

THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II
(OPERATING AS “SCOTSCARE”)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021

Charity Number: 207326

**THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

CONTENTS	Page
Reference and administrative information	1
Chairman's introduction	3
Highlights 2020 to 2021	4
Trustees' report	5
Independent auditor's report	15
Statement of financial activities	17
Balance sheet	18
Cash flow statement	19
Notes to the financial statements	20

**THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II**

REFERENCE AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

Patron:

Her Majesty the Queen

Principal Office:

22 City Road, London, EC1Y 2AJ

Vice Presidents:

S. J. Steele

W.G.C.White

P. R. Hay

P.J.M. Scott

(resigned November 2020)

(resigned November 2020)

Treasurer

A. H. Gilroy

C. Somerville

(resigned November 2020)

(appointed November 2020)

Trustees:

Elected Members of the Committee of Management:

J. Chestnut (Chairman)

D. Guild

J. Grieve

B. Griffin

P.J.M. Scott

J. Harvie

D. Coughtrie

A. Christie

K. Lynch

C. McCahon

S. Clark

C. Somerville

W. Gilmore

D. McMurtrie

C. Ross

F. Oram

(retired November 2020)

(resigned July 2021)

(appointed Vice Chair July 2021)

(resigned September 2020)

(resigned November 2020)

(appointed October 2020)

(appointed January 2020)

(appointed July 2021)

(appointed July 2021)

In addition the Treasurer and Honorary Solicitor are Ex Officio Members of the Committee of Management.

Other Appointments:

Chief Executive and Secretary:

S. Fleming

Honorary Chaplains:

The Reverend P. Majcher

The Reverend Angus MacLeod

(resigned November 2020)

Honorary Piper

Pipe Major J. McLucas

**THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II**

REFERENCE AND ADMINISTRATIVE INFORMATION (continued)

FOR THE YEAR ENDED 31 MARCH 2021

Auditors:

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Honorary Solicitor:

Danny Tsang
Simmons & Simmons LLP
CityPoint
One Ropemaker Street
London
EC2Y 9SS

Bankers:

The Royal Bank of Scotland plc
1, Fleet Street,
London.
EC4Y 1BD

Investment Adviser:

Sarasin & Partners LLP
100 St Paul's Churchyard
London
EC4M 8BU

**THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II**

CHAIRMAN'S INTRODUCTION

FOR THE YEAR ENDED 31 MARCH 2021

Dear Friends,

I am privileged to be able to present our annual Report and Financial Statements for the year ended 31 March 2021.

The year was truly a unique year in that everything we did was impacted by the covid pandemic. The world was dealing with a deadly disease and in the UK we were subject to a range of protective measures as the government struggled to combat the threat. As infection and death rates varied these measures at times became quite restrictive.

In an environment where at many times personal movement and contact with others was restricted and human interaction was affected by requirements to be masked and physically distanced, ScotsCare continued to operate and to serve our clients to the greatest extent possible. Credit must go to our Chief Executive Shona Fleming and her team of capable, dedicated people. The charity continues to be strong and stable.

Our mission is to help Scots in need within the Greater London area in a variety of ways, depending on assessed need: housing, health (physical and mental), advocacy, financial grants, training, housing advice, volunteer programme, career coaching, counselling, respite holidays and social events. In recent years we have increased our focus on supporting children and families, the objective being to stop the cycle of poverty, low educational attainment and unemployment.

In the covid environment inevitably some of our programmes were not possible (such as social events) and some were curtailed (such as counselling) but to the extent possible adjustments were made to meet the current needs of clients (such as grants to help home schooling and food parcels for those self-isolating). Importantly, the charity maintained contact with all clients.

Our three sheltered housing sites now provide 96 flats in total. Our construction project to build 12 new flats at our site in Lewisham was completed within budget and with minimal delay, despite the constraints of the pandemic.

Effective communication continues to be an important area of focus. It is critical that we continue to develop awareness of ScotsCare throughout the Scottish community in London and this year has featured the launch of our signature film, which clearly communicates examples of our services, and advertising across a range of platforms from Facebook to traditional press.

In the Trustees' Report you will see details of the extensive and varied work done by our staff of 21 and volunteer group of 76. We are fortunate to have such a body of impressive people, particularly in these unusual times. Thank you to everyone.

As a body of trustees, we continue to review our governance structure to ensure that it is relevant and efficient for a 21st century charity. Thank you to all my fellow trustees, including those who have retired during the past year, for their dedication and hard work.

Thank you also to all who generously donated to ScotsCare during the year, whether funds or time and talents; you are critical to our mission.

DocuSigned by:

James Chestnut

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James Chestnut

Chairman

HIGHLIGHTS 2020 to 2021



THE ROYAL SCOTTISH CORPORATION THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The Royal Scottish Corporation ("the Corporation") is the working name of the Scottish Hospital of the Foundation of King Charles II. It operates under the name ScotsCare and is registered with the Charity Commission for England and Wales – registration number 207326. Details of the principal office, Trustees, Chief Executive and principal advisers can be found in the reference and administrative information section on pages 1 and 2.

The Trustees present their report and the audited Financial Statements for the year ended 31 March 2021, which have been prepared in accordance with the provisions of the current Statement of Recommended Practice Accounting and Reporting by Charities and the relevant accounting standards.

Governing Document

The Corporation is governed by Royal Charters of 1665, 1676, the Charter of Reincorporation of 1775, as amended in 1974 and 1982 and by Bye-Laws, which were last amended on 14 July 2004.

Appointment and Induction of Trustees

As provided in the Charter and Bye-Laws, there are 5 General Courts each year. The Officers and Trustees are elected at the St Andrew's Day Court. There are up to 15 Trustees, and each serve for a period of 3 years. Up to 5 Trustees retire each year but may stand for re-election.

Trustees, including any Vice President (exercising their right under the Bye-Laws), the Treasurer and the Honorary Solicitor constitute the Committee of Management. Trustees are recruited by recommendation, or through advertisement, and are required to attend two meetings of the Committee of Management and a selection of the Sub Committees preceding their election. Regard is given to the skills and experience of the potential trustee and that required by the Charity.

On appointment, each trustee is required to undertake an induction which includes reviewing information about the charity including its governing document, strategy, finances, staffing structure, risk register and briefings from staff on the work of the organisation. Their attention is drawn to relevant Charity Commission guidance, including The Charity Governance Code.

Organisation

The Committee of Management meets quarterly and can appoint sub-committees to discuss and make recommendations on more detailed aspects of strategy and policy. There are currently five sub-committees: the Audit, the Investment, the Welfare, the Communications and the Nominations sub-committees.

The Chief Executive is appointed by the Trustees to manage the day-to-day operations of the Charity. The Chief Executive has delegated authority, within the terms prescribed by the Trustees, for operational, finance and service delivery related activity.

Key Management

The Chief Executive and the Committee of Management (unpaid Trustees) make up the organisation's key management. The Chief Executive's salary is based on an annual pay and appraisal system set by the Committee of Management.

