

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 2022

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 2022**

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**THE ROYAL SCOTTISH CORPORATION
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REFERENCE AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2022

Patron:

His Majesty King Charles III

Principal Office:

22 City Road, London, EC1Y 2AJ

Vice Presidents:

S. J. Steele

P.J.M. Scott

Treasurer

Colin Somerville

Trustees:

Elected Members of the Committee of Management:

J. Chestnut (Chairman)

D. Guild

J. Grieve

(resigned July 2022)

B. Griffin

P.J.M. Scott

J. Harvie

A. Christie

(resigned July 2021)

K. Lynch (Vice Chair)

(appointed Vice Chair July 2021)

C. McCahon

W. Gilmore

D. McMurtrie

C. Ross

(appointed July 2021)

F. Oram

(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:

Shona Fleming

Honorary Chaplain:

The Reverend Angus MacLeod

Honorary Piper

Pipe Major J. McLucas

**THE ROYAL SCOTTISH CORPORATION
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REFERENCE AND ADMINISTRATIVE INFORMATION (continued)

FOR THE YEAR ENDED 31 MARCH 2022

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
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CHAIRMAN'S INTRODUCTION

FOR THE YEAR ENDED 31 MARCH 2022

Dear Friends,

It is with great sadness that we mark the passing of Her Majesty Queen Elizabeth II. Her Majesty was Patron of The Royal Scottish Corporation throughout her reign and our heartfelt sympathy goes to King Charles III and the Royal Family.

I am privileged to be able to present our annual Report and Financial Statements for the year ended 31 March 2022.

Much was achieved during the year despite the continuing effects of the pandemic and to a significant degree the activities of the charity were back to pre-pandemic levels. This was due to the dedication and hard work of our Chief Executive Shona Fleming and her capable team. 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 continuing unpredictable Covid environment the charity maintained contact with all clients and whilst some of our programmes had to be curtailed (such as social events) the majority of programmes were in place and in some cases expanded (such as counselling, psychotherapy and family activity holidays). We continued to take a flexible approach to meet the current needs of clients (such as grants to help home schooling and food parcels for those self-isolating).

Our three sheltered housing sites now provide 96 flats in total; 48 in Lewisham, 28 in Barnet and 20 in Wimbledon.

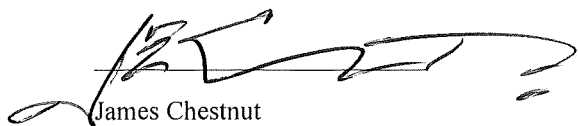
Effective communication continues to be an important area of focus. It is critical that we continue to develop awareness of ScotsCare throughout the Scottish community in London and this year has featured our signature film reaching the finals of the Charity Film Awards, banners at various soccer and rugby events, presence at community events as well as advertising across a range of platforms from Facebook to traditional press.

In addition we have formed a new Ambassadors Club to help raise awareness of and support for ScotsCare and represent the Charity across their various constituencies. Welcome to each of our new Ambassadors.

In the Trustees' Report you will see details of the extensive and varied work done by our staff of 21 and volunteer group of 61. Our CEO and her team have been proactive and flexible and, as an example, have moved quickly to reflect changing work practices by reducing the need for office space. We are fortunate to have such a body of impressive people, particularly in these challenging times. Thank you to everyone.

As a body of trustees, our project to review our governance structure to ensure it is relevant and efficient for a 21st century charity has concluded with the approval by the Charity Commission and the Privy Council of substantial modernising changes to our Constitution. These changes took effect in March 2022. 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.



James Chestnut

Chairman

HIGHLIGHTS 2021 to 2022



**THE ROYAL SCOTTISH CORPORATION
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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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 2022, 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, 1982 and 2022 and by Bye-Laws, which were last amended in July 2022.

The Committee of Management met in June 2019 and agreed to seek to revise the Royal Charter and the Bye-Laws of the Corporation. The revised Charter and Bye-Laws are entirely new documents taking into account the comments of the Committee of Management, Governors, the instructions of the Honorary Solicitor, Chief Executive and Chairman and modern law and recommended best practice for incorporated charities including the Charity Governance Code. The aim of revising the Charter and Bye-Laws was to broaden our Objects and equip the Corporation with a modern Royal Charter that preserves the history of the Corporation while also being a workable document to which the Committee of Management, Governors and staff of the Corporation can easily refer.

