



THE  
**RS MACDONALD**  
CHARITABLE TRUST

---

## Annual Report and Financial Statements

31 March 2021

# Highlights of our Year

Q1

The year starts with the onset of Covid-19, and a move to remote working for staff, Trustees and many of the charities we fund - we speak to as many as possible to help guide them about their grants

Q2

In May, Trustees consider 55 funding applications and award over £970k

In June, we host a webinar for over 150 charities to promote funding and offering a programme of wider support, with our partners ACOSVO, The Lens and SSE Scotland

"Thank you so much for the seminar. What a great idea and fabulously supportive of the charities and organisations that you work with, particularly in these uncertain times."

"I've found the ACOSVO cohort I'm in to be an incredibly useful group during the crisis. It's been a big help to hear that I'm not alone in some of the struggles I'm facing, and it's been great to hear all the exciting new ways people have been finding to work."

217 meetings over the year

We upgrade our database, continue to give advice to charity beneficiaries and applicants, and review 19 small grant requests, awarding £111k

Q3

In November, Trustees consider 48 funding applications and award over £1.03m

252 places on training or support programme

Q4

We look at all the learning from our year, undertake our Safeguarding Training and award one strategic grant of £93.6k

THE  
RS MACDONALD  
CHARITABLE TRUST

## CHAIRMAN'S INTRODUCTION

For a year in which so much was uncertain, I am pleased to report that The R S Macdonald Charitable Trust maintained not only our commitment to award grants across our funding themes, but also to remain in contact with those seeking, and in receipt of, our funding. We awarded 93 grants, across our three programmes, to a total value of £2.4m. This report provides details of our work, and it is evident in hearing from beneficiaries that our relationship with them has been important as they have had to navigate the impact of Covid.

In the course of the year, our work became virtual and, through remote delivery, we maintained our grant assessment processes. Through a concerted effort from staff, volunteer assessors and trustees, our two main grants rounds proceeded without interruption. Over £1.75m of grant funding was paid providing vital support to the sector. We retained our commitment to grants for up to three years, with the absolute acknowledgement that there may be the need to vary, or pause, service delivery over this period.

In June 2020, we launched an augmented programme of training and support for those we were funding. This offered virtual groups for charities to come together to find support, to share experiences, and to learn. The uptake of these programmes exceeded expectations and I am grateful to the partners who worked with the Trust to deliver them.

We have retained a strong commitment throughout the year to our strategy: to invest in registered charities that deliver services within our funding themes and to offer relationship management to those who seek, and who are in receipt of, our grants in order to maximise impact. My thanks to our staff for their continued engagement, which we know has been important to our beneficiary charities. 2021 marks the third and final year of our current strategy and we are in the process of setting the new strategy. I do not expect major changes but instead we wish to build on the success of recent years.

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

*Bruce Rigby*

Bruce K Rigby  
Chairman

Date:

## REPORT OF THE TRUSTEES

The Trustees present their report with the financial statements for the year ended 31 March 2021.

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 R S 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. We can grant to 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.

But for the RNLI, the nominated charities all work towards at least one of the benefits listed above.

### 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. We work with those we fund to understand the models of support which can help derive benefit to those living with, or affected by our funding themes. In following the progress of our awards, we strive to learn about the impact of our funding and understand the different approaches charities are taking within each of our funding themes.

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; and**
- **Support charities to collaborate in order to maximise the impact for beneficiary charities.**

