



THE
RS MACDONALD
CHARITABLE TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 March 2022



OSCR

Scottish Charity Regulator

www.oscr.org.uk

Registered Charity
SC012710



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CHAIRMAN'S INTRODUCTION

This year marked the final year of our current strategy, and with that came time for trustees and staff to recognise the progress made and future opportunities for our charitable trust. We remained active in our funding of charities working across our funding themes, and we awarded 84 grants across our three programmes, to a total value of £2.4m. Like last year, this was against a backdrop of uncertain times and changing restrictions brought about by the Covid pandemic, and I am sure that the continuity of relationships and funding brought benefit to the charities we support.

Our staff team, and board, saw a number of changes, and we were pleased to welcome two new administrators into our team. Dr. Tricia Donald and our Chair, Bruce Rigby, both stood down from the board as their terms of office concluded. We are pleased to welcome Dr. Frank Sullivan who joined as a trustee earlier this year. Staff and board, old and new, have worked consistently to maintain our commitment to having an open and clear grant assessment process, and we are grateful to our team of volunteer assessors who help recommend how we award our funding each year. They have, again, been meeting virtually.

Through conversations with those we fund we have been encouraged to learn that service provision continues to evolve, with many being able to offer some face-to-face support as restrictions eased. Charities have shared with us many stories of finding creative and engaging ways to stay connected to their beneficiaries and are unfailing in their desire to ease the

challenges so many are facing.

We have retained our programme of training and support for those we are funding, to help charities to meet others and learn from shared experiences. My thanks to our partners for having delivered a range of learning and support opportunities which, from the feedback we received, were both timely and very relevant to leaders navigating their charities through uncharted waters.

You will see in our report that the trustees spent time considering our work, and its impact, and the wider environment into which we are granting. This was to plan for, and inform our next Strategic Plan, which was finalised in February and marks our forward plans for 2022-25. As we move into our new strategic period, we have renewed our commitment to offering a high degree of responsiveness to charity applicants and awardees. We are also confident that as those relationships strengthen, opportunities to bring charities together in collaboration will emerge. I look forward to seeing how and what that gives the Trust in our future impact reports.

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

James Baird
Chairman

James Baird

Date: 23/09/2022

Highlights of our Year

Q1

The national restrictions for Covid start to ease and with this many of the charities we fund start their in person service delivery again. Some grants which were on hold start to be spent.

In May, Trustees consider 43 main grant and one strategic grant applications and award over £963k

In June, we host a webinar for over 70 charities to promote funding and offering a programme of wider support, with our partners ACOSVO, The Lens and SSE Scotland

Q2

"The course provided me with some excellent tools for both evaluating current income streams and considering how to develop and integrate new ideas."

"It was great to hear the processes you go through as funders so thank you for being so transparent and opening the dialogue!"

239 meetings with charities over the year

Two new administrators join the staff team.

We review our progress made and plan for Strategic period 2022/25

Q3

The Small Grants programme rolls its assessment through the year, with a promotional event in October, attended by 43 charities. £288k in small grants awarded in 21/22.

341 places on training or support programme

Q3

In November, Trustees consider 44 main grant applications and award over £985k. A strategic grant provides £150k for development work.

THE
RS MACDONALD
CHARITABLE TRUST

REPORT OF THE TRUSTEES

The Trustees present their report with the financial statements for the year ended 31 March 2022.

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 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 (FRS102).

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 grant to other charities resident, based in or operating in Scotland which provide benefits under the following funding themes:

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 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, which is refreshed every three years. Operationally, this was the final year of our 2019-22 Strategy, while we progressed our plans for the next strategic period, 2022-25. Across both, we continue to focus 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.

Our strategic priorities set out in the 19-22 Plan were to:

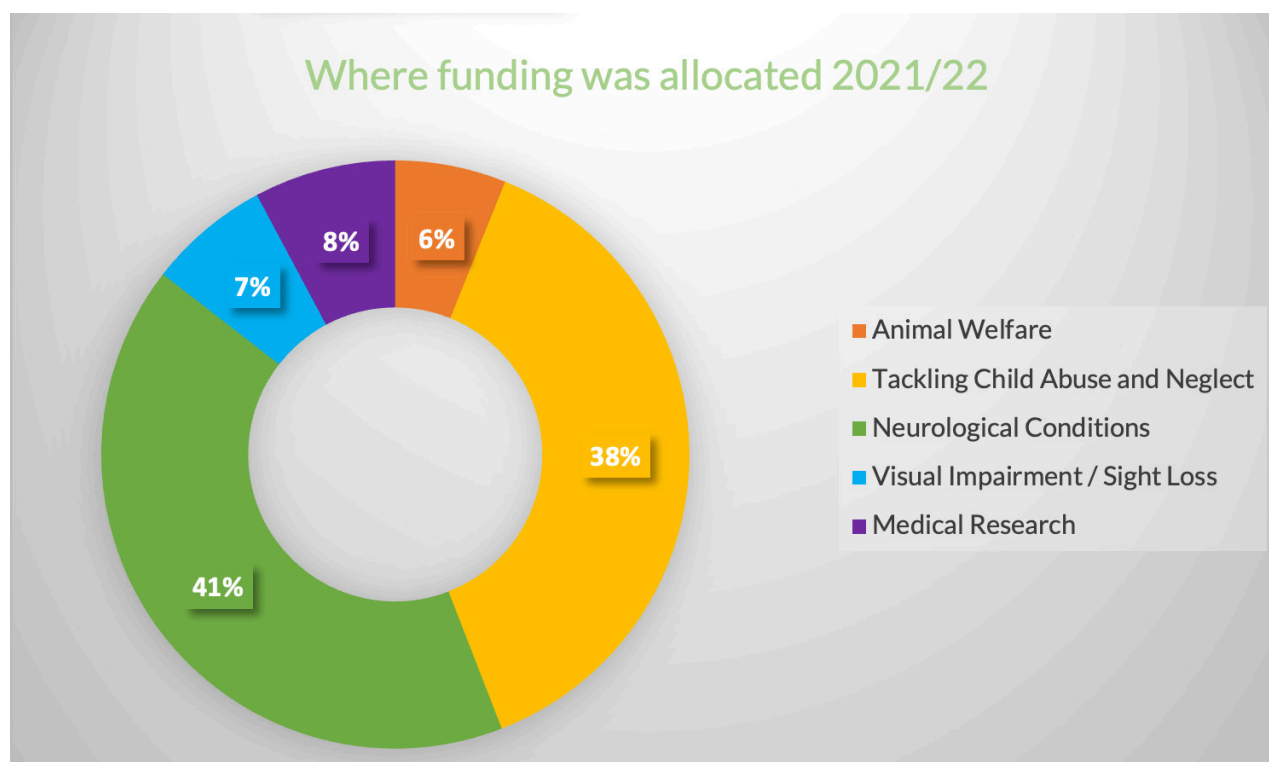
- Build relationships with the charities we support; and
- Support charities to collaborate in order to maximise the impact for beneficiary charities.

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 141 applications and made 84 awards, totalling £2.4M (£2.4M in 2020/21). £2.2M was paid out in grant awards, which was higher than last year (£1.75M in 2020/21) as charities were less restricted and able to use funding as it was awarded. We are actively in touch with our beneficiaries to discuss the release of future instalments. This year, the percentage of awards made, from the total number of applications (application 'success rate') was 60% (63% 2020/21). 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.

25 of the awards were intended to bring Scotland-wide benefits, while 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. Our Panel structure for the assessment of grants ensures applications are considered from a number of people with expertise relevant to each funding theme. Those panels reach a collective view on each proposal which helps form a recommendation for Trustee consideration. Those applications which carry a recommendation to approve a grant were for a wide range of high calibre initiatives. Our panellists considered they would best meet the Trust's objects and our strategic priorities.



All applicants, whether or not successful, are offered feedback following our decision. Over the year 2021/22, our assessment continued to recommend most of our Main Grants should be awarded for two or three years, as we know the value of a longer-term funding arrangement and the leverage opportunities which can arise from our initial commitment. Charities were encouraged to reflect their Covid-related contingencies within their applications. Where awards are made and circumstances change, we remain very willing to vary grant awards to better fit the environment into which services are being delivered.

Within the allocation of funding, a diverse range of charities and project types have been supported, as listed in Note 22 to the accounts.

Our **main grants programme** awarded £1.9M with an average award value of £37K (in 2020/21 this programme awarded £2.0M, average value £35K). 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. We received 21 applications for core cost funding in the year.