Trustees Responsibilities and Risk Management

Law applicable to charities in England and Wales requires Trustees to prepare financial statements for each financial year, which give a true and fair view of the Foundation's financial activities during the year and of its financial position at the end of the year. In preparing financial statements that give a true and fair view, the Trustees should follow best practice and

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards and SORP have been followed, subject to any departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Charity will be able to continue in operation.

**THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II**

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

Trustees Responsibilities and Risk Management (continued)

The Trustees of the Corporation are responsible for safeguarding the assets of the Corporation, and for taking reasonable steps for the prevention and detection of error, fraud and other irregularities. They are also responsible for keeping accounting records which disclose, with reasonable accuracy, the financial position of the Corporation at any time, and ensure that the financial statements comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provisions of the Royal Charters and Bye-Laws.

We have overall responsibility for:

- keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Corporation and the funds held in trust;
- establishing and monitoring a system of internal control;
- ensuring that the Financial Statements comply with applicable law and regulations; and,
- establishing arrangements for safeguarding the assets of the Corporation and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The systems of internal control are designed to mitigate risk and include a strategic plan, regular consideration by the Committee of Management of the actual results compared to budget and any variances arising, formal written policies and procedures and detailed terms of reference for Sub Committees.

Detailed consideration of the risks to which the Corporation is exposed is delegated to the Audit Sub-Committee, which is assisted by the management team. Through established risk management processes, we are satisfied those systems and procedures are in place to manage the risks identified while recognising that these systems can only provide reasonable and not absolute assurance.

The key risks to which the Charity is exposed are the loss of investment income, the resignation or ill health of the CEO and the health and safety of staff. The Trustees have borne the investment income risk in mind when determining the level of free reserves and regularly review our reserves policy. Our CEO manages a strong senior management team with the appropriate skills and experience to manage the day to day operations should there be a loss of key staff. In relation to the health and safety of the charity's employees, the charity has followed government Covid-19 guidance at all times and implemented the appropriate risk assessments. Furthermore, the Charity considers its staff may be at personal risk when working with clients and interview rooms have been designed to mitigate this risk together with appropriate written procedures and a lone working alert system (Look Out Call) for staff to use and follow when working outside the office.

Related parties

None of the trustees receives remuneration or other benefits from their work with the charity. Trustees are invited to declare any relevant interests at each board meeting and are formally requested to submit an annual related party and conflicts of interest form. Board members have reported no relevant interests or transactions.

Equality and diversity

We are committed to equality and diversity at ScotsCare and ensure that within the framework of the law that our workplace is free from unlawful or unfair discrimination because of protected characteristics as defined by the Equality Act 2010. All employees are provided with a copy of our policy as part of their induction process and are expected to abide by it. Failure to do so, resulting in discrimination, can be treated as gross misconduct. This policy applies both to behaviour in the workplace and recruitment practices. We are engaged in monitoring at board and staff level equality and diversity within the organisation.

**THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II**

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

Strategy

ScotsCare has provided support to Scots and their families in London for over 400 years. Our strategy for 2019 to 2022 sets out our objectives for three priority clients: children and families; older people and working age adults.

Royal Charter

The object of the Corporation is: "to relieve either generally or individually persons resident or found within a radius of 35 miles of Charing Cross, who are in conditions of need hardship or distress, being persons who were born in Scotland or persons one of whose parents was born in Scotland and widows of persons born in Scotland."

Vision

Our vision is an end to the cycle of deprivation experienced by Scots and their families living within a 35-mile radius of Charing Cross.

Purpose

Our purpose is to provide financial, practical and emotional support to Scots and their families in London.

Values

Our values are that we are a caring, progressive, and effective organisation.

- **Caring**
To provide a high quality of support to Scots and their families.
- **Progressive**
Listening to the needs of our beneficiaries and responding to that need in a way that breaks the cycle of deprivation.
- **Effective**
Good governance, partnership working and investment in our people is key to our success.

Our clients

ScotsCare assists Scots and their families who are in need of financial, practical and emotional assistance.

Historically, the organisation has delivered a grant giving programme but has evolved to provide a holistic service to clients that includes a needs led assessment to provide direct services or signposting to specialist support services.

Most of our clients have support needs over and above financial assistance. Many are socially excluded from society and face a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, living in areas of high crime, bad health and family breakdown. These problems are linked and mutually reinforcing so that they can create a vicious cycle in people's lives.

Our clients receive state benefits or are on low incomes, generally without support networks, socially isolated and often unable to negotiate the public sector system, including the benefits system. A significant number of our clients have additional support needs such as mental and physical ill health, debt problems and issues around substance misuse.

Our priority clients are:

- Children and families
- Older people
- Working age adults

**THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II**

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

Strategic objectives

Children and families

All families can face difficult times, whether it's a parent with a diagnosed mental health problem, substance misuse issues or, poor housing exacerbated by long term poverty. We want to help families by providing services that will support them to address difficult situations that will improve the life chances and future opportunities for their children.

Our objectives will be to help them:

- reduce the effects of poverty through financial assistance;
- have their voices heard through advocacy on issues that are important to them;
- address the issues faced by children and families to improve their mental and physical wellbeing;
- engage with training and employment opportunities; and,
- access social, cultural and educational opportunities for their children.

Older people

Building a sense of community; reducing social isolation and loneliness; promoting well-being and healthy living is all part of providing our clients with services that are suited to their needs.

Our objectives will be to help them:

- increase their independence within the community;
- reduce their social isolation and loneliness;
- access housing appropriate to their needs;
- increase their digital skills and knowledge; and,
- access social activities.

Working age adults

Providing access to training and job coaching support which moves individuals closer to employment is an important aim of this strategy. Our experience is that not all clients can engage with these opportunities, but for those who can, we will provide access to tailored support.

Our objectives will be to help them:

- identify barriers to employment;
- engage with personalised job coaching;
- access grants for specific training or education courses; and,
- move into employment.

**THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II**

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

Support services

To realise our strategic objectives we will aim to provide:

All clients, as appropriate, with:

- access to our helpline and walk-in service as the first point of contact;
- individual assessment of need and benefits check;
- budgeting advice and debt referral if appropriate;
- financial grants to purchase household items;
- advocacy;
- counselling;
- signposting to health and substance misuse services;
- housing advice; and,
- access to volunteering opportunities.

Children and families with:

- job coaching and grants for training;
- volunteer befrienders;
- access to a programme of annual social events;
- access to our volunteering opportunities;
- children's clothing and activity grants; and,
- children and families activity holidays.

Older people with:

- assessment of need for ScotsCare's sheltered housing;
- programme of annual social events;
- volunteer befrienders; and,
- volunteer tech buddy programme.

Working age adults with:

- grants for training or study; and,
- job coaching.