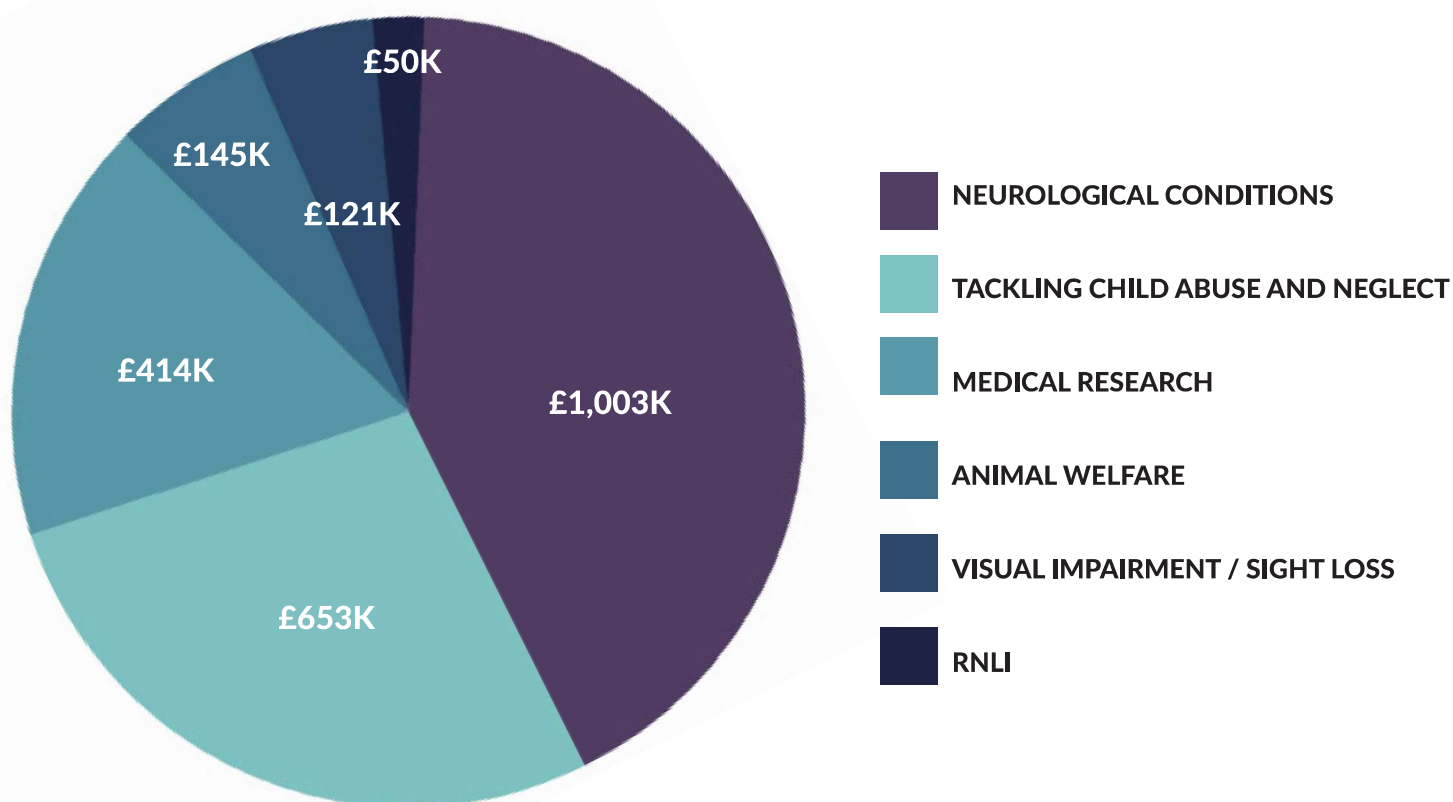


Under each of our funding themes, we have taken time to prioritise the type of work we will fund. This was in response to research we commissioned and to effectively meet areas of need. Our grant assessment takes these priorities into account.

### Distribution of Funds

In total, we received 147 applications and made 93 awards, totalling £2.4M (£2.6M in 2019/20). Because a number of awards are paid out over multiple years, and because some of the work was delayed due to lockdown, the sum for grants paid out to our beneficiaries was less this year, £1.75M (£2.4M in 2019/20). We are actively in touch with our beneficiaries to discuss the release of future instalments. Our overall success rate for the year was 63% (63% 2019/20). 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.

33 of the awards were intended to bring Scotland-wide benefits, the others served a more local geographical area, across 19 of our local authorities.