Here is a summary of our main grant allocations, in relation to our funding themes:

	Number of applications	Number of awards	Value of awards (2021/22)	% of total value	Success rate
Tackling Child Abuse and Neglect	34	18	£763,524	41%	53%
Neurological Conditions	40	20	£689,728	37%	50%
Medical Research	5	4	£187,575	10%	80%
Animal Welfare	4	4	£113,312	6%	100%
Visual Impairment / Sight Loss	5	4	£112,500	6%	80%
TOTALS	88	50	£1,866,639		57%

Outwith Medical Research, 67% of awards funded specific projects and services, with the remainder funding core costs. 6% of the awards were for a one-year period, 20% were for a two-year period and 74% were for a three-year period.



Our **small grants programme** awarded £288K, with an average award value of £9K (in 2020/21 this programme awarded £303K, average value £8K). This is for charities who require up to £15K, and we consider the applications on a rolling basis. This programme helps charities achieve all sorts of different aims, including: 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 or technology which will enhance service delivery.

Here is where our small grants were awarded:

	Number of applications	Number of awards	Value of awards (2021/22)	Average value	Success rate
Neurological Conditions	25	17	£155,472	£9,145	68%
Tackling Child Abuse and Neglect	11	4	£50,668	£12,667	36%
Visual Impairment / Sight Loss	9	7	£48,168	£6,881	78%
Animal Welfare	6	4	£33,844	£8,461	67%
TOTALS	51	32	£288,152	£9,005	63%

This year, two **strategic grants** were considered and approved by Trustees:

- Children 1st have secured further funding for the continued development of the Barnahus model for Scotland
- Scottish Ballet have received development funding to advance SB Health within mainstream health and social care settings. This dance health and wellbeing programme offers a non-medicalised pathway to person-centred care for people living with neurological conditions.



Grant Management

This year, we have continued to offer active grant management to charities all the way through the grant cycle – from pre-application advice through to discussions around what our work has funded and what difference this has made. Most of this continued to be by telephone or virtual meetings in line with restrictions, and we continue to appreciate open and transparent dialogue across the sector. Within our conversations we build a working knowledge of the charities, their staff and the wider issues impacting them or their community.

We seek an annual report for all the awards made. This helps us reflect on 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 are living with the continued risks of Covid, and how they are reaching their beneficiaries, many of whom represent those most vulnerable. We heard many having to help combat the onward impact of continued isolation and the escalation of mental health concerns, with some charities re-thinking how long, or how intensely, they work alongside those they support.

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. Having had such positive feedback about our beneficiary support in 2020/21, we maintained the programme of support this year. Our partners offered a variety of training and development opportunities to the charities we fund, who then elected to join the ones that they felt would bring them benefit. 341 places were taken up (2020/21: 252) across different topics, including evaluation, innovation, sustainability, leadership, and digital knowhow.

Feedback from both attendees and our partners who delivered the programme has been positive, and we have learned that the peer support and action learning were particularly effective. Charity staff have been able to meet others and to share thinking and learning together.

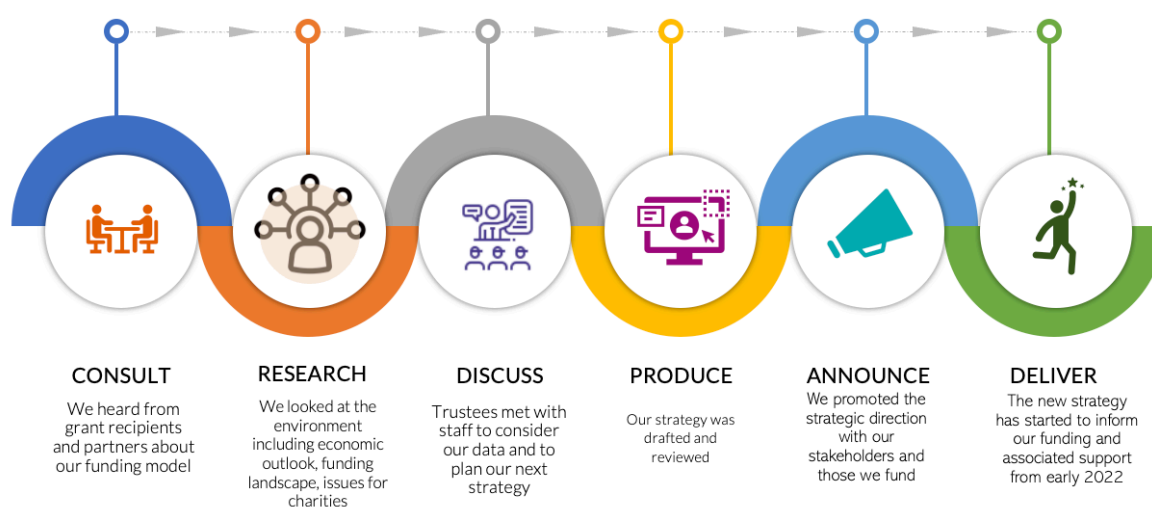
Other Activities

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.

