

REPORT AND FINANCIAL STATEMENTS

31 March 2020



THE
RS MACDONALD
CHARITABLE TRUST

The year to March 2020 saw further good progress for the Trust. We distributed 87 grants across our three programmes, to a total value of £2.6M. We are pleased to provide details of our work within this report, and I am confident that our community of grant beneficiaries will continue their valuable work as a result.

Since our last annual report, the Trust has further bolstered our ambition to be effective grant makers through investing in strong relationship management and in developing a dialogue with those we fund. We were delighted last summer to welcome Lindsay Coulton as our second Grants and Relationship Manager to help with this. As a result of having more staff time, I am encouraged to learn that we have been able to see more of the work we fund and to better understand the difference it is making.

In each of our grant programmes we have funded a wide range of charities, large and small, to deliver their work. We know the importance of allowing funding to both prime an innovative/untested concept but also for the continuation of time-served models which are effective. I am grateful to our staff in helping facilitate and manage our processes, and also to our panel assessors who give their time to help Trustees arrive at our funding decisions.

Meanwhile, we continue to actively manage our governance and finance - our investment strategy was refreshed in the course of the year. We want to remain confident in our ability to maintain our expenditure for the benefit of Scotland's communities and have taken time to structure our own resources to do so.

I am acutely aware the end of the year marked a more difficult period for the sector, and more widely, as the consequences of the Covid-19 health pandemic started to bear out. I am grateful for the ongoing determination of all the charities we fund, who are collectively working to make sure the vulnerable are not left without support, and am humbled again by the sheer determination it takes to make this happen. We have, in recognition, appreciated hearing from those we fund and in being as flexible as we can.

Looking forward, I am confident in our ongoing strategic direction, to help charities through finance and support which delivers an enabling and meaningful contribution to their work.

Finally, I would like to thank my fellow trustees, for their commitment and support during the year.

Bruce Rigby

Bruce K Rigby
Chairman

Date: 1 October 2020

The Trustees present their report with the financial statements for the year ended 31 March 2020.

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 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 (effective for periods commencing 1 January 2019).

ABOUT THE RS MACDONALD CHARITABLE TRUST

We were founded in 1978 by Roderick Stewart Macdonald with funds inherited from his father. Our Trust Deed sets out our purpose, which is to financially support the charitable objects and purposes of six nominated charities, alongside other charities resident, based in or operating in Scotland which provide the following benefits:

1. 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 trauma, poison or infection which result in damage to motor control, behaviour, communication or personality or from a combination of these.
2. The care and welfare of individuals who are either blind or suffering from visual impairment.
3. Research into the causation, or prevention, or treatment and/or management of the conditions set out in 1. and 2. above.
4. The care and welfare of children and young persons under the age of 18 years who have been or are in danger of being abused physically, sexually or mentally.
5. The care and welfare of young persons who have been or are in danger of being abused sexually or mentally, who are also eligible for after care services as set out in s.29 of the Children (Scotland) Act 1995 as amended.
6. The encouragement and promotion of welfare conditions for children whereby the likelihood of physical, sexual or mental abuse is reduced.
7. 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.
8. The encouragement of welfare conditions for non-human living creatures with a view to the reduction of the likelihood of physical abuse.

WHAT WE DO

Our principal activity is grant-making and to achieve our objects, we work thematically, investing in registered charities that deliver services against our funding themes. In doing so, we work with those we fund to derive connectivity, share practice and to help align our funding across the various priorities pressing in communities within Scotland. We have the privilege, as an independent funder, to test new ideas and ways of working, in both how we grant and what we choose to support.

We work to a Strategic Plan. Our current plan, 2019-22, is focussed on our mission to support beneficiary charities to achieve their purpose. We take an active interest in those we fund, and the activities they are involved in and want to encourage them to feel part of our community. To deliver this, our two priorities remain:

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

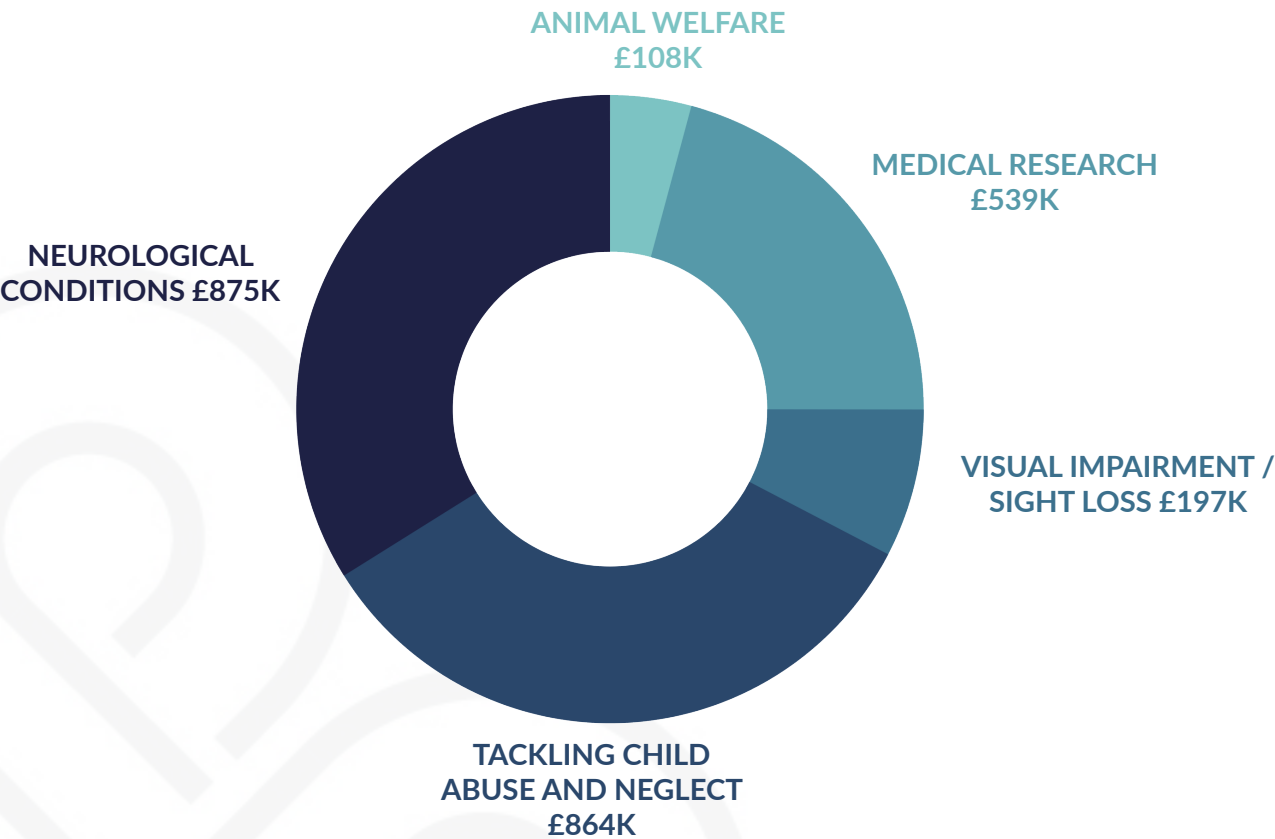
Under each of our funding themes, we have taken time to deliberate the type of work we will prioritise for funding. This was in response to research we commissioned and to effectively meet areas of need. Our grant assessment takes these priorities into account.

DISTRIBUTION OF FUNDS

In total, we received 138 applications and made 87 awards, £2.6M value (£2.8M in 2018/19). Because a number of awards are paid out over multiple years, and because some were offered subject to certain conditions being met, the sum for grants paid out to our beneficiaries is £2.4M (£2.7M in 2018/19). Our overall success rate for the year was 63% (48% 2018/19). We always fund thematically, and run three grant programmes, Main Grants, Small Grants and Strategic Grants. The distribution of funding across each of our funding themes is determined by a number of factors, including the numbers of applications received.

18 Board and Panel meetings were held to help us distribute our funds, supported by the staff team. Collectively, this has helped ensure our funding is offered to charities to help deliver our strategic objectives, and ensures collective decision making based on expertise from each of our thematic funding areas. Within the allocation of funding, a diverse range of organisations and project types have been supported. 31 of the awards were intended to bring Scotland-wide benefits, the others served a more local geographical area, across 24 of our local authorities.

Our Main Grants programme awarded £2.1M with an average award value of £37K (in 2018/19 this programme awarded £1.9M, average value £31K). We see a wide range of applications, from charities small and large in this programme, with a funding round twice a year. The programme welcomes both revenue and capital funding applications, and we are happy to consider a funding period of up to three years. Charities who work wholly to our objects can also apply for core cost funding, as we recognise the value it can deliver.



Here is where our main grants were awarded in the year:

	NUMBER OF AWARDS	VALUE OF AWARDS	AVERAGE VALUE	SUCCESS
ANIMAL WELFARE	2	£35K	£18K	67%
TACKLING CHILD ABUSE AND NEGLECT	20	£784K	£39K	63%
NEUROLOGICAL CONDITIONS	22	£738K	£34K	63%
VISUAL IMPAIRMENT/SIGHT LOSS	4	£173K	£43K	80%
MEDICAL RESEARCH	10	£414K	£41K	71%
TOTALS	58	£2,144K	£37K	69%

Within this funding, there were two awards made for contributions to capital appeals. 21% of the awards were for a one year period, 21% were for a two year period and 45% were for a three year period.

Our Small Grants programme awarded £253K, with an average award value of £9K (in 2018/19 this programme awarded £225K, average value £9K). This is for charities who require up to £15K, and we consider the applications on a rolling basis. We hope that this programme helps charities achieve all sorts of different aims. A one-off piece of work (e.g. an evaluation or a pilot project); running costs for a small charity, and the purchase of equipment which will enhance service delivery are all good examples of how this funding programme is utilised.