16 Board and Panel meetings were held to help us distribute our funds, supported by the staff team. This approach ensures our funding is offered to charities to deliver our strategic objectives, and enables collective decision making based on expertise from each of our thematic funding areas. Taking account of the impact of Covid, our assessment in the year specifically prioritised applications for essential service delivery or opportunities which were deemed to be strategically significant. Alongside these factors, the successful applications were considered by our assessors to be best placed to meet the Trust's objects, and particularly our strategic priorities within each of our funding themes. All applicants, whether or not successful, are offered feedback following our decision. Over the year 2020/21, the Trust chose to continue to offer awards over three years despite operational uncertainty, in the knowledge the charities we had funded were well placed to navigate and respond to the needs of their beneficiaries despite the challenges of the pandemic.

Many of the awards were made in recognition of this ability to find creative ways to support those who were increasingly vulnerable to the isolation or heightened need brought about by lockdown.

Within the allocation of funding, a diverse range of charities and project types have been supported. For our small grants programme, charities were encouraged to think about opportunities which would support them through Covid: to make up for lost income and/or to develop alternative models of practice.

Our main grants programme awarded £2.0M with an average award value of £35K (in 2019/20 this programme awarded £2.1M, average value £37K). 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/unrestricted funding, as we recognise how important this can be to help with running costs.

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

	NUMBER OF AWARDS	VALUE OF AWARDS	AVERAGE VALUE	SUCCESS RATE
<b>Neurological Conditions</b>	22	£684K	£31K	61%
<b>Tackling Child Abuse and Neglect</b>	19	£633K	£33K	59%
<b>Medical Research</b>	7	£414K	£59K	63%
<b>Animal Welfare</b>	4	£110K	£28K	100%
<b>Visual Impairment/Sight Loss</b>	4	£95K	£24K	57%
<b>RNLI</b>	1	£50K		
<b>TOTALS</b>	57	£1,988K	£35K	63%

One award was a contribution to a capital appeal. 14% of the awards were for a one-year period, 35% were for a two-year period and 51% were for a three-year period.

Our small grants programme awarded £303K, with an average award value of £8K (in 2019/20 this programme awarded £253K, 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. In addition to Covid-related requests, 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 was utilised.

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

	NUMBER OF AWARDS	VALUE OF AWARDS	AVERAGE VALUE	SUCCESS RATE
<b>Neurological Conditions</b>	25	£224K	£9K	74%
<b>Animal Welfare</b>	3	£35K	£12K	50%
<b>Visual Impairment/Sight Loss</b>	4	£25K	£6K	67%
<b>Tackling Child Abuse and Neglect</b>	3	£19K	£6K	33%
<b>TOTALS</b>	35	£303K	£8K	64%

From May 2020 until February 2021, our Strategic Grants programme was put on hold for new applications, as the policy, operational and funding landscapes were more difficult to navigate as a result of the impact of Covid. Trustees then reviewed and approved one Strategic Grant in February, as conditions started to ease. This was to Leuchie House, a charity which has been awarded strategic funding to help develop a national centre which can trial, demonstrate and promote technology-enabled care to help the lives of people living with a neurological condition.

## **Grant Management**

We recognise that 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.

When government restrictions were enforced as a result of the pandemic, we contacted all charities we were funding to give assurances we could pause, or vary, their grants if required. We saw a great number re-think how they wanted to deliver their services and respond to the changing needs within their communities. In being available to have open and engaged communication with our grantees, we end the year with a firm understanding in the value of our approach to grant management.

Whilst nothing replaces an in-person visit, we have been available to speak with the charities we fund at different points in the grant cycle, which has in turn help us understand the challenges and also opportunities within the sector more widely.

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, and what the charity has achieved through the work we have funded. This year the 'lessons learned' section of our report has brought many insights into how charities responded to the pandemic and what they will take forward into their models of service delivery as a result of this learning.

Our dialogue with the charities we fund – in both their reporting and in our conversations as the funding relationship progresses – helps inform us more widely on the development of our practice. In July 2020 the Trustees met to discuss what our staff had learned from the granting period since the 2020 lockdown began, and to think about any changes that would best respond to this, in the context of the pandemic. In readiness for a review of our strategy, we have also engaged with a sample of our funded charities to gauge how our model of grant making has been received, and this will help us shape the strategic direction of our Trust.