The new Royal Charter was duly approved by the Privy Council with Her Majesty Queen Elizabeth II in Council in March 2022 and took legal effect when it was electronically sealed on 1st August 2022.

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.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

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 charity'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 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. While it is not possible to fully mitigate the risk, 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 followed government Covid-19 guidance 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.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

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.

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 objects of the Corporation shall be for the public benefit 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 in such ways that are charitable in law, being persons who were born in Scotland or persons one of whose parents in each case was born in Scotland or widows, widowers and survivors of civil partnerships of persons who were born in Scotland or widows, widowers and survivors of civil partnerships of persons one of whose parents in each case was 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 living within a 35-mile radius of Charing Cross.

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.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

Our clients (continued)

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

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.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

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;
- an extensive 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,
- an 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.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

Numbers of the members of the public benefitting from our services

	2021-22	2020-21	2019-20
Affordable housing	96	96	84
Regular monthly allowances	34	49	49
Financial grants	896	807	1,056
Trained and supported volunteers	61	76	77
Blether Buddies befriending project	55	73	-
Number of people attending social events	840	-	1,548
Helpline calls	6,368	6,269	7,070
Student and training grants	25	30	29
Adults assessed for services	538	564	724
Children benefitting from services	423	255	452
Advocacy cases	95	71	91
Counselling sessions	244	268	317
Job coaching	-	-	6

Detailed one-to-one assessments are carried out at the client's 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	2021-22	2020-21	2019-20
	£	£	£
S1- children and families	190,445	194,337	229,830
S2 -older people	75,314	63,526	80,842
S3- working age adults	95,709	94,176	123,488
Total	361,468	352,039	434,160

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

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 has expanded to support existing and new clients during the pandemic and beyond. In total, our volunteers gave 2,502 hours to various roles across the organisation.

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)	15
Blether Buddy befriender (telephone)	25
Tech Buddy	-
Travel Buddy	1
Reception	10
Monthly lunch clubs for over 50s	32
Attendance at annual client outings	15
Administrative	2
Communications team support	2
Residents' coffee mornings	2

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.

Raising our profile

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.

New Ambassadors Club

ScotsCare needs help to raise awareness of its work and to raise funds. Our Ambassadors play a vital role in representing the Charity amongst their personal and professional network, speaking about our work and the importance of the funds our supporters raise. The role involves our Ambassadors using their network of contacts in the business, commercial, political, and other sectors in and around London to increase awareness and support for ScotsCare. We hope to expand the Club over the coming year.

Marketing

An organic social media campaign ran from April to July with the help of consultancy firm Tuesday Media to promote support services and our Signature and other films which resulted in an increase in our social media reach. Lessons learned from this campaign have been carried forward into the ongoing social media plan within the charity. We continue to use the GP surgery and A&E leaflet distribution service which saw leaflet pickup rates gradually increase as surgeries reopened post pandemic. We produced a new 'interim' leaflet to promote our new children's psychotherapy service and partnership with Westminster Centre for Young People. We were delighted to reach the finals of the Charity Film Awards in March 2022 with our Signature film and although we didn't win, the exposure was invaluable.

Advertising

Adverts promoting ScotsCare and our services, in particular our sheltered housing were in several papers: Camden News Journal, Westminster Extra, Islington Tribune, South London Press, Mercury, Islington Gazette, Hackney Gazette, and the

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

East London Advertiser. Adverts also featured in magazines: Primrose House, Directions Magazine, GP Health Magazines, and Caledonian Club Magazine.

To further enhance our branding and overall exposure to more Scots, we had pitch side banners at several soccer (Scotland friendly ahead of the Euros) and rugby (Scotland games in the Nations Cup) matches. This enabled us to reach more Scots, clients, and supporters, not just in London. A goal scored by Scotland in the Scotland friendly soccer game was featured in the BBC Ten O'clock news that evening and clearly showed our ScotsCare pitch side banner.