Here is where our small grants were awarded in the year:

	NUMBER OF AWARDS	VALUE OF AWARD	AVERAGE VALUE	SUCCESS RATE
ANIMAL WELFARE	7	£73K	£10K	88%
TACKLING CHILD ABUSE AND NEGLECT	2	£18K	£9K	29%
NEUROLOGICAL CONDITIONS	13	£137K	£11K	59%
VISUAL IMPAIRMENT/SIGHT LOSS	5	£25K	£5K	50%
TOTALS	27	£253K	£9K	56%

Our Strategic Grants programme was reviewed during the year. Trustees concluded the strategic awards we had made to date have shown good impact, and are keen to use the programme for future grants. The programme is designed to provide funding which enables charities to move their services on in some way, be it through a new partnership, a pilot to test new work, or the development/enhancement of a piece of work where we recognise potential. The Director works in a more iterative way to develop these ideas, and we made two strategic awards, which in total amounted to £188K:

- We provided Stop it Now a third year of funding for the ROSA project to help address online sexual abuse of children and young people.
- We helped to initiate the Scottish Optometry Network e-research project – SCONe, a pilot study to assess the feasibility to collect, classify, curate and catalogue a community-acquired retinal imaging repository in Scotland.

GRANT MANAGEMENT

We recognise how we fund can be as important as what we fund, and we seek to build trusting and empathic relationships through the management of our grants. During the year the breadth and depth of our work continued to grow as we augmented our Grants and Relationships team, and gave us more time and capacity to deliver effective relationship management. This also enabled us to make good progress in the delivery of our strategic objectives. We have time available to speak with and meet our beneficiary charities and to better understand what they do, and why. Whilst the relationship with every charity is different (reflecting of the range of organisations we fund), we are happy to provide help or assistance to those we work with. This may be pre-assessment support and guidance, better understanding of the work being undertaken, helping navigate the complexities of funding packages and discussion around charity governance.

We derive great value from visiting in person and in meeting some of those who receive the services we help to fund. Trustees joined staff at a number of these visits. One highlight, in May 2019, was at Stranraer’s Lifeboat station, where three Trustees and the Director attended the naming ceremony of the Sheila Macdonald, the new RNLI D Class boat we funded as part of our 40th Anniversary awards.

An equally important part of our relationship management is to understand impact, and we seek an annual report for all the awards made. This helps us understand what has worked, what recipients of the work have in response to the funding and the overall landscape the charity is working in. We are always open to working with charities who may want to vary the agreed funding in order to maximise the intended impact. 25% of our meeting time this year has been spent with charities to discuss progress made and the reports they have submitted to evidence impact.

SUPPORT FOR CHARITY BENEFICIARIES

We are continually looking to 'add value' to the funded relationships we hold, and are proud of the support we provide which helps develop and sustain the work of our charity beneficiaries. In 2019/20 this included:

- Meeting space: we maintained our commitment to use our rooms for meetings and events, with 21 different organisations booking spaces on 43 occasions.
- Training: we continued to offer training to charity beneficiaries from Evaluation Support Scotland, CPAG, Third Sector Lab and Heart in Mouth. A total of 127 places were taken up on these courses. We also delivered Safeguarding Training, and our legal advisers Anderson Strathern provided access to their Charities Conference to our beneficiaries.
- To help support leadership, this year we provided ACOSVO membership to 17 beneficiary charities. The group benefits not only from the suite of services operated by ACOSVO, but are also being offered bespoke meetings as a group to help develop peer support within our funded community.

OTHER DEVELOPMENTS

The Trust's office saw some updates and investment in IT. Both help us best serve the needs of our operations, and promote an environment (physical and virtual) which enables us to best support the charities we fund. One of our meeting rooms is now host to an art installation, co-conceived and curated with one of our beneficiary charities, Salvesen Mindroom Centre, as example of collaboration and bearing a strong pictorial message about the value of neurodiversity.

The Trustees welcomed the publication of the Scottish Governance Code. Its principles and elements were reviewed, both in relation to our own charity governance, and for those we fund. We recognise the importance of continual improvement in relation to our governance in order to achieve our charitable objects. We reviewed and updated all Trust policies, including a refresh of our Conflicts of Interest policy. We consistently review and update our Risk Register and concluded our review of investment advice and strategy.

We enjoy a collaborative approach with other Trusts and Foundations, realising shared resources, understanding best practice and policy initiatives which are relevant to the third sector, and its funding. We have been active members of the Scottish Grantmakers and Association of Charitable Foundations through the year.



FINANCIAL REVIEW

The Trust is funded from income and capital growth from our investment portfolio. This had a fair market value as at 31 March 2020 of £76.9M (2019: £80.5M). Income of £2.1M (2019: £1.7M) was generated during the year. Grant awards of £2.4M (2019: £2.7M) were paid out in the year. The total resources expended amounted to £3M (2019: £3.3M) as detailed in Note 6 to the financial statements.

Cash at the bank as at 31 March 2020 amounted to £561K (2019: £289K).

The financial statements have been prepared under the assumption that the Trust will continue as a going concern. The financial impact of the Covid-19 pandemic has been considered. £76.9M (2019: £80.5M) of unrestricted reserves are held within investments. Annual expenditure of approximately £3M is financed by the investment portfolio which can be readily drawn upon to meet grant commitments and the running costs of the Trust.

INVESTMENT POLICY

Until November 2019 the investment policy of the Trust was 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). The Trustees undertook a detailed review of the Trust's investment strategy during 2019 and in November 2019 agreed on an updated investment policy. This policy seeks to balance the interests of present and future beneficiaries, and seeks to grow or at least retain the capital value of the investments over the next years, allowing for payment of grants of £2.5M per year, and the running costs of the Trust.