## **Support for Beneficiary Charities**

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 beneficiary charities. In 2020 this was prioritised as a way the Trust could respond to the needs arising from the pandemic and we augmented our programme of opportunities available to our beneficiary charities. We saw a marked increase in uptake across the programme, with 252 places being taken up (127 in 2019/20).

Feedback from both attendees and our partners who delivered the programme has been positive, and we have learned that the collaborative element was particularly important. Organisations have been able to meet others and to share thinking and learning together.

## **Other Developments**

We reviewed and updated all Trust policies and updated our Risk Register.

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 2021 of £98.2M (2020: £76.9M). Income of £1.8M (2020: £2.1M) was generated during the year. Grant awards of £1.8M (2020: £2.4M) were paid out in the year. The total resources expended amounted to £2.6M (2020: £3M) as detailed in Note 5 to the financial statements.

Cash at the bank as at 31 March 2021 amounted to £614K (2020: £561K).

The financial statements have been prepared under the assumption that the Trust will continue as a going concern. £98.2M (2020: £76.9M) of unrestricted reserves are held within investments. Annual expenditure of £2.6M (2020: £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

Trustees wish to balance the interests of present and future beneficiaries, and seek to grow or at least retain the capital value of the investments whilst allowing for payment of grants of £2.5M per year and meeting the running costs of the Trust. The Investment Policy of the Trust is to deliver a long-term total return net of investment management costs of 3.5% per annum in excess of inflation (as measured by the CPI).

The current investment structure, in which day to day management of the assets is delegated to two professional investment managers was implemented during the first quarter of 2020. Each have different risk and return parameters.

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 2021 was £98.2M (2020: £76.9M). The Trust's assets returned 30.8%, on a net of fees basis, over the year to 31 March 2021, outperforming the benchmark return by 2.5 percentage points.

Over the last 3 years the average asset return of 11.2% p.a. outperformed the RPI plus 3.75% target to 21 February 2020 and CPI plus 3.5% target post 21 February 2020 (which was 6.8% p.a.).

## 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 (which was updated to reflect risks arising from Covid). Where necessary, mitigating actions are also detailed.

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

- The investment strategy provides a mix of asset classes and an investment management mandate to help mitigate market volatility. Given the long-term nature of the Trust, Trustees agreed to maintain the commitment to approximately £2.5M for the grant programme in 2021/22, and to continue to monitor investment performance closely through the year.
- The Trustees are satisfied that internal controls for authorisation of transactions are appropriate to reduce risks of fraud and irrecoverable error.
- Grant management is shared across a number of staff members, whose work is reviewed regularly and who use a cloud-based database so that all work is recorded centrally.



## **Reserves Policy**

The balance held as unrestricted funds as at 31 March 2021 was £99.3M (2020: £78.1M) of which £96.2M (2020: £75.6M) are regarded as free reserves - £0.6M (2020: £0.6M) is tied up in tangible fixed assets and £3.1M (2020: £2.5M) for future grant commitments. The Trust is able to draw down investment assets to meet commitments and also to meet the investment policy of maintaining the capital value of the endowment in real terms.

## **Plans for the Future**

We will continue to consider all grant applications received and assess them according to merit, and fit with our strategic priorities. The Trust has started to review the impact of our current strategy, which covers the three years to 2022, in order to consider lessons learned and to use this to inform our subsequent strategy.

In 2022 we will mark the 100<sup>th</sup> birthday of R S Macdonald. Trustee succession planning is underway as our Chair will reach the end of his agreed term in 2022.

## **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. One trustee was appointed 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 471 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.