Events

Due to COVID-19 restrictions we were unable to have stalls at community events. Smaller community events such as the Rothesay Court Garden Party to promote and fill vacancies at the site were well received and the Annual Festival Dinner went ahead after a two-year gap due to Covid-19. Similar to previous years, this event was an excellent opportunity to promote the work of the charity by showcasing one of our films highlighting our mental health service and support.

Working with other organisations

We have continued our involvement with Scots in London, a group of 17 Scots organisations working in London. The group aims to support the Scottish community in London, including its charity members. The purpose of this group will be to continue networking and collaborating 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 2021, we continued to face significant challenges due to Covid-19. Our initial response was to ensure the safety and wellbeing of our staff, clients, and volunteers. We 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.

Our grants programme decreased due to lower than usual demand, 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. As always, we pay close attention to the mental health needs of our clients, including children, and began the process of developing a new children and families psychotherapy service in May 2021 which has now been up and running since November 2021.

We are proud of the resilience shown by our staff and volunteers since the early days of lockdown and throughout the past 24 months of the pandemic; their commitment in difficult and ever-changing 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 2021/22.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

Financial Review

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

- Incoming resources totalled £2,627,869 (2021: £2,713,850) and total resources expended were £2,688,658 (2021: £2,516,470). This resulted in a deficit of £60,789 (2021: surplus £197,380);
- Incoming resources for the year derive predominantly from investment income and interest of £1,252,485 (2021: £1,369,303) plus rental income from residential housing of £1,280,455 (2021: £1,141,808);
- Legacies, covenants/gift aid events and donations amounted to £24,381 (2021: £41,092). Grants £0 (2021: £85,295).
- Realised loss on investments amounted to £402 (2021 realised gains: £590,805);
- Unrealised gain on investments amounted to £1,298,098 (2021 unrealised gain: £6,619,399);
- The total funds as at 31 March 2022 amounted to £57,239,409 (2021: £56,002,502).

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 adviser, Sarasin & Partners LLP 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's 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 Adviser quarterly and reports to the Committee of Management.

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

In the year to 31 March 2022 the investment income amounted to £1,252,485 (2021: £1,369,303). The brokerage commission amounted to £167,946 (2021: £109,164) and the investment management fees were £179,693 (2021: £188,262). The market value of the portfolio at 31 March 2022 amounted to £46,536,585 (2021: £45,418,040).

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2022

Reserves

The position disclosed by these Financial Statements shows that at 31 March 2022 the unrestricted reserves of the Corporation amounted to £11,130,503. This sum comprises (a) £10,316,531 of Functional Fixed Assets and (b) £813,972 the balance of unrestricted free reserves. The target fund of free reserves is £1.35 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 £61,241.

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 £813,972 represents approximately 1.42% of the net assets of the Corporation and approximately four months of normal expenditure.

The total reserves at 31 March 2022 are £57,239,409. It comprises unrestricted fund: £11,130,503, restricted fund: £61,241, endowed fund: £46,047,665.

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 £3 million in 2022-23.

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:

- review and revisit our operational strategy for 2019-22;
- embed our new children and family's psychotherapy service to support vulnerable families, in particular those children with special educational and mental health needs;
- review and develop our IT provision; database capabilities and refresh our theory of change to ensure we are focused on the best services to end the cycle of deprivation amongst our clients;
- expand our volunteering programme to include a befriending service for families;
- review and revisit our communications strategy for 2020-22 to increase the number of individuals benefitting from our services;
- monitor and expand our new Ambassadors Club; and
- adopt our new Supplemental Charter and Bye-laws.

Approval

This report was approved by the Trustees on 12 October 2022 and signed on their behalf by:


James Chestnut
Chairman

INDEPENDENT AUDITORS' 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 2022

Opinion

We have audited the financial statements of The Scottish Hospital Of The Foundation Of King Charles The Second (Royal Scottish Corporation) for the year ended 31 March 2022 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 2022 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 AUDITORS' 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 2022

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statements on page 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 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.