This was implemented during the first quarter of 2020. As at 31 March 2020, the day to day management of the assets is delegated across two professional investment managers, who each have different risk and return parameters. The transition to the new investment model was concluded on 20 March 2020.

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.

INVESTMENT PERFORMANCE

The fair value of the Trust's investments at 31 March 2020 was £76.9M (2019: £80.5M). Although negative, their return (-3.9% net of fees) was better than would have been delivered by the benchmark used to assess performance of the investment to assess performance of the investment managers. This benchmark had a return of -7.1% for the year. This result is reflective of a significant fall in the investment markets at the end of the financial year.

Over the last three years the average asset return of 2.5% pa underperformed the 3.75% (+RPI) target to 21 February 2020 and 3.5% (+CPI) target thereafter.

RISK MANAGEMENT

Trustees consider the main areas of risk to which the Trust is exposed on a regular basis. The Risk Register sets out key operational, reputational and financial risks, and each is scored in terms of their likelihood and impact. Where necessary, mitigating actions are also detailed.

Principal risks relate to investment management, financial control (including fraud) and grant management.

- The Trustees are satisfied that internal controls for authorisation of transactions are appropriate to reduce risks of fraud and irrecoverable error.
- The investment strategy provides a mix of asset classes and an investment management mandate to help mitigate market volatility. Trustees recognise the decrease in value of the investments at the end of this financial year and have discussed the impact of this for the Trust's grant programme in the next financial year, ending March 2021. Given the long term nature of the Trust, as well as the improvement in investment markets since the year end, Trustees agreed to maintain the commitment to £2.5M for the grant programme in 2020/21, and to continue to monitor investment performance closely through the year.
- Grant management is shared across a number of staff members, who are all reviewed regularly and who document their actions on a shared system.

Finally, Trustees recognise the risk of their decisions falling out-with the Trust Deed, and the reputational consequences of doing so. Each grant application, and applicant, is checked prior to assessment to be working within the objects of the Trust. The Trust Deed is reviewed annually.

RESERVES POLICY

The reserves policy is to ensure sufficient funds are held to meet future conditional grant commitments, and to generate growth and income that can meet future giving targets and associated running costs.

Designated funds are transferred to cover future conditional commitments, and to account for funds tied up in tangible fixed assets.

The balance held as unrestricted funds as at 31 March 2020 was £78.1M of which £75.6M are regarded as free reserves - £0.6M is tied up in tangible fixed assets and £1.9M for future grant commitments. The Trust is able to draw down investment assets to meet commitments.

We will continue to consider all grant applications received and assess them according to merit, and fit with our strategic priorities. In the next two years we will continue to deliver benefit to our grant holders through relationship management and our range of beneficiary support, with particular care to help them navigate the consequences of the 2020 health pandemic. We will start to appraise the impact of the delivery of our current strategy in 2021, in order to inform and plan for the next Trust Strategy. In 2022 we will mark the 100th birthday of RS Macdonald. Trustee succession planning is underway as two of our Trustees are moving towards the end of their agreed term. Finally, we will increase our administration capacity to ensure as much of our Grants and Relationship Managers' time is spent actively working alongside those we fund.

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 was 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. There were no assumptions during the period under review. 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, bring 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 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 and this 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.

The Trustees meet 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 relevant expertise. Around 507 hours of volunteer time was provided by our board members and volunteers this year.

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

In early 2020, Mercer Limited was appointed as the Trust's investment manager. During the financial year to 31 March 2020, one Trustee of the Trust served as a non-executive director for an organisation which is the investment manager used by Mercer Limited. Transactions between the Trust and Mercer Limited were conducted at arm's length and under normal business terms. The Trustee received no benefit or financial gain as a result of this relationship.

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

Director

Rachel Campbell

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

Investment Managers:

Mercer Limited, Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP (from 20 February 2020)

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

Previous Investment Managers (ceased 20 February 2020):

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

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: 1 October 2020

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE RS 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 2020 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 2020 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 Charity 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.

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 11, 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.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor, Chartered Accountants

First Floor, Quay 2, 139 Fountainbridge, Edinburgh, EH3 9QG

Date: 1 October 2020

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

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income and Expenditure Account)

for the Year Ended 31 March 2020

All funds are unrestricted

		Total Year Ended 31 March 2020 £000	Total Year Ended 31 March 2019 £000
Income from:	NOTES		
Income from Investments:			
INVESTMENT INCOME	3	2,070	1,718
INTEREST RECEIVABLE	4	2	1
OTHER INCOME	5	-	8
Total Income		2,072	1,727
Expenditure on:			
Cost of Raising Funds:			
INVESTMENT MANAGEMENT COSTS		311	297
COST OF CHARITABLE ACTIVITIES		2,699	3,009
Total Expenditure	6	3,010	3,306
NET EXPENDITURE ON OPERATING ACTIVITIES		(938)	(1,579)
Other Recognised (Losses)/Gains			
(Losses)/Gains on Investments:			
REALISED GAINS ON INVESTMENTS		7,795	40
UNREALISED (LOSSES)/GAINS ON INVESTMENTS	13	(10,275)	5,497
Total Other Recognised (Losses)/Gains	16	(2,480)	5,537
Net Movement in Funds	19	(3,418)	3,958
Reconciliation of Funds			
FUNDS BROUGHT FORWARD		81,515	77,557
Total Funds Carried Forward		78,097	81,515