Mercer Limited was appointed as the Trust's investment manager. During the financial year to 31 March 2021, 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 (retired 22.09.21)
Bruce Keir Rigby MA, FIA
Moir Jane Easson BA (Hons), CA
John Paterson MA, MBA, CQSW, DipSW
Robert David Ross LLB (Hons), Dip LP, NP
James Walter Forrester Baird MA (Hons), ACA (Appointed 5 January 2021)

Director
Rachel Campbell

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

**Auditors:** Johnston Carmichael, 227 West George Street, Glasgow, G2 2ND

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

## 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; and
- 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: 24 / 09 / 2021

# 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 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

## Basis for opinion

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

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Other information

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

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 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 report of the trustees; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 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**

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

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

## **Extent to which an audit is considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the charity, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include FRS 102, including the Charities SORP (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

We gained an understanding of how the charity is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns, relevant correspondence with regulatory bodies and trustee meeting minutes.

We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity.



We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

- **Reviewing minutes of meetings of those charged with governance;**
- **Reviewing the level of and reasoning behind the charity's procurement of legal and professional services;**
- **Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.**

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

## **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Johnston Carmichael LLP*

Johnston Carmichael LLP

Statutory Auditors, Chartered Accountants

227 West George Street, Glasgow, G2 2ND

Date: 27 / 09 / 2021

Johnston Carmichael LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.



# STATEMENT OF FINANCIAL ACTIVITIES

for the Year Ended 31 March 2021

All funds are unrestricted

	Note	Total Year Ended 31 March 2021 £000	Total Year Ended 31 March 2020 £000
Income from:			
Income from Investments:			
Investment Income	3	1,780	2,070
Interest Receivable	4	1	2
<b>Total Income</b>		<b>1,781</b>	<b>2,072</b>
Expenditure on:			
Cost of Raising Funds:			
Investment Management Costs		468	311
Cost of Charitable Activities		2,102	2,699
<b>Total Expenditure</b>	5	<b>2,570</b>	<b>3,010</b>
<u>Net Expenditure on Operating Activities</u>		<b>(789)</b>	<b>(938)</b>
Other Recognised Gains/(Losses)			
Gains/(losses) on Investments:			
Realised Gains on Investments		980	7,795
Unrealised Gains/(Losses) on Investments	12	21,058	(10,275)
<b>Total Other Recognised Gains/(Losses)</b>	15	<b>22,038</b>	<b>(2,480)</b>
Net Movement in Funds	18	21,249	(3,418)
Reconciliation of Funds			
Funds Brought Forward		78,097	81,515
<b>Total Funds Carried Forward</b>		<b>99,346</b>	<b>78,097</b>

## BALANCE SHEET

as at 31 March 2021

	Note	Total Year Ended 31 March 2021 £000	Total Year Ended 31 March 2020 £000
Fixed Assets			
Tangible Assets	11	580	596
Investments	12	98,188	76,949
<b>Total Fixed Assets</b>		<b>98,768</b>	<b>77,545</b>
Current assets			
Debtors	13	58	68
Cash at Bank		614	561
<b>Total Current Assets</b>		<b>672</b>	<b>629</b>
Current Liabilities			
Creditors: Amounts Falling Due Within One Year	14	(94)	(77)
<b>Net Current Assets Less Current Liabilities</b>		<b>578</b>	<b>552</b>
<b>Net Assets</b>		<b>99,346</b>	<b>78,097</b>
Represented by the Funds of the Charity:			
Unrestricted Funds			
Designated Funds		3,114	2,532
Free Funds		96,232	75,565
<b>Total Unrestricted Funds</b>	15	<b>99,346</b>	<b>78,097</b>

Approved by the Trustees and signed on their behalf by:

*Bruce Rigby*

Bruce K Rigby

Chairman

Date: 24 / 09 / 2021

## STATEMENT OF CASH FLOWS

at 31 March 2021

		Total Funds	Total Funds
		Year Ended	Year Ended
		31 March	31 March
	Note	2021	2020
		£000	£000
Cash Flows from Operating Activities:			
Net Cash used in Operating Activities	18	(2,524)	(2,902)
Cash Flows from Investing Activities:			
Dividends and interest from investments	3	1,781	2,072
Purchase of tangible fixed assets	11	(3)	(6)
Purchase of investments	12	(3,142)	(77,794)
Proceeds from sale of investments		3,941	78,902
Net Cash Provided by Investing Activities		2,577	3,174
Change in Cash and Cash Equivalents in the Reporting Period			
		53	272
Cash and Cash Equivalents at the Beginning of the Reporting Period			
		561	289
Cash and Cash Equivalents at the End of the Reporting Period		614	561
Analysis of Cash and Cash Equivalents:			
Cash at Bank		599	542
Short Deposits (less than 3 months)		15	19
Total Cash and Cash Equivalents		614	561

# NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2021

## 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. 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 £98.2M (2020: £76.9M) worth of unrestricted investments to readily draw upon if required. With respect to the next reporting period, 2021/22, 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 15.