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 tenancy regulations, Charity 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, 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

INDEPENDENT AUDITORS' 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 2022

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: 15 November 2022

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

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

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Endowed Funds 2022 £	Total 2022 £	Total 2021 £
Income from:						
Donations and legacies	2	24,381	-	-	24,381	41,092
Grants - CJRS		-	-	-	-	85,295
Investments	3	1,252,485	-	-	1,252,485	1,369,303
Charitable activities						
Income from residential property	4	1,280,455	-	-	1,280,455	1,141,808
Income from services in respect of homeless people	5	70,548	-	-	70,548	76,352
Total income		<u>2,627,869</u>	<u>-</u>	<u>-</u>	<u>2,627,869</u>	<u>2,713,850</u>
Expenditure on:						
Raising funds						
Investment management costs	6	62,846	-	188,538	251,384	283,217
Charitable activities						
Welfare	7	1,560,859	-	-	1,560,859	1,455,095
Residential housing	7	873,223	-	-	873,223	778,158
Other		-	3,192	-	3,192	-
Total expenditure		<u>2,496,928</u>	<u>3,192</u>	<u>188,538</u>	<u>2,688,658</u>	<u>2,516,470</u>
Net income/(expenditure) before investment gains/(losses)		<u>130,941</u>	<u>(3,192)</u>	<u>(188,538)</u>	<u>(60,789)</u>	<u>197,380</u>
Realised (losses)/gains on investments		-	-	(402)	(402)	590,805
Unrealised gains on investments		-	2,369	1,295,729	1,298,098	6,619,399
Net realised/unrealised gains	12	<u>-</u>	<u>2,369</u>	<u>1,295,327</u>	<u>1,297,696</u>	<u>7,210,204</u>
Net movement in funds		<u>130,941</u>	<u>(823)</u>	<u>1,106,789</u>	<u>1,236,907</u>	<u>7,407,584</u>
Total funds brought forward		<u>10,999,562</u>	<u>62,064</u>	<u>44,940,876</u>	<u>56,002,502</u>	<u>48,594,918</u>
TOTAL FUNDS CARRIED FORWARD		<u>11,130,503</u>	<u>61,241</u>	<u>46,047,665</u>	<u>57,239,409</u>	<u>56,002,502</u>

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

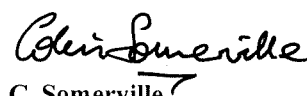
BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Tangible assets	11	10,316,531	10,249,203
Investments	12	46,536,585	45,418,040
		<u>56,853,116</u>	<u>55,667,243</u>
CURRENT ASSETS			
Debtors and prepayments	13	152,362	135,035
Cash at bank and in hand		582,670	637,920
		<u>735,032</u>	<u>772,955</u>
CREDITORS: amounts falling due within one year	14	(219,109)	(312,516)
NET CURRENT ASSETS		<u>515,923</u>	<u>460,439</u>
CREDITORS: amounts falling due after more than one year	15	(54,180)	(49,730)
Provisions for liabilities and charges	18	(75,450)	(75,450)
		<u>57,239,409</u>	<u>56,002,502</u>
FUND BALANCES			
Endowed Funds	19 & 20	46,047,665	44,940,876
Restricted Income Fund	19 & 20	61,241	62,064
Unrestricted Income Fund	19 & 20	11,130,503	10,999,562
TOTAL FUNDS		<u>57,239,409</u>	<u>56,002,502</u>

The financial statements were approved and authorised for issue by the Trustees on 12 October 2022 and are signed on its behalf by:


J. Chestnut
Chairman


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 2022

	2022 £	2021 £
Cash flows from operating activities	<u>(1,217,654)</u>	<u>(862,459)</u>
Cash flows from investing activities		
Dividends and interest	1,252,485	1,369,303
Purchase of investments	(480,789)	(12,769,787)
Purchase of fixed assets	(269,232)	(1,367,741)
Proceeds from sale of investments	223	13,194,455
	<u>502,687</u>	<u>426,230</u>
Net cash provided by investing activities	502,687	426,230
Change in cash and cash equivalents in the year	<u>(714,967)</u>	<u>(436,229)</u>
Cash and cash equivalents at the beginning of the year	1,298,090	1,734,319
Cash and cash equivalents at the end of the reporting year	<u><u>583,123</u></u>	<u><u>1,298,090</u></u>