BALANCE SHEET

as at 31 March 2020

		Total Year Ended 31 March 2020 £000	Total Year Ended 31 March 2019 £000
Fixed Assets	NOTES		
TANGIBLE ASSETS	12	596	610
INVESTMENTS	13	76,949	80,537
Total Fixed Assets		77,545	81,147
Current assets			
DEBTORS	14	68	133
CASH AT BANK		561	289
Total Current Assets		629	422
Current Liabilities			
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(77)	(54)
Net Current Assets Less Current Liabilities		552	368
Net Assets		78,097	81,515
Represented by the Funds of the Charity:			
UNRESTRICTED FUNDS			
DESIGNATED FUNDS		2,532	2,578
FREE FUNDS		75,565	78,937
Total Unrestricted Funds	16	78,097	81,515

Approved by the Trustees and signed on their behalf by:

Bruce Rigby

Bruce K Rigby
Chairman

Date: 1 October 2020

STATEMENT OF CASH FLOWS

at 31 March 2020

		Total Year Ended 31 March 2020 £000	Total Year Ended 31 March 2019 £000
Cash Flows from Operating Activities:			
Net Cash used in Operating Activities	19	(2,902)	(3,298)
Cash Flows from Investing Activities:			
DIVIDENDS AND INTEREST FROM INVESTMENTS		2,072	1,719
PURCHASE OF TANGIBLE FIXED ASSETS		(6)	(6)
PURCHASE OF INVESTMENTS		(77,794)	(861)
PROCEEDS FROM SALE OF INVESTMENTS		78,902	2,517
Net Cash Provided by Investing Activities		3,174	3,369
Change in Cash and Cash Equivalents in the Reporting Period		272	71
Cash and Cash Equivalents at the Beginning of the Reporting Period		289	218
Cash and Cash Equivalents at the End of the Reporting Period		561	289
Analysis of Cash and Cash Equivalents			
CASH AT BANK		542	279
SHORT DEPOSITS (LESS THAN 3 MONTHS)		19	10
Total Cash and Cash Equivalents		561	289

at 31 March 2020

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) effective for accounting periods commencing 1 January 2019, 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 thousand 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 as there are sufficient free reserves available to cover annual expenditure. The Trust has £76.9M (2019: £80.5M) worth of unrestricted investments to readily draw upon if required. With respect to the next reporting period, 2020/21, 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 22 to the financial statements.

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 £500 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 £500 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 basis:

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.

(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 21 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 102. 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 (2019: £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 (2019: £nil). During the year reimbursements totalling £0.5K were made to three Trustees for travel expenses incurred on behalf of the Trust (2019: £1K in respect of four Trustees).

Trustees' remuneration and expenses

In early 2020, Mercer Limited was appointed as the investment manager for the Trust. During the year, the Trust transferred £76.5M (2019: £nil) to Mercer Limited for investment purposes. One Trustee of the Trust is also a non-executive director of an organisation which acts as the investment manager for Mercer Limited. During the year, the Trust paid £34K (2019: £nil) to Mercer Limited in respect of investment management fees. Included within creditors at the year-end were amounts totalling £27K (2019: £nil) due to Mercer Limited in respect of investment management fees.

3) INVESTMENT INCOME

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

	Value 2020 £000	Value 2019 £000	Income 2020 £000	Income 2019 £000
Unlisted Investments:				
UK:				
- Open ended investment companies	10,333	10,592	552	604
- Investment companies with variable capital	-	30,129	574	633
Overseas:				
- Open ended investment companies	66,616	-	218	-
- Investment companies with variable capital	-	11,523	217	253
- Undertakings for Collective Investments in				
- Transferable Securities (UCITS)	-	28,293	509	228
	<u>76,949</u>	<u>80,537</u>	<u>2,070</u>	<u>1,718</u>

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

Included within other income was £nil for donated services from a Strategy Consultant (2019: £1K). In 2019 a corresponding expense was recognised within professional fees in line with the Charities SORP (FRS102).

6 (A) TOTAL EXPENDITURE SUMMARY

	2020	2019
	£000	£000
Charitable activities including support costs	2,610	2,899
Attributable governance costs (Note 8)	89	110
Total charitable activities expenditure (Note 7)	2,699	3,009
Costs of raising funds	311	297
Fully analysed (Note (6b))	3,010	3,306

(B) ALLOCATION OF TOTAL EXPENDITURE

		Total Charitable Activities £000	Cost of Raising Funds £000	Total Expenditure 2020 £000	Total Expenditure 2019 £000
Grant making	Note 6(c)	2,410	-	2,410	2,730
Support to beneficiaries		26	-	26	15
Investment management costs		-	311	311	297
Staffing costs		135	-	135	144
Professional fees		56	-	56	63
Property expenses		23	-	23	14
Other expenses		49	-	49	43
	Note 7	2,699	311	3,010	3,306