Achievements and Performance

Public Benefit

The Trustees have had regard to the Charity Commission's guidance on public benefit during the year. The Charity meets the Public Benefit test set out by the Charity Commission by providing the following services:

- sheltered housing on three sites in London: Grove Park in Lewisham; Whetstone in Barnet; and Worple Road in Wimbledon. Residents must be over 55, or over 50 with a significant disability, to qualify for the sheltered housing;
- a menu of financial grants and regular monthly allowances;
- support services: advocacy; psychotherapy and job coaching;
- signposting to other services generally;
- volunteering opportunities across the organisation;
- grants to help students and the unemployed who require additional training before returning to work; and,
- annual programme of social events for families and older people.

To qualify for any of the above, an applicant must be assessed by the Corporation's professional staff and have exhausted state or other welfare provision. The Corporation's staff assists in this process by carrying out a benefits check to ensure the proper take-up of state benefit entitlement as well as signposting to relevant services.

THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

Numbers of the members of the public benefiting from our services

	2020-21	2019-20	2018-19
Affordable housing	96	84	84
Regular monthly allowances	49	49	60
Financial grants	807	1,056	1,019
Trained and supported volunteers	76	77	75
Blether Buddies befriending project	73		
Number of people attending social events	0	1,548	1,553
Helpline calls	6,269	7,070	2,213
Student and training grants	30	29	30
Adults assessed for services	564	724	552
Children benefiting from services	255	452	462
Advocacy cases	71	91	85
Counselling sessions	268	317	274
Job coaching	0	6	5

Detailed one-to-one assessments of our clients are carried out at their home, on the telephone or at our office on City Road. The assessment includes the collection of information that helps us to provide the most appropriate services that tackle long-term deprivation. Our objective is to identify and achieve defined outcomes for each client, thus measuring and quantifying the impact we have on our clients' lives. This more focused approach has resulted in more grants and services to the most vulnerable of clients, and the impact of our intervention has been greater for most clients.

Expenditure by Priority	2020-21	2019-20	2018-19
	£	£	£
S1- children and families	194,337	229,830	176,020
S2- older people	63,526	80,842	98,511
S3- working age adults	94,176	123,488	131,957
Total	352,039	434,160	406,488

Volunteer programme

Our volunteers provide significant support and assistance across the organisation. Due to Covid-19 many of the support roles to assist staff and clients on an in-person basis were stopped. Our telephone befriending service expanded quickly to support existing and new clients during the pandemic. In total, our Blether Buddy volunteers made 2,744 calls totalling 1,009 hours.

We are fully committed to providing our volunteers with the best training so that the organisation continues to benefit from their input. Over the past year, our volunteers were able to fulfil the following roles:

Blether Buddy befriender (at home)	27
Blether Buddy befriender (telephone)	5
Tech Buddy	4
Travel Buddy	1
Reception	0
Monthly lunch clubs for over 50s	0
Attendance at annual client outings	0
Administrative	0
Communications team support	0
Residents' coffee mornings	0

THE ROYAL SCOTTISH CORPORATION THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

Development of 12 new homes for older people

In 1984, ScotsCare began to provide supported sheltered housing for some of the most vulnerable older people in London and has 96 flats across three sites: Barnet, Wimbledon, and Lewisham. In 2019, we were granted permission to build an additional 12 flats at our Lewisham site in Grove Park. The value of the contract was £2,671,734. Construction began in July 2019 and completed 29 September 2020. Despite the Covid-19 pandemic, we completed this project with a six-week delay and on budget. The development of these 12 one-bedroomed homes increases our stock to 96 flats and provide much needed housing and support to older Scots living in London.

Monitoring and Evaluation

In line with our strategic objectives, we monitor and evaluate our work by using an outcomes framework to track the progress of individual clients over the course of their involvement with us. These outcomes consider a range of indicators and are reported to Trustees on a quarterly basis. Our client database and theory of change dashboard provide further ways to monitor, evaluate and report on our work. As part of our theory of change work, we collect information from our children and families' clients so that we can build a picture of longer-term outcomes by tracking their children's progress through the national pupil database.

We continue to use a series of surveys developed to receive regular feedback from clients, tenants, and volunteers to measure satisfaction levels and areas for improvement or additional services. The purpose of these surveys is to help determine future strategy and to assist with the planning and improvement of specific services. The feedback also provides the necessary evidence of ScotsCare's effectiveness and increases awareness of our services amongst our beneficiaries.

Increasing Awareness

The importance of raising awareness through our communications is important to us if we are to reach more Scots in London who need our help. Our Communications Strategy for 2020-22 was developed to strengthen the brand identity and to ensure that we continue to communicate effectively internally and externally with the appropriate key messages to our staff, volunteers, clients and key stakeholders.

Raising our profile

Marketing

To coincide with the launch of our new website and signature film in October 2020, we engaged the support of a digital public relations company to assist us with Facebook advertisements. The adverts focused on ScotsCare services and used the films to showcase how the different clients featured had received services. Our aim was that new and existing clients would be able to identify with the participants and access support for themselves or know of someone who needed our support. To maximise the impact, we engaged the PR company in a re-targeting campaign to capture anyone that had previously viewed the adverts but did not take initially take any action.

To coincide with the new website going live, we sent out a press release just after St Andrew's Day to promote the launch of the signature film covering services such as counselling, advocacy, financial grants, social events, sheltered housing and more. The press release led to stories appearing in the Camden News Journal, Charity Today and South London Press. On social media we encouraged supporters to share/retweet our posts relating to the launch which led to BBC Football pundit (and former Scottish International player) Pat Nevin retweeting the signature film launch post to his supporters.

In February 2021, we sent out ScotsCare presentation folders with services related marketing materials, alongside other merchandise (tote bags and oyster wallets) to new clients. A similar exercise had been done in August 2019 to capture all active clients on our system prior to that date.

Acknowledging that 2020 had been a difficult year for many of us due to Covid 19, we produced a Christmas card to go out to all clients, supporters, and donors. This exercise allowed us to remind them that we were thinking of them and here to help.

We have maintained our general services leaflet campaign across London GP surgeries and hospital A&E departments. From November 2020 to April 2021 just over 82,000 leaflets were picked up. The first quarter of this financial saw a small increase on the previous quarter, and it is expected that pickup rates should significantly increase in the coming months as GP surgeries return to in person appointments.

THE ROYAL SCOTTISH CORPORATION THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

Advertising

Adverts promoting our services have appeared in the Camden New Journal, London Metro, Westminster Extra, Caledonian Club magazine, GP Health Magazine and Direction's magazine. A digital ScotsCare advert banner appeared briefly in some London based gyms in December 2020.

Pitch side advertisements at several 2020 rugby internationals were organised and screened on Amazon Prime and highlighted on Channel 4 thus increasing our media reach.

Events

Due to Covid-19 restrictions limiting face to face interaction, all events were cancelled during the year.

Working with other organisations

Our involvement on the Scots in Great War London working group, set up to highlight the contribution of Scots during World War One was a successful collaboration with 10 other Scottish organisations operating in London. The organisations that came together to form Scots in Great War London has now grown to 17 organisations who will build on the success of the networking and collaboration during 2016-19 by forming a new Scots in London umbrella group. The work required to formally set up this umbrella group was put on hold during the pandemic but will be progressed now that restrictions have lifted. The purpose of this group will be to continue the networking and collaboration that proved so beneficial during the SIGWL project, and together to promote our individual organisations across the Scottish diaspora in the broad "London" area.