NOTES TO THE CASH FLOW STATEMENT

	2022 £	2021 £
Reconciliation of Net Movement in Funds to Net Cash Flow from Operating Activities		
Net movement in funds	1,236,907	7,407,584
(Gains) on investments	(1,297,696)	(7,210,204)
Depreciation charges	201,904	136,210
(Increase)/decrease in debtors	(17,327)	56,706
(Decrease)/increase in creditors	(88,957)	116,548
Dividends and interest from investments	(1,252,485)	(1,369,303)
Net cash used in operating activities	<u><u>(1,217,654)</u></u>	<u><u>(862,459)</u></u>
Analysis of Cash and Cash Equivalents		
	2022 £	2021 £
Cash at bank and in hand	582,670	637,920
Cash held by investment managers	453	660,170
	<u><u>583,123</u></u>	<u><u>1,298,090</u></u>

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 2022

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.

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 2021-22 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 2022

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 UNFUNDED PENSIONS

Unfunded pensions are 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 to the assumed age of 88 years. This decision was taken in the view of probable life expectancy of the retired staff who are already above the age of average life expectancy of women in the UK.

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 2022

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 2022

2. DONATIONS AND LEGACIES

	2022	2021
	£	£
Legacies	11,066	11,092
Donations	8,881	30,000
Events	4,434	-
	24,381	41,092

All income from donations and legacies in 2021 and 2022 was unrestricted.

3. INVESTMENT INCOME – UNRESTRICTED FUNDS

	2022	2021
	£	£
Dividend and interest on investments	1,251,784	1,368,840
Bank Deposit Interest	701	463
	1,252,485	1,369,303

4. INCOME FROM CHARITABLE ACTIVITIES – UNRESTRICTED FUNDS

	Total 2022	Total 2021
	£	£
Income from residential property	1,280,455	1,141,808
	1,280,455	1,141,808

5. MANAGEMENT FEE – UNRESTRICTED FUNDS

	2022	2021
	£	£
Fees for services in respect of homeless people	70,548	76,352
	70,548	76,352

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 2022

6. RAISING FUNDS

	2022	2021
	£	£
Brokerage commission and investment management fees	347,657	297,426
Less: accounted for as investment transactions	(167,964)	(109,164)
	<u>179,693</u>	<u>188,262</u>
Support costs (note 9)	71,691	94,955
	<u>251,384</u>	<u>283,217</u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	2022	2021
	£	£
Welfare		
Staff costs	546,414	514,518
Other direct costs	207,848	100,687
Grants to individuals	361,468	352,039
Support costs (note 9)	445,129	487,851
	<u>1,560,859</u>	<u>1,455,095</u>
Residential Housing		
Staff costs	133,293	126,669
Other direct costs	490,903	390,596
Support costs (note 9)	249,027	260,893
	<u>873,223</u>	<u>778,158</u>

8. GOVERNANCE COSTS

	Total	Total
	2022	2021
	£	£
Auditors' remuneration – audit fees	17,400	16,200
Auditors' remuneration – additional audit fees	-	3,000
Auditors' remuneration – other services	3,600	6,480
Other direct costs	6,845	11,476
Legal and professional fees – internal audit fees	-	4,200
	<u>27,845</u>	<u>41,356</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 2022

9. ANALYSIS OF DIRECT AND SUPPORT COSTS

	Direct		Other		Support		Support		Support		Support		2022		2022		2021	
	Individual		Direct		Staff		Premises		Communica-		Other		Support		Total		Total	
	Grants		Salary		Costs		Costs		tions Costs		Costs		Governance		Support & Governance		Costs	
	£		£		£		£		£		£		£		£		£	
Investment	-	-	-	-	29,576	20,122	11,006	8,380	2,607	71,691	251,384	283,217						
Charitable - Residential	-	-	133,293	490,903	102,737	69,898	38,230	29,108	9,054	249,027	873,223	778,158						
Charitable - Welfare	361,468	546,414	207,848	183,640	124,940	68,335	52,030	16,184	1,560,859	1,455,095								
Total	361,468	679,707	878,444	315,953	214,960	117,571	89,518	27,845	765,847	2,685,466	2,516,470							

In addition to the cost noted above, a sum of £3,192 was spent on the maintenance and the insurance valuation of the heritage assets.