(C) ALLOCATION OF GRANT MAKING EXPENDITURE

Funding Theme	2020	2019
	£000	£000
Neurological Conditions	990	1,144
Animal Welfare	147	98
Tackling Child Abuse and Neglect	642	935
Medical Research	464	386
Visual Impairment/Sight Loss	167	167
Total Grant Making Expenditure	2,410	2,730

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:

	Basis	Grant Making £000	Beneficiary Support £000	Total Charitable Expenditure 2020 £000	Total Charitable Expenditure 2019 £000
Direct Costs	Actual	2,410	26	2,436	2,745
Support and Governance Costs:					
Staffing costs	Time	119	16	135	144
Professional fees	Actual	56	-	56	63
Property expenses	Actual	23	-	23	14
Other expenses	Actual	49	-	49	43
		247	16	263	264
Total Charitable Expenditure		2,657	42	2,699	3,009

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 £1,936K (2019: £1,967K) was held in the designated fund for potential awards where conditions remained to be satisfied. Full details are as detailed in Note 22 to the financial statements.

8) GOVERNANCE COSTS

Governance costs allocated to charitable activities are as follows:

	Basis	2020 £000	2019 £000
Professional fees	Actual	43	50
External auditor fees	Actual	12	12
Staffing costs	Time	33	47
Training costs	Actual	1	1
Note 6(a)		89	110

9) REMUNERATION OF STAFF AND KEY MANAGEMENT PERSONNEL

Staff Remuneration

Staff costs were as follows:

	2020 £000	2019 £000
Staff remuneration	120	128
Employers' National Insurance	9	10
Pension payments	6	6
	135	144

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

	2020	2019
Administration	2.9	3.1

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 £77K (2019: £75K). During the year under review there was one employee with emoluments above £60,000 (2019: nil employees). One employee received remuneration in the band £70,000 - £80,000 (2019: nil employees).

Employee pensions: During the year a total of £6K (2019: £6K) 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 (2019: £nil).

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 £12K (2019: £12K). No additional services were provided in the year under review (2019: £nil).

12) TANGIBLE FIXED ASSETS

	Freehold property £000	Freehold and furnishings £000	Office equipment £000	Total £000
Cost or Valuation:				
As at 1 April 2019	780	16	28	824
ADDITIONS	-	3	3	6
DISPOSAL	-	-	-	-
As at 31 March 2020	780	19	31	830
Depreciation:				
As at 1 April 2019	183	7	24	214
CHARGE FOR THE YEAR	16	1	3	20
CHARGE ON DISPOSALS	-	-	-	-
As at 31 March 2020	199	8	27	234
Net Book Value:				
As at 31 March 2020	581	11	4	596
As at 31 March 2019	597	9	4	610

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.

	2020 £000	2019 £000
Market value at 1 April 2019	80,537	76,656
Additions at cost	77,794	861
Disposals	(71,107)	(2,477)
Unrealised revaluation of investments	(10,275)	5,497
Fair Value at 31 March 2020	<u>76,949</u>	<u>80,537</u>

Investments at fair value, their market value:	2020 £000	2019 £000
Unlisted investments:		
OPEN ENDED INVESTMENT COMPANIES – DOMICILE UK	10,333	10,592
OPEN ENDED INVESTMENT COMPANIES – DOMICILE IRELAND	66,616	-
INVESTMENT COMPANIES WITH VARIABLE CAPITAL – DOMICILE UK	-	30,129
INVESTMENT COMPANIES WITH VARIABLE CAPITAL – DOMICILE OVERSEAS	-	11,523
UNDERTAKINGS FOR COLLECTIVE INVESTMENTS IN TRANSFERABLE SECURITIES SCHEME (OCITS) - DOMICILE OVERSEAS	-	8,293
Fair Value at 31 March 2020	<u>76,949</u>	<u>80,537</u>

Investment Risks

FRS 102 requires the disclosure of information in relation to investment risks, which is set out below:

- Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk, and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of any other changes.

The Trust has exposure to these risks because of the investments it makes to implement its investment strategy. The Trustees and Director manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Trust's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Trust's investment managers.

- Credit Risk – the Trust is subject to credit risk in relation to cash deposits held and the funds with fixed interest investments.
- Currency risk – the Trust is subject to currency risk because some of the Trust's investments are traded in overseas markets.
- Interest rate risk – the Trust is subject to interest rate risk through investments in funds with bonds.
- Other price risk – other price risk arises principally in relation to equity holdings. The Trust manages this exposure to other price risk through a diverse portfolio of investment funds across various markets.

The significance of the financial instruments to the ongoing financial sustainability of the Trust is considered further 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.