Strategic Planning

With our current strategic period due to end in early 2022, time was spent reviewing progress made under our Strategic Plan 2019-22 along with a mapping of what the market conditions, and wider funding environment, would look like in coming months and years.

Strategy Review



As shown, we actively consulted with a number of the charities we fund to learn about the impact of our funding model. Our processes, and approach to funding, received positive feedback, and our contribution to development through training and support was considered beneficial.

Furthermore, we recognised that our new Strategy would take effect in a period when the longer-term consequences of the pandemic, particularly for the more vulnerable in society, would be better understood, as would wider economic factors including inflation. We also considered the wider funding landscape for the charities eligible for our grants.

In August 2021 our staff and trustees met to discuss this learning, and to plan for our next strategic period.

We finalised and published our Strategic Plan 2022-25 which set out to retain our approach to funding across our three programmes, deploying a flexibility where needed. The Trustees agreed to an uplift in the average award size within our Main Grants programme, with a continued preference for multi-year funding. We are now working to the Plan and are looking to make an overall grant allocation of up to £3m in the year ending March 2023.



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 2022 of £104.4M (2021: £98.2M). Income of £2.0M (2021: £1.8M) was generated during the year. Grant awards of £2.2M (2021: £1.8M) were paid out in the year. The total resources expended amounted to £3.1M (2021: £2.6M) as detailed in Note 5 to the financial statements. Cash at the bank as at 31 March 2022 amounted to £520K (2021: £614K).

The financial statements have been prepared under the assumption that the Trust will continue as a going concern. £104.4M (2021: £98.2M) of unrestricted reserves are held within investments. Annual expenditure of £3.1M (2021: £2.6M) 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 up to £3M 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. Prior to February 2020 returns were measured against the RPI, with a target return of 3.75% plus RPI per annum. Performance is therefore reported against both under Investment Performance below.

The Trustees have determined a benchmark mix of asset types and ranges, which is considered appropriate for meeting this objective. Whilst each asset class has a target allocation and benchmark, the Performance figures are then collated to consider performance of assets relative to the long-term objective set out above.

The investment structure, in which day to day management of the assets is delegated to two professional investment managers, was implemented in early 2020. Each manager has different risk and return parameters.

Trustees actively encourage their investment managers to take account of social, ethical or environmental considerations where possible and appropriate subject to consideration of any potential adverse effects on investment performance, risk or the Trust's fulfilment of its objectives.



Investment Performance

The fair value of the Trust's investments at 31 March 2022 was £104.4M (2021: £98.2M). The Trust's assets returned 8.5%, on a net of fees basis, over the year to 31 March 2022, underperforming the benchmark return by 3 percentage points (2021: the return outperformed the benchmark by 2.5 percentage points).

The Trustees also consider performance on a three-year rolling basis, and in this period the targets were amended during a Policy review. Over the last three years, the average asset return has been 10.9% p.a.. This has outperformed both targets, the current one of 3.5% plus CPI (since 21.2.20), and the prior one of 3.75% plus RPI.

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 continues 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. Trustees regularly monitor both the investment mandate and investment performance, drawing in expertise from the Investment Panel as necessary.
- The Trustees are satisfied that internal controls for authorisation of transactions are appropriate to mitigate 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 2022 was £105.5M (2021: £99.3M) of which £102.2M (2021: £96.2M) are regarded as free reserves, £0.6M (2021: £0.6M) is tied up in tangible fixed assets and £2.7M (2021: £2.5M) is allocated 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. The reserves policy is to hold the reserves within an investment portfolio that will generate income to fund future grant commitments.

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. Our current plans, as set out in our Strategic Plan 2022-25, are to continue to grant under three programmes, to a level of approximately £3m per year. We will continue to identify opportunities to develop relationships with the charities we are granting to, and bring them together for collaborative opportunities should the opportunity to do so arise. We will build on the beneficiary support programme to help those charities we fund to develop and strengthen.

We hope to strengthen our Strategic Grant portfolio by identifying more opportunities to invest at this level, and we remain open to progress organisations' digital footprint, in both infrastructure and in service delivery where this is deemed to demonstrate best practice and is in accordance with the charity's own ambition.