COMPARATIVE 2021

	Direct		Other		Support		Support		Support		Support		2022		2022		2021	
	Individual		Direct		Staff		Premises		Communica-		Other		Support		Total		Total	
	Grants		Salary		Costs		Costs		tions Costs		Costs		Governance		Support & Governance		Costs	
	£		£		£		£		£		£		£		£		£	
Investment	-	-	-	-	36,840	35,356	9,285	8,819	4,655	94,955	283,217							
Charitable - Residential	-	-	126,669	390,596	101,221	97,143	25,511	24,230	12,788	260,893	778,158							
Charitable - Welfare	352,039	514,518	100,687	189,275	181,650	47,704	45,309	23,913	1,455,095	1,455,095								
Total	352,039	641,187	679,545	327,336	314,149	82,500	78,358	41,356	843,699	2,516,470								

**THE ROYAL SCOTTISH CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

10. STAFF COSTS

	2022	2021
	£	£
Wages and subsidiaries	821,519	794,299
Social Security costs	83,186	81,778
Other pension costs	90,955	92,446
	995,660	968,523

Employees

	2022	2021
	£	£
The average number of employees during the year		
Charitable	18	19
Support	5	4
	23	23

	2022	2021
	£	£
The average number of FTE during the year		
Charitable	17	13
Support	4	5
	21	18

There was one employee in the salary band £80,000 to £90,000 during the financial year to 31 March 2022 (2021: 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 £107,853 (2021: £110,741).

The Trustees received no remuneration in the current or prior year. No reimbursement was made to Trustees in 2022 (2021: £Nil).

Donations of £2 were received from the Trustees in 2022 (2021: £120).

THE ROYAL SCOTTISH CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

11. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Fixtures & Fittings £	Office Equipment £	IT Equipment £	Total £
COSTS					
1 April 2021	10,104,746	511,812	85,002	30,034	10,731,594
Additions	-	273,366	-	4,654	278,020
Transfer	(592)	-	-	(8,196)	(8,788)
At 31 March 2022	10,104,154	785,178	85,002	26,492	11,000,826
DEPRECIATION					
1 April 2021	206,597	188,862	85,002	1,930	482,391
Charge for the year	143,284	50,349	-	8,271	201,904
At 31 March 2022	349,881	239,211	85,002	10,201	684,295
NET BOOK AMOUNT					
At 31 March 2022	9,754,273	545,967	-	16,291	10,316,531
At 31 March 2021	<i>9,898,149</i>	<i>322,950</i>	<i>-</i>	<i>28,104</i>	<i>10,249,203</i>

12. INVESTMENTS

	2022 £	2021 £
Opening value at 1 April 2021	44,757,870	37,972,333
Cost of additions	480,789	12,769,787
Less proceeds of disposals	(223)	(13,194,455)
Realised (loss)/gain	(402)	590,805
Unrealised gain	1,298,098	6,619,400
Market value at 31 March 2022	46,536,132	44,757,870
Funds on deposit with investment manager	453	660,170
Total value as at 31 March 2022	46,536,585	45,418,040
Cost at 31 March 2022	36,672,486	36,505,103
Unrealised gains at 31 March 2022	9,864,099	8,912,937
Market value at 31 March 2022	46,536,585	45,418,040

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 2022

12. INVESTMENTS (Continued)

The Investment allocation at the year-end based on market value is as follows:
7.0% fixed interest, 69.5% equities, 5.6% property, 12.7% alternative investments, 5.2% liquid assets.
100% of the portfolio is held through a common investment fund. All investments are in UK entities.

