Action Council (C.O.J.A.C.)
Home-Start Glasgow South	Castlemilk Youth Complex
Home-Start Mid Argyll, Jura, Islay and Kintyre	Checkin Works
Home-Start Renfrewshire and Inverclyde	Child Brain Injury Trust
Home-Start Stirling	Columcille Centre
Home-Start UK	Compass Brain Injury Specialists
Home-Start West Lothian	Conservation Volunteers Scotland, The
Home-Start Wigtownshire	Cycling UK (previously named CTC)
Hopscotch Children's Charity	Daisy Garland

The R S Macdonald Charitable Trust
Notes to the financial statements
at 31 March 2019

22. Supported organisations (continued)

Neurological Conditions (continued)	Neurological Conditions (continued)
Down's Syndrome Scotland	Tailor Ed Foundation
Ecology Centre	Thistle Health and Wellbeing
Epilepsy Connections	Tiphereth Ltd
Epilepsy Scotland	Town Break
Eric Liddell Centre	University of the West of Scotland
Friends of Seaview Charitable Trust	Upward Mobility Ltd
Garvald Edinburgh	Wellchild
Glasgow Eagles Sports Club	Whale Arts Agency
Glasgow East End Community Carers	What? Why? Children in Hospital
Grampian Opportunities	Whizz-Kidz
Headway Ayrshire	
Headway Glasgow	Visual Impairment/Sight Loss
Headway Highland	Calibre Audio Library
Hearts & Minds Ltd	Cerebral Visual Impairment Society of Scotland
HOPE Garden SCIO	ClearVision Project
Independence at Home	Cycling UK (previously named CTC)
Interest Link Borders	Deafblind Scotland
Kindred Advocacy	Fruitmarket Gallery, The
Kirriemuir & Dean Area Partnership, The	Lochaber Sensory Care
L'Arche – Inverness	Macular Society
Leuchie	North East Sensory Services (NESS)
LifeCare (Edinburgh) Limited	Perth & Kinross Society for the Blind
Macrobert Arts Centre	S.I.S.G. Enterprises Ltd
MS Society, The	Visibility
MS Therapy Centre Lothian	
MS Trust, The	
Multi-Cultural Family Base	
Multiple System Atrophy Trust	
Music in Hospitals	
National Theatre of Scotland	
Nordoff-Robbins Music Therapy in Scotland	
Parkinson's Self Help Group (North Lanarkshire)	
Pass IT On	
Perth Autism Support	
Play Midlothian	
PLUS (Forth Valley) Ltd	
Reidvale Adventure Play Association Limited	
Reverse Rett	
Revive MS Support	
Rowan Alba	
Royal Caledonian Horticultural Society	
Salvesen Mindroom Centre	
Scottish Autism	
Scottish Ballet	
Scottish Centre for Children and Motor Impairments	
Scottish Huntington's Association	
SensationALL	
Shared Lives Plus	
Signpost	
Special Needs Adventure Playground (SNAP)	
Speech Language Communication Company	
Spinal Muscular Atrophy Support UK	