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 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 grant applications. The finance panel supports the assessment of each charity applicant's governance and finance, and the investment panel supports the Trustees in monitoring fund and manager performance. Each is chaired by a Trustee and represented by volunteers with relevant expertise. Around 458 hours of volunteer time was provided by our board members and volunteers this year.



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 the context of benchmark 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 22nd September 2021)

Bruce Keir Rigby MA, FIA (retired 24th February 2022)

Moiria Jane Easson BA (Hons), CA

John Paterson MA, MBA, CQSW, DipSW

Robert David Ross LLB (Hons), Dip LP, NP

James Walter Forrester Baird

Francis Michael Sullivan FRSE, FRCP, FRCGP (appointed 24th February 2022)

Director

Rachel Campbell

Solicitors

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



Auditors

Johnston Carmichael LLP, Clava House, Cradelhall Business Park, Inverness IV2 5GH

Principal Bankers

Santander UK PLC, Bridle Road, Bootle, L30 4GB

Investment Managers

Mercer Limited, Quatermile One, 15 Lauriston Place, Edinburgh, EH3 9EP

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

Investment Consultants

Mercer Limited, Quatermile One, 15 Lauriston Place, Edinburgh, EH3 9EP



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 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 financial year which give a true and fair view of the state of affairs of the charity, and of the incoming resources and application of resources of the charity for that 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 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 enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, and the provisions of the Trust deed (as amended). The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



The Trustees are responsible for the maintenance and integrity of the charity and financial information 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:

James Baird

James Baird
Chairman

Date: 23/09/2022

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 2022 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 2022 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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



Conclusions relating to going concern

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

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

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

Other information

The 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 17, 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. The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- 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; and
- 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 misstatement 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 [here](#). 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

Clava House, Cradelhall Business Park, Inverness IV2 5GH

Date: 27/09/2022

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 2022

All funds are unrestricted

	Note	Total Year Ended 31 March 2022 £000	Total Year Ended 31 March 2021 £000
Income from:			
Income from Investments:			
<i>Investment Income</i>	3	1,995	1,780
<i>Interest Receivable</i>	4	1	1
Total Income		1,996	1,781
Expenditure on:			
Cost of Raising Funds:			
<i>Investment Management Costs</i>		563	468
Cost of Charitable Activities		2,586	2,102
Total Expenditure	5	3,149	2,570
Net Expenditure before gains/losses on investments		(1,153)	(789)
Net gains/losses on investments			
Gains on Investments:			
<i>Realised Gains on Investments</i>		486	980
<i>Unrealised Gains on Investments</i>	12	6,814	21,058
Total net gains/losses on investments	15	7,300	22,038
Net Movement in Funds	18	6,147	21,249
Reconciliation of Funds			
Funds Brought Forward		99,346	78,097
Total Funds Carried Forward		105,493	99,346



BALANCE SHEET

as at 31 March 2022

	Note	Total Year Ended 31 March 2022 £000	Total Year Ended 31 March 2021 £000
Fixed Assets			
Tangible Assets	11	562	580
Investments	12	104,423	98,188
Total Fixed Assets		104,985	98,768
Current assets			
Debtors	13	66	58
Cash at bank		520	614
Total Current Assets		586	672
Current Liabilities			
Creditors: Amounts Falling Due Within One Year	14	(78)	(94)
Net Current Assets Less Current Liabilities		508	578
Net Assets		105,493	99,346
Represented by the Funds of the Charity:			
Unrestricted Funds			
Designated Funds		3,267	3,114
Free Funds		102,226	96,232
Total Unrestricted Funds	15	105,493	99,346

Approved by the Trustees and signed on their behalf by:

James Baird James Baird
Chairman

Date: 23/09/2022



STATEMENT OF CASH FLOWS

at 31 March 2022

	Note	Total Funds Year Ended 31 March 2022 £000	Total Funds Year Ended 31 March 2021 £000
Cash Flows from Operating Activities:			
Cash Flows from Operating Activities	18	(3,154)	(2,524)
Cash Flows from Investing Activities:			
Dividends and interest from investments	3	1,996	1,781
Purchase of tangible fixed assets	11	(1)	(3)
Purchase of investments	12	(5,831)	(3,142)
Proceeds from sale of investments		6,896	3,941
Net Cash Provided by Investing Activities		3,060	2,577
Change in Cash and Cash Equivalents in the Reporting Period		(94)	53
Cash and Cash Equivalents at the Beginning of the Reporting Period		614	561
Cash and Cash Equivalents at the End of the Reporting Period		520	614
Analysis of Cash and Cash Equivalents			
Cash at Bank		515	599
Short-term Deposits (less than 3 months)		5	15
Total Cash and Cash Equivalents		520	614

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2022

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), 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 £104.4M (2021: £98.2M) worth of unrestricted investments to readily draw upon if required. With respect to the next reporting period, 2022/23, 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 or designated reserves 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 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 have been satisfied. Those unaccrued amounts 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 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. 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. The Trust does not enter into any hedging or derivative financial instruments.