### (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 6 and fully analysed in Note 21 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 6 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 6 and 7.

**(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 5 and 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 fittings	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. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.



#### (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 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 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 (2020: £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.

(p) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks.

(q) **Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

## 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 (2020: £nil). During the year reimbursements totalling £0.1K were made to one Trustee for expenses incurred on behalf of the Trust (2020: £0.5K in respect of three Trustees).

### Related party disclosures

In early 2020, Mercer Limited was appointed as the investment manager for the Trust. The Trust transferred £76.5M in February 2020 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 £397K (2020: £34K) to Mercer Limited in respect of investment management fees. Included within creditors at the year-end were amounts totalling £34K (2020: £27K) 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 2021 £000	Value 2020 £000	Income 2021 £000	Income 2020 £000
Unlisted Investments:				
UK:				
- Open ended investment companies	9,844	10,333	418	552
- Investment companies with variable capital	-	-	-	574
Overseas:				
- Open ended investment companies	88,344	66,616	1,362	218
- Investment companies with variable capital	-	-	-	217
- Undertakings for Collective Investments in Transferable Securities (UCITS)	-	-	-	509
	98,188	76,949	1,780	2,070

#### 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. (a) Total Expenditure Summary

	2021 £000	2020 £000
Charitable activities including support costs	2,021	2,610
Attributable governance costs (Note 7)	81	89
Total charitable activities expenditure (Note 6)	2,102	2,699
Costs of raising funds	468	311
Fully analysed (Note (5b))	2,570	3,010

#### (b) Allocation of Total Expenditure

		Total Charitable Activity £000	Cost of Raising Funds £000	Total Expenditure 2021 £000	Total Expenditure 2020 £000
Grant making	Note 5(c)	1,749	-	1,749	2,410
Support to beneficiaries		93	-	93	26
Investment management costs		-	468	468	311
Staffing costs		155	-	155	135
Professional fees		51	-	51	56
Property expenses		12	-	12	23
Other expenses		42	-	42	49
	Note 6	2,102	468	2,570	3,010

### (c) Allocation of Grant Making Expenditure

Funding Theme	2021 £000	2020 £000
Neurological Conditions	747	990
Animal Welfare	65	147
Tackling Child Abuse and Neglect	560	642
Medical Research	247	464
Visual Impairment/Sight Loss	105	167
RNLI	25	-
<b>Total Grant Making Expenditure</b>	<b>1,749</b>	<b>2,410</b>

## 6. 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 2021 £000	Total Charitable Expenditure 2020 £000
Direct Costs	Actual	1,749	93	1,842	2,436
Support and Governance Costs:					
Staffing costs	Time	129	26	155	135
Professional fees	Actual	51	-	51	56
Property expenses	Actual	12	-	12	23
Other expenses	Actual	42	-	42	49
		234	26	260	263
<b>Total Charitable Expenditure</b>		<b>1,983</b>	<b>119</b>	<b>2,102</b>	<b>2,699</b>

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 £2,534K (2020: £1,936K) 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.

## 7. Governance Costs

Governance costs allocated to charitable activities are as follows:

	Basis	2021 £000	2020 £000
Professional fees	Actual	38	43
External auditor fees	Actual	12	12
Staffing costs	Time	31	33
Training costs	Actual	-	1
Note 5(a)		81	89

## 8. Remuneration of Staff and Key Management Personnel

### Staff Remuneration

Staff costs were as follows:

	2021 £000	2020 £000
Staff remuneration	138	120
Employers' National Insurance	10	9
Pension payments	7	6
	155	135

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

	2021	2020
Administration	3.3	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 £78K (2020: £77K). During the year under review there was one employee with emoluments above £60,000 (2020: one employee). One employee received remuneration in the band £70,000 - £80,000 (2020: One employee).