14) DEBTORS

	2020 £000	2019 £000
DIVIDENDS RECEIVABLE	65	126
PREPAYMENTS	3	7
	<u>68</u>	<u>133</u>

15) CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £000	2019 £000
TAXATION AND SOCIAL SECURITY ACCRUALS	4	5
	<u>73</u>	<u>49</u>
	<u>77</u>	<u>54</u>

16) SUMMARY OF UNRESTRICTED FUND MOVEMENTS

	At 1 April			At 31 March		
	2019	Income	Expenditure	Transfers	Losses	2020
	£000	£000	£000	£000	£000	£000
Free reserves fund:	78,937	2,072	(3,010)	46	(2,480)	75,565
Designated funds:						
1 - Funds earmarked for future commitments	1,968	-	-	(32)	-	1,936
2 - Fixed assets fund	610	-	-	(14)	-	596
	2,578	-	-	(46)	-	2,532
	81,515	2,072	(3,010)	-	(2,480)	78,097

NOTE 17

	At 1 April			At 31 March		
	2018	Income	Expenditure	Transfers	Gains	2019
	£000	£000	£000	£000	£000	£000
Free reserves fund:	75,002	1,727	(3,306)	(23)	5,537	78,937
Designated funds:						
1 - Funds earmarked for future commitments	1,930	-	-	38	-	1,968
2 - Fixed assets fund	625	-	-	(15)	-	610
	2,555	-	-	23	-	2,578
	77,557	1,727	(3,306)	-	5,537	81,515

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.

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 22 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 £32K (2019: £38K) was made to (2019: made from) the free reserves fund from (2019: to) the designated fund earmarked for future commitments to account for the decreased level of funds earmarked for future conditional grant awards (as disclosed in Note 22 to the financial statements).
- A transfer of £14K (2019: £15K) 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

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Net Movement in Funds for the Reporting Period (as per the Statement of Financial Activities)	(3,418)	3,958
Adjustments for:		
Depreciation charges	20	20
Losses/(gains) on investments	2,480	(5,537)
Investment income and interest receivable	(2,072)	(1,719)
Decrease/(increase) in debtors	65	(30)
Increase in creditors	23	10
Net Cash used in Operating Activities	(2,902)	(3,298)

20) ANALYSIS OF CHANGES IN NET DEBT

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
As start of year		
Net cash flow	289 272	218 71
As at end of year	561	289

	As at 1 April 2019 £000	Cashflows £000	As at 31 March 2020 £000	As at 1 April 2019 £000	Cashflows £000	As at 31 March 2019 £000
Cash at bank	289	272	561	218	71	289

21) FINANCIAL INSTRUMENTS

	2020 £000	2019 £000
Carrying amount of financial assets		
Assets measures at fair value through Statement of Financial Activites	76,949	80,537

Financial assets measured at fair value comprise unlisted investments.

22) GRANT MAKING CONTINGENT LIABILITY

At 31 March 2020 the contingent liability was split as follows:	2020 £000	2020 £000
Payable in one year	1,297	1,547
Payable in two years	490	412
Payable in three years	149	8
	1,936	1,967

23) POST BALANCE SHEET EVENTS

The Covid-19 outbreak post year-end has presented new challenges and risks to the Trust. However, in view of the substantial uncertainty related to the magnitude and duration, it is impossible to predict the impact of Covid-19 on the Trust’s investments and activities. Following the year-end, the value of investments returned to a level which was greater than the previous year-end, without significant fluctuation in value. The Covid-19 outbreak is considered a non-adjusting subsequent event.

24) SUPPORTED ORGANISATIONS

During the year ended 31 March 2020 the following organisations were supported by The RS Macdonald Charitable Trust:

Neurological Conditions

ABBNEYFIELD BALLACHULISH SOCIETY LTD	CEREBRA	HARLAW MONDAY GROUP	PASS IT ON	SIGNPOST
ABERDEEN ASSOCIATION OF SOCIAL SERVICE T/A VSA	CEREBRAL PALSY INTERNATIONAL SPORTS & RECREATION	HAWICK CONGREGATIONAL COMMUNITY CHURCH	PERTH AUTISM SUPPORT	SPECIAL NEEDS ADVENTURE PLAYGROUND (SNAP)
ALZHEIMER SCOTLAND	CHECKIN WORKS	HEADWAY AYRSHIRE	PLAY ALLOA	SPINA BIFIDA HYDROCEPHALUS SCOTLAND
ANGUS SPECIAL PLAYScheme	CORNERSTONE	INCLUDE ME 2 CLUB SCIO	PLAYLIST FOR LIFE	ST JOHNSTONE COMMUNITY TRUST
ARTLINK EDINBURGH AND THE LOTHIAN	CYCLING UK (PREVIOUSLY NAMED CTC)	INDEPENDENCE AT HOME	PLUS (FORTH VALLEY) LTD	TAILOR ED FOUNDATION
BACK UP TRUST	DOWN'S SYNDROME SCOTLAND	INTEREST LINK BORDERS	RDA GLASGOW	THE STRATHMORE RUGBY CLUB COMMUNITY TRUST
BADENOCH AND STRATHSPEY THERAPY GARDENS	DRAKE MUSIC SCOTLAND	KINDRED ADVOCACY	REACH4REALITY SCIO	THISTLE HEALTH AND WELLBEING
BAILLIESTON COMMUNITY CARE	ECOLOGY CENTRE	KIRRIE CONNECTIONS	REIDVALE ADVENTURE PLAY ASSOCIATION LIMITED	TIPHERETH LTD
BARNARDO'S	EPILEPSY CONNECTIONS	LEUCHIE	ROSEBURY CENTRE	TOWN BREAK
BOBATH SCOTLAND	EPILEPSY SCOTLAND	LUNG HA THEATRE COMPANY	ROWAN ALBA	UPWARD MOBILITY
CABERFEIDH HORIZONS	ERIC LIDDELL CENTRE	MND SCOTLAND	SALVESEN MINDROOM CENTRE	WHIZZ-KIDZ
CANINE PARTNERS	EUAN'S GUIDE	MULTI-CULTURAL FAMILY BASE	SCOTTISH BALLET	WISTON LODGE
CARING OPERATIONS JOINT ACTION COUNCIL (C.O.J.A.C.)	FIFE CARERS CENTRE	MULTIPLE SYSTEM ATROPHY TRUST	SCOTTISH CENTRE FOR CHILDREN WITH MOTOR IMPAIRMENTS	
CASTLEMILK YOUTH COMPLEX	FRIENDS OF SEAVIEW CHARITABLE TRUST	NORDOFF-ROBBINS MUSIC THERAPY IN SCOTLAND	SCOTTISH OPERA	
C-CHANGE SCOTLAND	GARVALD EDINBURGH	PARKINSON'S SELF HELP GROUP (NORTH LANARKSHIRE)	SENSATIONALL	
CENTRESTAGE COMMUNITIES LTD	GLASGOW EAST END COMMUNITY CARERS	PROJECT ABILITY	SHARED LIVES PLUS	