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 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 was one outstanding contribution at the year-end of £0.6K (2021: £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 includes 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 (2021: £nil). During the year no reimbursements were made to the Trustees for expenses incurred on behalf of the Trust (2021: £0.1K in respect of one Trustee).

• Related party disclosures

Mercer Limited is the Trust's investment manager. Up until February 2022 one Trustee, Bruce Rigby, was also a non-executive director or an organisation which acts as the investment manager for Mercer Limited. During the year, the Trust paid £488K (2021: £397K) to Mercer Limited in respect of investment management fees. Included within creditors at the year-end were amounts totalling £36K (2021: £34K) 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 2022 £000	Value 2021 £000	Income 2022 £000	Income 2021 £000
Unlisted Investments:				
UK:				
• Open ended investment companies	11,713	9,844	502	418
Overseas:				
• Open ended investment companies	92,710	88,344	1,493	1,362
	<u>104,423</u>	<u>98,188</u>	<u>1,995</u>	<u>1,780</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. (a) Total Expenditure Summary

	2022 £000	2021 £000
Charitable activities including support costs	2,511	2,021
Attributable governance costs (Note 7)	75	81
Total charitable activities expenditure (Note 6)	2,586	2,102
Costs of raising funds	563	468
Fully analysed (Note (5b))	3,149	2,570

5. (b) Allocation of Total Expenditure

	Total Charitable Activities £000	Cost of Raising Funds £000	Total Expenditure 2022 £000	Total Expenditure 2021 £000
Grant making	2,222	-	2,222	1,749
Support to beneficiaries	111	-	111	93
Investment management costs	-	563	563	468
Staffing costs	160	-	160	155
Professional fees	45	-	45	51
Property expenses	12	-	12	12
Other expenses	36	-	36	42
Note 6	2,586	563	3,149	2,570



5. (c) Allocation of Grant Making Expenditure

	2022 £000	2021 £000
Funding Theme	889	747
Neurological Conditions	675	560
Tackling Child Abuse and Neglect	348	247
Medical Research	199	105
Visual Impairment/Sight Loss	111	65
Animal Welfare	-	25
RNLI		
Total Grant Making Expenditure	2,222	1,749

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:

	Grant Making £000	Beneficiary Support £000	Total Charitable Expenditure 2022 £000	Total Charitable Expenditure 2021 £000
Direct Costs	2,222	111	2,333	1,842
Support and Governance Costs:				
Staffing costs	134	26	160	155
Professional fees	45	-	45	51
Property expenses	12	-	12	12
Other expenses	36	-	36	42
	227	26	253	260
Total Charitable Expenditure	2,449	137	2,586	2,102



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 £2,705K (2021: £2,534K) 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:

	2022 £000	2021 £000
Professional fees	32	38
External auditor fees	12	12
Staffing costs	31	31
Note 5(a)	75	81



8. Remuneration of Staff and Key Management Personnel

Staff Remuneration

Staff costs were as follows:

	2022 £000	2021 £000
Staff remuneration	143	138
Employers' National Insurance	10	10
Pension payments	7	7
	<u>160</u>	<u>155</u>

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

	2022	2021
Administration	<u>3.5</u>	<u>3.3</u>

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 £81K (2021: £78K). During the year under review there was one employee with emoluments above £60,000 (2021: one employee). One employee received remuneration in the band £70,000 - £80,000 (2021: One employee).

Employee pensions: During the year a total of £7K (2021: £7K) was paid 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 for all eligible staff who join. There was one outstanding pension contribution of £0.6K at the year-end (2021: £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 comprised an audit fee of £12K (2021: £12K). No additional services were provided in the year under review (2021: £nil).