Covid-19

Before the end of the financial year to March 2020, we were faced with significant challenges due to Covid-19. Our initial response was to ensure the safety and wellbeing of our staff, clients and volunteers. We have always followed government guidance and worked from home when it was compulsory to do so and transitioned back to a level of outreach work and working in the office when restrictions were lifted and with the correct risk assessments in place.

We have made regular contact with all clients to provide support where it was needed, problem solving along the way to provide bespoke support, and ensured that our clients know how to contact us. Our grants programme was interrupted due to the closure of many of our suppliers, but we adapted to the needs of our clients and their children by offering new grants such as tablets for children who were home schooling, food parcels to those who were self-isolating and expanded our volunteer befriending service to include those who were more socially isolated than normal. We have paid close attention to the mental health needs of our clients, including children, and begun the process of developing a new children and families psychotherapy service which we hope will be available from November 2021.

Whilst face to face assessments with clients have significantly reduced, we have maintained contact with our clients by phone and have regular and scheduled staff, volunteer, and trustee meetings. The Senior Management Team continue to meet on a weekly basis to address any issues or concerns as they arise. This has been particularly important to ensure staff wellbeing and to manage the transition back to outreach work for our outreach staff as well as continuing to provide our other services.

Over the past year, all staff were assessed and provided with new IT equipment which will enable a smooth transition and provide more flexibility for staff as we adopt a hybrid working environment. These new working arrangements allowed us to reduce our head office space and reconfigure it to accommodate the reduced number of staff returning to the office in September 2021.

We have been incredibly proud of our staff and volunteers since the early days of lockdown and throughout the past 18 months of the pandemic; their resilience and commitment in difficult circumstances has been admirable throughout.

Fundraising

ScotsCare is registered with the Fundraising Regulator but does not engage in public fundraising and does not use professional fundraisers or commercial participators. Nonetheless, we do observe the relevant fundraising regulations and codes. ScotsCare will never call to ask someone to donate or pass on their details. We do use databases to keep track of clients' needs and to communicate better with our volunteers. How we use this information is clearly stated in our Privacy Policy which is available on our website. No complaints were received during 2020/21.

**THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II**

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

Financial Review

The results for the year are shown in the Statement of Financial Activities

- Incoming resources totalled £2,713,850 (2020: £2,655,119) and total resources expended were £2,516,470 (2020: £2,684,352). This resulted in a surplus of £197,380 (2020: deficit £29,233);
- Incoming resources for the year derive predominantly from investment income and interest of £1,369,303 (2020: £1,394,620) plus rental income from residential housing of £1,141,808 (2020: £1,165,281);
- Legacies, covenants/gift aid events and donations amounted to £41,092 (2020: £23,155). Coronavirus Job Retention Scheme (CJRS) Grants £85,295 (2020: £0).
- Realised gains on investments amounted to £590,805 (2020: £365,935);
- Unrealised gain on investments amounted to £6,619,399 (2020 unrealised loss: £3,274,713);
- The total funds as at 31 March 2021 amounted to £56,002,502 (2020: £48,594,918).

The construction of an additional 12 units at our residential site at Grove Park, Lewisham completed in September 2020 within budget. Fees for this project, incurred during 2020-21, were capitalised and appear on the balance sheet.

Associated Charities & Related Charities

The Corporation is the sole Trustee of the Kinloch Bequest (Charity No. 210067) and has been given power to delegate its responsibilities to a committee drawn from among the Trustees of the Corporation.

Trustees of the Corporation are also appointed as Trustees of the St Andrews Scottish Soldiers' Club Fund (Charity No 233297).

The objects of the above charities are distinct from those of the Corporation and, accordingly, they are not considered to be subsidiary charities. Their results, assets and liabilities do not form part of these financial statements.

Investment Management

The investments of the Corporation are managed by the investment advisers, Sarasin & Partners LLP and UBS AG (until September 2020) under discretionary mandates that provide for annual fees based on the average value of the respective portfolios managed by them.

The Corporation has adopted guidelines for the investment of its funds which are intended to allow flexibility in the range and classes of investment subject to protection against imprudent investment actions, decisions and practices. The primary objectives are:

- The generation of income at a level consistently and reasonably balanced between the need to conserve and increase long-term capital and the need to generate income for the activities of the Corporation
- The achievement of a level of income sufficient to enable the Corporation to grow the scale of its charitable activities in real terms

No specific investment exclusions have been set. However, the Sarasin Fund in which ScotsCare invests does not invest in tobacco and avoids investment in companies that have more than 10% of their turnover in alcohol manufacture, armaments, gambling or pornography.

The Investment Sub Committee reviews the performance of the portfolio with the Investment Advisers quarterly and reports to the Committee of Management.

The Investment Sub Committee conducts an evaluation of the Investment Advisers on an annual basis. The evaluation includes consideration of the investment strategy and the process of the Investment Advisers and performance against benchmarks.

In the year to 31 March 2021 the investment income amounted to £1,369,303 (2020: £1,394,620). The brokerage commission amounted to £109,164 (2020: £57,130) and the investment management fees were £188,262 (2020: £212,773). The market value of the portfolio as at 31 March 2021 amounted to £45,418,040 (2020: £38,416,356).

**THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II**

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2021

Reserves

The position disclosed by these Financial Statements shows that as at 31 March 2021 the unrestricted reserves of the Corporation amounted to £10,999,562. This sum comprises (a) £10,249,203 of Functional Fixed Assets and (b) £750,359 the balance of unrestricted free reserves. The target fund of free reserves is £1.3 million. The Trustees are confident that the charity holds sufficient reserves for operational purposes which include a ten-year cyclical maintenance plan. We regularly review our reserves policy which is linked to the major risks and opportunities for the organisation. The restricted funds as at the year-end amounted to £62,064.

Functional Fixed Assets

These assets are the Corporation's three residential properties providing accommodation for the elderly.

Unrestricted Free Reserves

Unrestricted free reserves are represented by other net assets available at the Trustees full discretion in the conduct of the Corporation's affairs.

We consider that for the smooth running of the Corporation and as a protection against exceptional expenditure or a drop in income, a level of available expendable reserves is necessary. The current level of available expendable reserves of £805,358 represents approximately 1.44% of the net assets of the Corporation and approximately four months of normal expenditure.

The total reserves at 31 March 2021 are £56,002,502. It comprises unrestricted fund: £10,999,562, restricted fund: £62,064, endowed fund: £44,940,876.

Future plans

We have agreed on an annual budget to support and contribute to the ongoing development and delivery of client support services throughout the coming year with a spend of £2.7 million in 2021-22.

The annual programme of services will be delivered: -


- using direct interventions where resources can be most effective;
- identifying and signposting to other appropriate services for the benefit of clients;
- supporting and investing in our staff and volunteers through training and development; and,
- working with other organisations, societies, churches, charities and agencies.