13. DEBTORS

	2022 £	2021 £
Accrued income and prepayment	88,971	44,011
Trade debtors	63,391	91,024
	<u>152,362</u>	<u>135,035</u>

14. CREDITORS: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	72,375	78,752
Other creditors	28,208	31,541
Deferred income	11,217	15,142
Accruals	107,309	187,081
	<u>219,109</u>	<u>312,516</u>

Other creditors include £12,937 (2021 £13,573) related to unfunded pensions.

Deferred income comprises rental income received in advance, as follows:

	2022 £	2021 £
Balance at 1 April	15,142	15,788
Amount released to rental income	(15,142)	(15,788)
Amount deferred in year	11,217	15,142
Balance at 31 March	<u>11,217</u>	<u>15,142</u>

THE ROYAL SCOTTISH CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

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

	2022 £	2021 £
Unfunded pensions	54,180	49,730
	<u>54,180</u>	<u>49,730</u>

16. OPERATING LEASES

	Equipment		Buildings	
	2022 £	2021 £	2022 £	2021 £
Under 1 year	5,718	7,364	124,544	124,544
2 – 5 years	-	2,244	311,361	443,171
	<u>5,718</u>	<u>9,608</u>	<u>435,905</u>	<u>567,715</u>

17. NET DEBT RECONCILIATION

	At 1 April 2021 £	Cashflows £	Other non cash changes £	At 31 March 2022 £
Cash	<u>1,298,090</u>	<u>(714,967)</u>	<u>-</u>	<u>583,123</u>

NET DEBT RECONCILIATION
2021 Comparative

	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>

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.

	£
Balance at 1 April 2021 and at 31 March 2022	<u>75,450</u>

THE ROYAL SCOTTISH CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

19. MOVEMENT IN FUNDS

	1 April 2021 £	Income £	Expenditure £	Investment gains £	Fund transfers £	31 March 2022 £
Endowed Fund						
The James Kinnear Fund	44,940,876	-	(188,538)	1,295,327	-	46,047,665
Restricted fund						
Heritage Fund	62,064	-	(3,192)	2,369	-	61,241
Unrestricted Income Funds						
Functional Fixed Assets	10,249,203	1,280,455	(873,223)	-	(339,904)	10,316,531
Free Assets	750,359	1,347,414	(1,623,705)	-	339,904	813,972
Total Unrestricted Funds	10,999,562	2,627,869	(2,496,928)	-	-	11,130,503
Total Funds	56,002,502	2,627,869	(2,688,658)	1,297,696	-	57,239,409

COMPARATIVE 2021

	1 April 2020 £	Income £	Expenditure £	Investment gains £	Fund transfers £	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	10,589,769	2,713,850	(2,304,057)	-	-	10,999,562
Total Funds	48,594,918	2,713,850	(2,516,470)	7,210,204	-	56,002,502

**THE ROYAL SCOTTISH CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

20. ANALYSIS OF ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	Total 2022 £
Tangible Assets	10,316,531	-	-	10,316,531
Investments	-	83,299	46,453,286	46,536,585
Current Assets less Creditors & Provisions	813,972	(22,058)	(405,621)	386,293
	<u>11,130,503</u>	<u>61,241</u>	<u>46,047,665</u>	<u>57,239,409</u>
	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	Total 2021 £
Tangible Assets	10,249,203	-	-	10,249,203
Investments	-	81,250	45,336,790	45,418,040
Current Assets less Creditors & Provisions	750,359	(19,186)	(395,914)	335,259
	<u>10,999,562</u>	<u>62,064</u>	<u>44,940,876</u>	<u>56,002,502</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.

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 residential properties 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.

**THE ROYAL SCOTTISH CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

20. ANALYSIS OF ASSETS BETWEEN FUNDS

(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, was merged with the Free Assets in 2021.

21. CAPITAL COMMITMENTS

At 31 March 2022, the Charity has a £70k capital commitment to convert an onsite office at a residential property to a one bed flat (2021: £Nil).

22. HERITAGE ASSETS

Works of art and ceremonial silverware 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.

23. RELATED PARTY TRANSACTIONS

There were no other related party transactions other than those noted under note 10.