11. Tangible Fixed Assets

	Freehold property £000	Furniture and furnishings £000	Office equipment £000	Total £000
Cost or Valuation:				
As at 1 April 2021	780	19	34	833
Additions	-	-	1	1
As at 31 March 2022	780	19	35	834
Depreciation:				
As at 1 April 2021	215	9	29	253
Charge for the year	15	2	2	19
As at 31 March 2022	230	11	31	272
Net Book Value:				
As at 31 March 2022	550	8	4	562
As at 31 March 2021	565	10	5	580

12. Investments

Investments are included at fair value, being 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.

	2022 £000	2021 £000
Market value at 1 April 2021	98,188	76,949
Additions at cost	5,831	3,142
Disposals	(6,410)	(2,961)
Unrealised revaluation of investments	6,814	21,058
Fair Value at 31 March 2022	104,423	98,188

Investments at fair value, their market value:	2022 £000	2021 £000
Unlisted investments:		
• Open ended investment companies – Domicile UK	11,713	9,844
• Open ended investment companies – Domicile Ireland	92,710	88,344
Fair Value at 31 March 2022	104,423	98,188

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

	2022 £000	2021 £000
Dividends receivable	57	55
Prepayments	9	3
	<u>66</u>	<u>58</u>

14. Creditors: Amounts Falling Due Within One year

	2022 £000	2021 £000
Taxation and social security	4	4
Accruals	74	70
Grants payable	-	20
	<u>78</u>	<u>94</u>

15. Summary of Unrestricted Fund Movements

	At 1 April 2021 £000	Income £000	Expenditure £000	Transfers £000	Gains £000	At 31 March 2022 £000
Free reserves fund:	96,232	1,996	(3,149)	(153)	7,300	102,226
Designated funds:						
1 - Funds earmarked for future commitments	2,534	-	-	171	-	2,705
2 - Fixed assets fund	580	-	-	(18)	-	562
	<u>3,114</u>	<u>-</u>	<u>-</u>	<u>153</u>	<u>-</u>	<u>3,267</u>
	<u>99,346</u>	<u>1,996</u>	<u>(3,149)</u>	<u>-</u>	<u>7,300</u>	<u>105,493</u>



15. Summary of Unrestricted Fund Movements (continued)

	At 1 April 2020 £000	Income £000	Expenditure £000	Transfers £000	Gains £000	At 31 March 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
	<u>78,097</u>	<u>1,781</u>	<u>(2,570)</u>	<u>-</u>	<u>22,038</u>	<u>99,346</u>

Free reserves fund:

Free reserves are unrestricted funds which have not been designated for other purposes, and are 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 the 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 £171K (2021: £598K) was made from the free reserves fund to the designated fund earmarked for future commitments to account for the increased level of funds earmarked for future conditional grant awards (as disclosed in Note 21 to the financial statements).
- A transfer of £18K (2021: £16K) 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 2022 £000	Year ended 31 March 2021 £000
Net Movement in Funds for the Reporting Period (as per the Statement of Financial Activities)	6,147	21,249
Adjustments for:		
Depreciation charges	19	19
Gains on investments	(7,300)	(22,038)
Investment income and interest receivable	(1,996)	(1,781)
(Increase)/decrease in debtors	(8)	10
(Decrease)/increase in creditors	(16)	17
Net Cash used in Operating Activities	<u>(3,154)</u>	<u>(2,524)</u>



19. Analysis of Changes in Net Cash

	2022 £000	2021 £000
As start of year	614	561
Net cash (outflow/inflow)	(94)	53
As at end of year	<u>520</u>	<u>614</u>

	At 1 April 2021 £000	Cashflows £000	As at 31 March 2022 £000	As at 1 April 2020 £000	Cashflows £000	At 31 March 2021 £000
Cash at bank	<u>614</u>	<u>(94)</u>	<u>520</u>	<u>561</u>	<u>53</u>	<u>614</u>

20. Financial Instruments

	2022 £000	2021 £000
Carrying amount of financial assets		
Assets measured at fair value through Statement of Financial Activities	<u>104,423</u>	<u>98,188</u>

Financial assets measured at fair value comprise unlisted investments.