Next year we will:

- continue to monitor and progress the objectives set out in our operational strategy for 2019-22;
- develop a children and families support service to assist vulnerable families to access services and support, in particular those children with special educational and mental health needs;
- continue to develop and implement a new children and families psychotherapy service;
- expand our volunteering programme to include a befriending service for children and families;
- continue to implement our communications strategy for 2020-22 to increase the number of individuals benefitting from our services; and,
- complete the formal process to modernise our Bye-Laws and Charter.

Approval

This report was approved by the Trustees on 13 October 2021 and signed on their behalf by: -

DocuSigned by:

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James Chestnut
 Chairman

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF**THE ROYAL SCOTTISH CORPORATION****THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II****FOR THE YEAR ENDED 31 MARCH 2021****Opinion**

We have audited the financial statements of The Scottish Hospital Of The Foundation Of King Charles II (Royal Scottish Corporation) for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 the charity's net movement in funds 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 Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II
FOR THE YEAR ENDED 31 MARCH 2021

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement on page 5 and 6, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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.

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.

Based on our understanding of The Royal Scottish Corporation, we identified that the principal risks of non-compliance with laws and regulations relates to the regulatory requirements of Trust law, Health and Safety Act and Employment law and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and the application of FRS 102 and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to application of controls around authorisation of journals and, expenditure and payments. Audit procedures performed by the engagement team included:

- Enquiries of management regarding correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular, journal entries, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Reviewing the procedures around approval of grants and authorisation of payments.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP

Haysmacintyre LLP
 Statutory Auditors
 10 Queen Street Place
 London EC4R 1AG
 Date: 17 November 2021

THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Endowed 2021 £	Total 2021 £	Total 2020 (Restated) £
Income from:						
<i>Donations and legacies</i>	2	41,092	-	-	41,092	23,155
<i>Grants - CJRS</i>		85,295			85,295	-
<i>Investments</i>	3	1,369,303	-	-	1,369,303	1,394,620
<i>Charitable activities</i>						
Income from residential property	4	1,141,808	-	-	1,141,808	1,165,281
Income from services in respect of homeless people	5	76,352	-	-	76,352	72,063
Total income		2,713,850	-	-	2,713,850	2,655,119
Expenditure on:						
<i>Raising funds</i>						
Investment management costs	6	70,804	-	212,413	283,217	316,225
<i>Charitable activities</i>						
Welfare	7	1,455,095	-	-	1,455,095	1,750,493
Residential property	7	778,158	-	-	778,158	617,634
Total expenditure		2,304,057	-	-	2,516,470	2,684,325
Net income/(expenditure) before investment gains/(losses)		409,793	-	(212,413)	197,380	(29,233)
Realised gains/(losses) on investments		-	(2,070)	592,875	590,805	365,935
Unrealised gains/(losses) on investments		-	11,720	6,607,679	6,619,399	(3,274,713)
Net realised/unrealised gains/(losses)	12	-	9,650	7,200,554	7,210,204	(2,908,778)
Net movement in funds		409,793	9,650	6,988,141	7,407,584	(2,938,011)
Reconciliation of funds:						
Total funds previously stated in 2020 accounts		10,672,577	52,414	37,952,735	48,677,726	51,532,929
Prior year adjustment in 2021 accounts	19	(82,808)	-	-	(82,808)	-
Total funds brought forward (restated)		10,589,769	52,414	37,952,735	48,594,918	51,532,929
TOTAL FUNDS AT CARRIED FORWARD		10,999,562	62,064	44,940,876	56,002,502	48,594,918

All transactions are derived from continuing activities. All recognised gains and losses are included in the Statement of Financial Activities.

**THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II**

BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 (Restated) £
FIXED ASSETS			
Tangible assets	11	10,249,203	9,017,672
Investments	12	45,418,040	38,416,356
		<u>55,667,243</u>	<u>47,434,028</u>
CURRENT ASSETS			
Debtors	13	135,035	191,741
Cash at bank and in hand		637,920	1,290,297
		<u>772,955</u>	<u>1,482,038</u>
CREDITORS: amounts falling due within one year	14	(312,516)	(148,858)
NET CURRENT ASSETS		<u>460,439</u>	<u>1,333,180</u>
CREDITORS: amounts falling due after one year	15	(49,730)	(62,290)
Provisions for liabilities and charges	18	(75,450)	(110,000)
		<u>56,002,502</u>	<u>48,594,918</u>
FUND BALANCES			
Endowed Funds	20&21	44,940,876	37,952,735
Restricted Income Fund	20&21	62,064	52,414
Unrestricted Income Fund (restated)	20&21	10,999,562	10,589,769
TOTAL FUNDS		<u>56,002,502</u>	<u>48,594,918</u>

The financial statements were approved and authorised for issue by the Trustees on 13 October 2021 and are signed on its behalf by:

DocuSigned by:

James Chestnut

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J. Chestnut
Chairman

Colin Somerville

C. Somerville
Treasurer

THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Cash flows from operating activities	(862,459)	(1,355,540)
Cash flows from investing activities		
Dividends and interest	1,369,303	1,394,620
Purchase of investments	(12,769,787)	(8,600,962)
Purchase of fixed assets	(1,367,741)	(1,486,721)
Proceeds from sale of investments	13,194,455	10,265,767
Net cash provided by investing activities	426,230	1,572,704
Change in cash and cash equivalents in the year	(436,229)	217,164
Cash and cash equivalents at the Beginning of the year	1,734,319	1,517,155
Cash and cash equivalents at the end of the reporting year	1,298,090	1,734,319

NOTES TO THE CASH FLOW STATEMENT

	2021	2020
	£	£
Reconciliation of Net Movement in Funds to Net Cash Flow from operating Activities		
Net movement in funds	7,407,584	(2,938,011)
(Gains)/losses on investments	(7,210,204)	2,908,778
Depreciation charges	136,210	104,000
Decrease in debtors	56,706	1,257
Increase/(decrease) in creditors	116,548	(36,944)
Dividends and interest from investments	(1,369,303)	(1,394,620)
Net cash used in operating activities	(862,459)	(1,355,540)

Analysis of Cash and Cash Equivalents	2021	2020
	£	£
Cash at bank and in hand	637,920	1,290,297
Cash held by investment managers	660,170	444,022
	1,298,090	1,734,319

Note 17 shows the net movement in funds/debt.

THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) 2nd edition effective for periods commencing on or after 1 January 2019 – (Charities SORP FRS102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going Concern

Given the charity's level of free reserves available at the year end, the Trustees consider that the charity has adequate resources to continue in operational existence for the foreseeable future and that there is no material uncertainty connected with the charity's ability to continue to operate as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

The Trustees acknowledge and recognise the impact of the COVID-19 pandemic on the operations of the Charity, its beneficiaries, partners, stakeholders and on the wider society, and have ensured that both resources and processes are in place to mitigate any disruption to its operations. As a result, the impact of the COVID-19 pandemic does not warrant any adjustments to these financial statements.