**Employee pensions:** During the year a total of £7K (2020: £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 (2020: £nil).

## 9. 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.

## 10. Auditor's Remuneration

The external auditor's remuneration constituted an audit fee of £12K (2020: £12K). No additional services were provided in the year under review (2020: £nil).

## 11. Tangible Fixed Assets

	Freehold property	Furniture and fittings	Office equipment	Total
	£000	£000	£000	£000

Cost or Valuation:

As at 1 April 2020	780	19	31	830
Additions	-	-	3	3
Disposals	-	-	-	-

As at 31 March 2021	780	19	34	833
---------------------	-----	----	----	-----

Depreciation:

As at 1 April 2020	199	8	27	234
Charge for the year	16	1	2	19
Charge on disposals	-	-	-	-

As at 31 March 2021	215	9	29	253
---------------------	-----	---	----	-----

Net Book Value:

As at 31 March 2021	565	10	5	580
---------------------	-----	----	---	-----

As at 31 March 2020	581	11	4	596
---------------------	-----	----	---	-----

## 12. 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.

	2021 £000	2020 £000
Market value at 1 April 2020	76,949	80,537
Additions at cost	3,142	77,794
Disposals	(2,961)	(71,107)
Unrealised revaluation of investments	21,058	(10,275)
Fair Value at 31 March 2021	98,188	76,949

	2021 £000	2020 £000
Investments at fair value, their market value:		
Unlisted investments:		
- Open ended investment companies – Domicile UK	9,844	10,333
- Open ended investment companies – Domicile Ireland	88,344	66,616
Fair Value at 31 March 2021	98,188	76,949

### 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.

### 13. Debtors

	2021 £000	2020 £000
Dividends receivable	55	65
Prepayments	3	3
	58	68

### 14. Creditors: Amounts Falling Due Within One year

	2021 £000	2020 £000
Taxation and social security	4	4
Accruals	70	73
Grants payable	20	-
	94	77

## 15. Summary of Unrestricted Fund Movements

	At 31 March					At 1 April
	2020 £000	Income £000	Expenditure £000	Transfers £000	Gains £000	2021 £000
Free reserves fund:	75,565	1,781	(2,570)	(582)	22,038	96,232
Designated funds:						
1 - Funds earmarked for future commitments	1,936	-	-	598	-	2,534
2 - Fixed assets fund	596	-	-	(16)	-	580
	2,532	-	-	582	-	3,114
	78,097	1,781	(2,570)	-	22,038	99,346

	At 1 April					At 31 March
	2019 £000	Income £000	Expenditure £000	Transfers £000	Losses £000	2020 £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 16

### 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 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.

## 16. Transfers Between Funds

- A transfer of £598K (2020: £32K) was made from (2020: made to) 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 £16K (2020: £14K) 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.

## 17. Analysis of Net Assets

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

## 18. Reconciliation of Net Movement in Funds to Net Cash Flow from Operating Activities

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Net Movement in Funds for the Reporting Period (as per the Statement of Financial Activities)	21,249	(3,418)
Adjustments for:		
Depreciation charges	19	20
(Gains)/losses on investments	(22,038)	2,480
Investment income and interest receivable	(1,781)	(2,072)
Decrease in debtors	10	65
Increase in creditors	17	23
Net Cash used in Operating Activities	(2,524)	(2,902)



## 19. Analysis of Changes in Net Debt

	2021 £000	2020 £000
As start of year	561	289
Net cash inflow	53	272
As at end of year	614	561

	As at 1 April 2020	Cashflows	As at 31 March 2021	As at 1 April 2019	Cashflows	As at 31 March 2020
	£000	£000	£000	£000	£000	£000
Cash at bank	561	53	614	289	272	561

## 20. Financial Instruments

	2021 £000	2020 £000
Carrying amount of financial assets		
Assets measured at fair value through Statement of Financial Activities	98,188	76,949

Financial assets measured at fair value comprise unlisted investments.