Animal Welfare

AMPHIBIAN AND REPTILE CONSERVATION TRUST	DOGS TRUST	PAWS FOR PROGRESS PROJECT	SCOTTISH SPCA	WHALE AND DOLPHIN CONSERVATION (WDC)
CANINE CONCERN SCOTLAND TRUST	FARMERSFIELD REST-HOME FOR ELDERLY DONKEYS (FRED)	PONIES HELP CHILDREN	THE UNDERHEUGH ARK	
CETACEAN RESEARCH & RESCUE UNIT	MOSSBURN COMMUNITY FARM	SCOTLAND WILDLIFE HOSPITAL	UNIVERSITY OF EDINBURGH DEVELOPMENT TRUST	

Tackling Child Abuse and Neglect

3D DRUMCHAPEL	COVEY (COMMUNITY VOLUNTEERS ENABLING YOUTH)	HEAR ME	LUCY FAITHFULL FOUNDATION	SUPPORT FOR FAMILIES
AVENUE CONFIDENTIAL	DEAN & CAUVIN YOUNG PEOPLE'S TRUST	HOME LINK FAMILY SUPPORT	OUTFIT MORAY	TAYSIDE COUNCIL ON ALCOHOL
BARNARDO'S	EDINBURGH WOMEN'S AID	HOME-START ABERDEEN	PEOPLE KNOW HOW	VOLUNTEERING MATTERS
BIG HEARTS COMMUNITY TRUST	FREEDOM FROM TORTURE	HOME-START DUNDEE	POSITIVE HELP	VOLUNTEER TUTORS ORGANISATION
BREAK THE SILENCE	GETTING BETTER TOGETHER LTD	HOME-START GLASGOW SOUTH	ROSEMOUNT LIFELONG LEARNING	WAVERLEY CARE

CHILDREN 1ST	GLASGOW CITY MISSION	HOME-START RENFREWSHIRE AND INVERCLYDE	SEAMAB	WHO CARES? SCOTLAND
CHURCH OF SCOTLAND - CROSSREACH	GOVAN HELP	HOME-START WEST LoTHIAN	SAHELIYA	WITH KIDS
CIRCLE	GRANTON YOUTH CENTRE	HOPSCOTCH CHILDREN'S CHARITY	SCOTTISH ADOPTION	
COTTAGE FAMILY CENTRE	HARMENY EDUCATION TRUST LIMITED	IMPACT ARTS (PROJECTS) LTD	STARCATCHERS PRODUCTIONS LTD	

Medical Research

ALZHEIMER'S RESEARCH UK	FIGHT FOR SIGHT	STROKE ASSOCIATION	TOMMY'S	UNIVERSITY OF ST ANDREWS
ALZHEIMER'S SOCIETY	GLASGOW CALEDONIAN UNIVERSITY FOUNDATION	THEIRWORLD	UNIVERSITY OF ABERDEEN DEVELOPMENT TRUST	
BRITISH HEART FOUNDATION	HERIOT-WATT UNIVERSITY	THE MS SOCIETY	UNIVERSITY OF EDINBURGH DEVELOPMENT TRUST	
CHEST HEART & STROKE SCOTLAND	MND SCOTLAND	THE ROYAL COLLEGE OF SURGEONS OF EDINBURGH	UNIVERSITY OF STRATHCLYDE	

Visual Impairment / Sight Loss

CEREBRAL VISUAL IMPAIRMENT SOCIETY OF SCOTLAND	CYCLING UK (PREVIOUSLY NAMED CTC)	GLASGOW EAGLES SPORTS CLUB	MACULAR SOCIETY	THE FRUITMARKET GALLERY
CLEARVISION PROJECT	EDINBURGH ARTS FESTIVAL	LISTENING BOOKS	PERTH & KINROSS SOCIETY FOR THE BLIND	UNIVERSITY OF EDINBURGH DEVELOPMENT TRUST
CUE AND REVIEW RECORDING SERVICES	FALKIRK FOOTBALL COMMUNITY FOUNDATION	LOCHABER SENSORY CARE	S.I.S.G ENTERPRISES LTD	VISIBILITY