Significant judgements and estimates

Judgements made by the trustees, in the application of these accounting policies have significant effect on the financial statements. In the opinion of the trustees, in 2020-21 the significant judgements and estimates were applied to retired staff pensions, the useful economic life of the residential properties, and the provision for dilapidation. The details of these judgements and estimates are included in the relevant notes.

1.2 INVESTMENTS

Listed 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 quoted market price. All movements in value arising from investment changes or revaluation are shown in the Statement of Financial Activities.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and either 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 and the carrying value at year end. Realised and unrealised investment gains (or losses) are combined in the Statement of Financial Activities and are credited (or debited) in the year in which they arise.

1.3 TANGIBLE FIXED ASSETS

Freehold Land & Buildings

Under the previous GAAP, land and buildings were stated at valuation. On transition to FRS 102 an election was made to use the valuation at 2014 as the deemed cost and no depreciation on buildings was made as the amount involved was deemed immaterial. Following reappraisal in 2019-20 depreciation of buildings is now made annually at 2% of deemed cost.

Fixtures, Fittings & Equipment

Fixtures, fittings and equipment are depreciated at an annual rate of 10% of cost.

IT Equipment

IT equipment is depreciated at an annual rate of 33.33% of cost.

THE ROYAL SCOTTISH CORPORATION**THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 MARCH 2021****1.4 DEBTORS**

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. A specific provision is made for debts for which recoverability is in doubt.

1.5 CASH AT BANK AND IN HAND

Cash at bank and cash in hand includes cash and short term highly liquid investments.

1.6 CREDITORS AND PROVISIONS

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Creditors and provisions are recognised at the amount the Charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

1.7 PROVISION FOR UNFUNDED PENSIONS

Provision has been made for the unfunded pensions paid by the Charity to certain former employees. The pensions are to be paid during their lifetime. The pension liability was calculated using the return on investment and average life expectancy of women.

1.8 PROVISION FOR LIABILITIES

Provision has been made for expected property costs at the end of the leases based on the lease terms, management's assessment of the property condition and the likely costs. The estimation involves a level of trustee judgement and will be reassessed annually.

1.9 FUND ACCOUNTING

Funds held by the charity are either:

- Unrestricted funds – which can be used in accordance with the charitable objects at the discretion of the trustees
- Endowment funds – the income from which can be used for the general purposes of the charity, in accordance with the charitable objectives and at the discretion of the trustees
- Restricted funds – which can only be used for particular restricted purposes within the objects of the charity, either when specified by the donor or when funds are raised for particular restricted purposes

1.10 INCOME RECOGNITION

Income is recognised in the period in which the Charity has entitlement to the income, where the amount of income can be measured reliably, and it is probable that the income will be received. In accordance with Charities SORP FRS 102, volunteer time is not recognised.

1.11 LEGACIES, GIFT AID & DONATIONS

Legacies, covenants and donations are accounted for on a cash received basis. The Coronavirus Job Retention Scheme (CJRS) grant has been recorded as a separate unrestricted income. The grant was recognised on an accruals basis.

1.12 INVESTMENT INCOME & INTEREST

Investment income is recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when it is receivable, and the amount can be measured reliably by the Charity; this is normally upon notification from the bank of the interest payable or paid.

1.13 RENTAL INCOME

Income from the rental of functional properties is recognised when the income is receivable under the contract for hire or lease document, when the amount can be measured reliably, and it is probable such income will be received.

THE ROYAL SCOTTISH CORPORATION**THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 MARCH 2021****1.14 EXPENDITURE**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. Support costs are allocated in the same proportion as direct costs are incurred. All expenditure is stated inclusive of irrecoverable VAT.

All eligible members of staff are auto enrolled in a workplace pension scheme. Employer contributions to the scheme are charged to the Statement of Financial Activities in the year in which they are payable to the scheme. In addition, supplementary pension payments are made directly to certain former employees.

1.15 OPERATING LEASES

Rentals payable under operating leases for equipment are charged on a straight-line basis over the terms of the leases.

1.16 EMPLOYEE BENEFITS

- **Short term benefits**
Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.
- **Employee termination benefits**
Termination benefits are accounted for on an accruals basis and in line with FRS 102.

1.17 HERITAGE ASSETS

No value is attributed to heritage assets on the basis that information on cost or valuation of the assets is not available and could not be obtained at reasonable cost. The age, variety and lack of comparable market data would make any attempt at valuation extremely onerous and costly compared with the benefit derived by users of the account.

THE ROYAL SCOTTISH CORPORATION

THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

2. DONATIONS AND LEGACIES

	2021 £	2020 £
Legacies	11,092	5,776
Donations	30,000	13,689
Events	-	3,600
Other Items	-	90
	<u>41,092</u>	<u>23,155</u>

All income from donations and legacies in 2020 and 2021 was unrestricted.

3. INVESTMENT INCOME – UNRESTRICTED FUNDS

	2021 £	(Restated) 2020 £
Dividend and interest on investments	1,368,840	1,394,494
Bank deposit interest	463	126
	<u>1,369,303</u>	<u>1,394,620</u>

	As previously stated in the 2020 accounts £	Adjustment £	As restated in the 2021 accounts £
Investment income	1,477,428	(82,808)	1,394,620
	<u>2,737,927</u>	<u>(82,808)</u>	<u>2,655,119</u>

4. INCOME FROM CHARITABLE ACTIVITIES – UNRESTRICTED FUNDS

	2021 £	2020 £
Rent		
Income from residential property	1,141,808	1,165,281
	<u>1,141,808</u>	<u>1,165,281</u>

5. MANAGEMENT FEE – UNRESTRICTED FUNDS

	2021 £	2020 £
Fees for services in respect of homeless people	76,352	72,063
	<u>76,352</u>	<u>72,063</u>

THE ROYAL SCOTTISH CORPORATION

THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

6. RAISING FUNDS

	2021 £	2020 £
Brokerage commission and investment management fees	297,426	269,903
Less: accounted for as investment transactions	(109,164)	(57,130)
	<u>188,262</u>	<u>212,773</u>
Support costs (note 9)	94,955	103,452
	<u><u>283,217</u></u>	<u><u>316,225</u></u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	2021 £	2020 £
Residential Housing		
Staff costs	126,669	108,009
Other direct costs	390,596	313,418
Support costs (note 9)	260,893	196,207
	<u>778,158</u>	<u>617,634</u>
Welfare		
Staff costs	514,518	591,088
Other direct costs	100,687	158,695
Grants to individuals	352,039	434,160
Support costs (note 9)	487,851	566,550
	<u>1,455,095</u>	<u>1,750,493</u>
Total	<u><u>2,233,253</u></u>	<u><u>2,368,127</u></u>

8. GOVERNANCE COSTS

	2021 £	2020 £
Auditors remuneration – audit fees	16,200	15,237
Auditors remuneration – additional audit fees	3,000	-
Auditors remuneration – other services	6,480	4,098
Other direct costs	11,476	31,221
Legal and professional fees – internal audit fees	4,200	-
	<u><u>41,356</u></u>	<u><u>50,556</u></u>

Governance costs have been allocated across investment management costs and the cost of charitable activities in proportion to direct expenditure.

THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2021

9. ANALYSIS OF DIRECT AND SUPPORT COSTS

	Direct Individual Grants £	Direct Salary Costs £	Other Direct Costs £	Support Staff Costs £	Support Premises Costs £	Support Communica- tions Costs £	Support Other Costs £	Support Governance Costs £	2021 Total Support & Governance £	2021 Total Costs £	2020 Total Costs £
Investment	-	-	188,262	36,840	35,356	9,285	8,819	4,655	94,955	283,217	316,225
Charitable - Residential	-	126,669	390,596	101,221	97,143	25,511	24,230	12,788	260,893	778,158	617,634
Charitable - Welfare	352,039	514,518	100,687	189,275	181,650	47,704	45,309	23,913	487,851	1,455,095	1,750,493
Total	352,039	641,187	679,545	327,336	314,149	82,500	78,358	41,356	843,699	2,516,470	2,684,352

COMPARATIVE 2020

	Direct Individual Grants £	Direct Salary Costs £	Other Direct Costs £	Support Staff Costs £	Support Premises Costs £	Support Communica- tions Costs £	Support Other Costs £	Support Governance Costs £	2021 Total Support & Governance £	2020 Total Costs £
Investment	-	-	212,773	33,727	32,994	14,816	16,478	5,437	103,452	316,225
Charitable - Residential	-	108,009	313,418	66,802	65,350	29,346	22,876	11,833	196,207	617,634
Charitable - Welfare	434,160	591,088	158,695	187,671	183,591	82,442	79,560	33,286	566,550	1,750,493
Total	434,160	699,097	684,886	288,200	281,935	126,604	118,914	50,556	866,209	2,684,352

THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2021

10. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	794,299	820,471
Social Security costs	81,778	80,283
Other pension costs	92,446	86,544
	<u>968,523</u>	<u>987,298</u>

Employees

	2021	2020
	No	No
The average number of employees during the year		
Charitable	19	19
Support	4	4
	<u>23</u>	<u>23</u>

	2021	2020
	No	No
The average number of FTE during the year		
Charitable	13	13
Support	5	5
	<u>18</u>	<u>18</u>

There was one employee in the salary band £80,000 to £90,000 during the financial year to 31 March 2021 (2020: one)

The key management of the Charity consists of the Chief Executive together with the Trustees.

Total remuneration for the Chief Executive, including social security and pension costs was £110,741 (2020: £102,014).

Th trustees received no remuneration in the current or prior year. No reimbursement of expenses was made to trustees in 2021 (2020: £108 – one trustee).

THE ROYAL SCOTTISH CORPORATION

THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

11. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Asset under Construction £	Fixtures & Fittings £	Office Equipment £	IT Equipment £	Total £
COST						
1 April 2020	7,430,000	1,557,672	291,179	85,002	-	9,363,853
Additions	-	1,117,074	220,633	-	30,034	1,367,741
Transfer	2,674,746	(2,674,746)	-	-	-	-
At 31 March 2021	10,104,746	-	511,812	85,002	30,034	10,731,594
DEPRECIATION						
1 April 2020	90,600	-	170,579	85,002	-	346,181
Charge for the year	115,997	-	18,283	-	1,930	136,210
At 31 March 2021	206,597	-	188,862	85,002	1,930	482,391
NET BOOK VALUE						
At 31 March 2021	9,898,149	-	322,950	-	28,104	10,249,203
At 31 March 2020	7,339,400	1,557,672	120,600	-	-	9,017,672

12. INVESTMENTS

	2021 £	2020 £
Opening value at 1 April 2020	37,972,333	42,545,918
Cost of additions	12,769,787	8,600,961
Less proceeds of disposals	(13,194,455)	(10,265,768)
Realised gain	590,805	365,935
Unrealised gain/(loss)	6,619,400	(3,274,713)
Market value at 31 March 2021	44,757,870	37,972,333
Funds on deposit with Investment Manager	660,170	444,021
Total value as at 31 March 2021	45,418,040	38,416,356
Cost at 31 March 2021	36,505,103	36,560,628
Unrealised gains at 31 March 2021	8,912,937	1,855,728
Market value at 31 March 2021	45,418,040	38,416,356

THE ROYAL SCOTTISH CORPORATION

THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

12. INVESTMENTS (Continued)

The Investment allocation at the year-end based on market value is as follows:

11.0% fixed interest, 71.0% equities, 2.4% property, 7.9% alternative investments, 7.7% liquid assets.

100% of the portfolio is held through a common investment fund.

13. DEBTORS

	2021	2020 (Restated)
	£	£
Accrued Income & Prepayments	44,011	114,929
Debtors	91,024	76,812
	<u>135,035</u>	<u>191,741</u>
	<u><u>135,035</u></u>	<u><u>191,741</u></u>

	As previously stated in the 2020 accounts	Adjustment	As restated in the 2021 accounts
	£	£	£
Debtors, Prepayments & Accrued Income	274,549	(82,808)	191,741

Please refer to note 19 for further details on the prior year adjustment.

14. CREDITORS: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	78,752	31,441
Other creditors	31,541	19,761
Deferred income	15,142	15,788
Accruals	187,081	81,868
	312,516	148,858

Other creditors include £13,573 (2020 £12,560) related to unfunded pensions

Deferred income comprises of rental income received in advance

	2021 £	2020 £
Balance at 1 April	15,788	25,734
Amount released to rental income	(15,788)	(25,734)
Amount deferred in year	15,142	15,788
Balance at 31 March	15,142	15,788

THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2021

15. CREDITORS: Amounts falling due after more than one year

	2021 £	2020 £
Unfunded pensions	49,730	62,290
	<u>49,730</u>	<u>62,290</u>

16. OPERATING LEASES

	<u>Equipment</u>		<u>Buildings</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Under 1 year	7,364	8,410	124,544	186,932
2 – 5 years	2,244	7,835	443,171	93,466
	<u>9,608</u>	<u>16,245</u>	<u>567,715</u>	<u>280,398</u>

17. NET DEBT RECONCILIATION

	At 1 April 2020	Cashflows	Other non Cash changes	At 31 March 2021
	£	£	£	£
Cash	<u>1,734,319</u>	<u>(436,229)</u>	<u>-</u>	<u>1,298,090</u>

NET DEBT RECONCILIATION
2020 Comparative

	At 1 April 2019	Cashflows	Other non Cash changes	At 31 March 2020
	£	£	£	£
Cash	<u>1,517,155</u>	<u>217,164</u>	<u>-</u>	<u>1,734,319</u>

18. PROVISION FOR LIABILITIES AND CHARGES

Provision for dilapidation

A provision of £75,450 has been made for the expected property dilapidation cost at the end of the lease based on the lease terms and management's assessment of the property condition. The estimation involves a level of judgement and will be reassessed annually.