## 21. Grant Making Contingent Liability

At 31 March 2021 the contingent liability was split as follows:

	2021 £000	2020 £000
Payable in one year	1,748	1,297
Payable in two years	693	490
Payable in three years	93	149
	2,534	1,936

## 22. Supported Charities

During the year ended 31 March 2021 the following organisations were supported by The R S Macdonald Charitable Trust:

Neurological Conditions
Angus Special Playscheme
Artlink Edinburgh and the Lothians
Autism Initiatives
Back Up Trust
Baillieston Community Care
Barnardo's
Caberfeidh Horizons
Capability Scotland
Cerebral Palsy Scotland
Child Brain Injury Trust
Conservation Volunteers Scotland
Dash Club
Drake Music Scotland
Dogs for Good
Down's Syndrome Scotland
Ecology Centre
Edinburgh Children's Hospital Charity
Epilepsy Connections
Epilepsy Scotland
Eric Liddell Centre
Fife Carers Centre
Friends of Ashton
Garvald Edinburgh
Glasgow East End Community Carers
Hawick Congregational Community Church
Headway Ayrshire
Headway Highland
Include Me 2 Club SCIO
Indepen-dance
Independence at Home
Interest Link Borders
Kindred Advocacy
Kirrie Connections
Leuchie House
MS Therapy Centre Lothian
Multi-Cultural Family Base
Multiple System Atrophy Trust

Neuro Hebrides
Pain Concern
Parking's Self Help Group (North Lanarkshire)
Parklea Branching Out
Perth Autism Support
Play Midlothian
Playlist for Life
React
Rowan Alba
Royal Caledonian Horticultural Society
Scottish Ballet
SensationalALL
Shaper/Caper
Signpost
Speech Language Communications Company
Spina Bifida Hydrocephalus Scotland
Spinal Injuries Scotland
Sunshine Club
Tailor Ed Foundation
Town Break SCIO
Upward Mobility
Whale Arts
Whizz-Kidz
The Yard

<b>Tackling Child Abuse and Neglect</b>
3D Drumchapel
Adoption UK
Argyll & Bute Rape Crisis
Barnardo's
Befriend a Child
Big Hearts Community Trust
Break the Silence
Broomhouse Centre (The Space)
Children 1st
Citadel Youth Centre SCIO
Clan Childlaw
Cottage Family Centre
Fostering Compassion
Freedom from Torture
Geeza Break
Getting Better Together Ltd
Govan HELP
Granton Youth
Hear Me
Home Link Family Support
Home-Start Aberdeen
Home-Start Deveron
Home-Start Stirling
Home-Start West Lothian
HopScotch Children's Charity
Lucy Faithfull Foundation/Stop It Now! Scotland
Outf!t Moray
People Know How
Pilton Youth and Children's Project
Rape and Sexual Abuse Centre, Perth & Kinross
Support for Families
Tayside Council on Alcohol
Volunteer Tutors Organisation
With Kids
<b>Visual Impairment/Sight Loss</b>
British Wireless for the Blind
Calibre Audio Library
Cerebral Visual Impairment Society of Scotland
ClearVision Project
Deafblind Scotland
Living Paintings Trust
Lochaber Sensory Care

Macular Society
North East Sensory Services (NESS)
S.I.S.G Enterprises Ltd
Visibility Scotland
<b>Medical Research</b>
Chest Heart & Stroke Scotland
Epilepsy Research UK
Fight for Sight
Juvenile Diabetes Research Foundation
Royal College of Surgeons of Edinburgh
Spinal Research
Tommy's
University of Edinburgh Development Trust
University of St Andrews
<b>Animal Welfare</b>
Give a Dog a Bone and an Animal a Home
Katie's Cradle
Mossburn Community Farm
OneKind
Paws for Progress CIC
Ponies Help Children
South of Scotland Wildlife Hospital
<b>Special</b>
RNLI