21. Grant Making Contingent Liability

At 31 March 2022 the contingent liability was split as follows:

	2022 £000	2021 £000
Payable in one year	1,926	1,748
Payable in two years	676	693
Payable in three years	103	93
	<u>2,705</u>	<u>2,534</u>

22. Supported Organisations

During the year ended 31 March 2022 the following organisations were supported by The R S Macdonald Charitable Trust:



Neurological Conditions

Alzheimer Scotland	Independence at Home
Back Up Trust	Kindred Advocacy
Badenoch and Strathspey Therapy Gardens	Leuchie House
Baillieston Community Care	Macrobet Arts Centre
Barnardo's	MS Therapy Centre Lothian
Braid Health and Wellbeing	Multiple Sclerosis Centre Mid Argyll
Canine Partners	Multiple System Atrophy Trust
Capability Scotland	Parking's Self Help Group (North Lanarkshire)
Cerebral Palsy International Sports and Recreation	Parklea Branching Out
Cerebral Palsy Scotland	Playlist for Life
Charlie House	PLUS (Forth Valley) Ltd
Child Brain Injury Trust	Prince & Princess of Wales Hospice
Columcille Centre	Revive MS Support
Conservation Volunteers Scotland	Rowan Alba
Cornerstone	Royal Caledonian Horticultural Society
Dash Club	Salvensen Mindroom Centre
Drake Music Scotland	Scottish Ballet
Ecology Centre	Scottish Opera
Fife Carers Centre	SensationalALL
Friends of Seaview	Shaper/Caper
Frozen Light	Shared Lives Plus
Garvald Edinburgh	Shift.ms
Get2gether	Signpost
Glasgow Disabled Scouts	Special Needs Adventure Playground (SNAP)
Grampian Autistic Society	Spina Bifida Hydrocephalus Scotland
Grampian Hospitals Art Trust	Spinal Injuries Scotland
Hawick Congregational Community Church	St. Johnstone Community Trust
Headway Ayrshire	Strathmore Community Rugby Trust
Headway East Lothian	Sunshine Club
Headway East Lothian	Tailor Ed Foundation
Headway Glasgow	The Yard
Headway Highland	Town Break SCIO
Hope Garden SCIO	Upward Mobility (Upmo)
HopScotch Children's Charity	Whale Arts
Include Me 2 Club SCIO	Wiston Lodge
Indepen-dance	



Tackling Child Abuse and Neglect

Argyll & Bute Rape Crisis
Articulate Cultural Trust
Barnardo's
Befriend a Child
Big Hearts Community Trust
Break the Silence
Broomhouse Centre (The Space)
Centrestage Communities Ltd
Children 1st
Circle
Citadel Youth Centre SCIO
Columba 1400
Cottage Family Centre
Dean and Cauvin Young People's Trust
Fife Gingerbread
Freedom from Torture
Geeza Break
Getting Better Together Ltd
Govan HELP
Granton Youth
Hear Me
Home Link Family Support
Home-Start Clackmannanshire
Home-Start Dundee
Home-Start Stirling
Home-Start Wigtownshire
Lilias Graham Trust
Lucy Faithfull Foundation/Stop It Now!
Scotland
Moir Anderson
Notre Dame Centre
People Know How
Pilton Youth and Children's Project
Play Therapy Base Ltd
Positive Help
Reidvale Adventure Play Association Ltd
S.M.I.L.E Counselling
Safe Strong and Free
Seamab
Sistema Scotland
South Ayrshire Befriending Project (SABP)

St Andrew's Children Society
Starcatchers Productions Ltd
Support for Families
Tayside Council on Alcohol
Volunteers Tutors Organisation
With Kids



Visual Impairment/Sight Loss

ClearVision Project
Edinburgh Art Festival
Falkirk Football Community Foundation
Fife Society for the blind T/A Seescape
Fruitmarket Gallery
Deafblind Scotland
Listening Books
Living Paintings Trust
Lochaber Sensory Care
Macular Society
MusicALL Scotland
North East Sensory Services (NESS)
Pathfinder Guide Dog Programme
Royal National Institute of Blind People (RNIB)
University of Edinburgh Development Trust
Visibility Scotland
VisionPK



Animal Welfare

Amphibian and Reptile Conservation Trust
Dogs Trust
Farmersfield Rest-home for Elderly
Donkeys (FRED)
Give a Dog a Bone and an animal a home
Mossburn Community Farm
Pet Fostering Service Scotland
Ponies Help Children
Reanimate
Scottish SPCA
South of Scotland Wildlife Hospital
The Underheugh Ark
Whale and Dolphin Conservation



Medical Research

Epilepsy Research UK
Fight for Sight
Glasgow Caledonian University
INSPIRE Foundation
Juvenile Diabetes Research Foundation
MS Society Scotland
Royal College of Surgeons
Stroke Association
University of St Andrews