Movement in provision for Dilapidation

	£
Balance at 1 April 2020	110,000
Amount released re surrender of LGF, 22 City Road	(34,550)
Balance at 31 March 2021	<u>75,450</u>

THE ROYAL SCOTTISH CORPORATION**THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 MARCH 2021****19. PRIOR YEAR ADJUSTMENT**

Further to a review undertaken this year, it has been established that the Charity had over accrued the investment income in 2019-20 accounts.

	£	£	£	£
Funds at 31 March 2020 as previously stated	10,672,577	52,414	37,952,735	48,677,726
Prior year adjustment – accrued investment income	(82,808)	-	-	(82,808)
Funds at 31 March 2020 as restated	<u>10,589,769</u>	<u>52,414</u>	<u>37,952,735</u>	<u>48,594,918</u>

THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

20. MOVEMENT IN FUNDS

	At 1 April 2020 (restated) £	Income £	Expenditure £	Investment gains £	Fund transfers £	At 31 March 2021 £
Endowed Fund						
The James Kinnear Fund	37,952,735	-	(212,413)	7,200,554	-	44,940,876
Restricted fund						
Heritage Fund	52,414	-	-	9,650	-	62,064
Unrestricted Income Funds						
Functional Fixed Assets	9,017,672	1,141,808	(778,158)	-	867,881	10,249,203
Housing Maintenance Fund	232,348	-	-	-	(232,348)	-
Free Assets	1,339,749	1,572,042	(1,525,899)	-	(635,533)	750,359
Total Unrestricted Funds	<u>10,589,769</u>	<u>2,713,850</u>	<u>(2,304,057)</u>	<u>-</u>	<u>-</u>	<u>10,999,562</u>
Total Funds	<u>48,584,918</u>	<u>2,713,850</u>	<u>(2,516,470)</u>	<u>7,210,204</u>	<u>-</u>	<u>56,002,502</u>

COMPARATIVE 2020 (RESTATED)

	At 1 April 2019 (restated) £	Income £	Expenditure £	Investment (losses) £	Fund transfers £	At 31 March 2020 £
Endowed Fund						
The James Kinnear Fund	41,078,800	-	(237,169)	(2,888,896)	-	37,952,735
Restricted fund						
Heritage Fund	66,413	-	-	(13,999)	-	52,414
Unrestricted Income Funds						
Functional Fixed Assets	7,634,951	1,165,281	(602,945)	-	820,385	9,017,672
Housing Maintenance Fund	141,037	-	(14,689)	-	106,000	232,348
Free Assets	2,611,728	1,489,838	(1,829,549)	(5,883)	(926,385)	1,339,749
Total Unrestricted Funds	<u>10,387,716</u>	<u>2,655,119</u>	<u>(2,447,183)</u>	<u>(5,883)</u>	<u>-</u>	<u>10,589,769</u>
Total Funds	<u>51,532,929</u>	<u>2,655,119</u>	<u>(2,684,352)</u>	<u>(2,908,778)</u>	<u>-</u>	<u>48,594,918</u>

THE ROYAL SCOTTISH CORPORATION**THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 MARCH 2021****21. ANALYSIS OF ASSETS BETWEEN FUNDS 31 MARCH 2021**

	Unrestricted	Restricted	Endowed	Total 2021	Total 2020 (restated)
	£	£	£	£	£
Tangible Assets	10,249,203	-	-	10,249,203	9,017,672
Investments	-	81,250	45,336,790	45,418,040	38,416,356
Current Assets less Creditors & Provisions	750,359	(19,186)	(395,914)	335,259	1,160,890
	<u>10,999,562</u>	<u>62,064</u>	<u>44,940,876</u>	<u>56,002,502</u>	<u>48,594,918</u>

ANALYSIS OF ASSETS BETWEEN FUNDS 31 MARCH 2020

	Unrestricted	Restricted	Endowed	Total 2020
	£	£	£	£
Tangible Assets	9,017,672	-	-	9,017,672
Investments	-	71,866	38,344,491	38,416,356
Current Assets less Creditors & Provisions	1,572,097	(19,452)	(391,756)	1,160,890
	<u>10,589,769</u>	<u>52,414</u>	<u>37,952,735</u>	<u>48,594,918</u>

THE JAMES KINNEAR FUND

The James Kinnear Fund is an unexpendable capital (Permanent Endowment) fund whose assets are invested to produce income which each year is recorded in the Unrestricted Income Fund and is freely available for the charitable activities of the Corporation.

HERITAGE FUND

The Heritage Fund is a capital fund which arises from the historic sale of certain of the Corporation's paintings (anciently donated) upon moving premises. Its income each year is recorded in the Unrestricted Income Fund and is freely available for the charitable activities of the Corporation. Its capital assets are available to the Trustees for the purchase of replacement commemorative artefacts for the Corporation's headquarters or such other corporate expenditure as the Trustees may determine.

THE ROYAL SCOTTISH CORPORATION
THE SCOTTISH HOSPITAL OF THE FOUNDATION OF KING CHARLES II
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2021

UNRESTRICTED INCOME FUNDS

These funds represent accumulated income surpluses and consist of functional fixed assets fund and free assets.

(a) Tangible Fixed Assets

Functional fixed assets comprise of residential property and the fixtures & fittings within providing accommodation for the elderly and key workers on lower incomes. The Trustees have determined that these assets shall be a capital fund but that upon a disposal of the underlying property, any proceeds not similarly reinvested shall become free assets available at the Trustees' discretion.

(b) Free Assets

Free assets are available at the Trustees' discretion in the conduct of the Charity's affairs. The Housing Maintenance Fund, a designated fund earmarked for maintenance of the Corporation's housing stock, has been merged with the Free Assets in 2021.

21. CAPITAL COMMITMENTS

At 31 March 2021, the Charity has no capital commitments.

22. RELATED PARTY TRANSACTIONS

Other than the transactions noted in note 10 there are transactions with two associated charities. The total amount of transaction in 2020-21 with Charity of William Kinloch Fund is £1,118 (2020: £2,158) and St. Andrew's Scottish Soldiers' Club Fund £778 (2020: £78)

23. HERITAGE ASSETS

Works of art, cups are not capitalised in these accounts. They are considered to be heritage assets for the purposes of the Charities SORP (FRS 102). They all have very long lives and are worth preserving indefinitely.

No value is attributed to heritage assets on the basis that information on cost or valuation of the assets is not available and could not be obtained at reasonable cost. There has been no movement in the heritage assets in the last 5 years.

STATE OF TEXAS, COUNTY OF DALLAS

Know all men by these presents, that _____

for and in consideration of the sum of _____ Dollars

to _____ of the County of _____ State of _____

has granted, sold and conveyed, and by these presents does

grant, sell and convey unto the said _____ of the County of _____ State of _____

all that certain _____

situated in the County of _____ State of _____ containing _____

more or less _____

together with all and singular rights and appurtenances in anywise

in anywise _____

to the said _____

and all _____

together with all and singular rights and appurtenances in anywise

in anywise _____

to the said _____ and all _____