

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 2023

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 2023

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REFERENCE AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2023

Patron:

His Majesty King Charles III

Principal Office:

22 City Road, London, EC1Y 2AJ

Vice Presidents:

Stuart Steele

(resigned November 2022)

P.J.M. Scott

Treasurer

C. Somerville

Trustees:

Elected Members of the Committee of Management:

J. Chestnut (Chairman)

D. Guild

J. Grieve

(resigned July 2022)

B. Griffin

(resigned November 2022)

P.J.M. Scott

(resigned April 2023)

J. Harvie

J. Cadzow-Collins

(appointed April 2023)

K. Lynch (Vice Chair)

C. McCahon

(resigned April 2023)

W. Gilmore

D. McMurtrie

C. Ross

F. Oram

S. Jermyn

(appointed April 2023)

R. Brown

(appointed April 2023)

E. Close

(appointed October 2022)

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

Other Appointments:

Chief Executive and Secretary:

Shona Fleming

Honorary Chaplain:

The Reverend Angus MacLeod

The Reverend Scott Rennie

Honorary Piper

Pipe Major J. McLucas

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REFERENCE AND ADMINISTRATIVE INFORMATION (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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

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CHAIRMAN'S INTRODUCTION

FOR THE YEAR ENDED 31 MARCH 2023

Dear Friends,

I am privileged to be able to present our Annual Report and Financial Statements for the year ended 31 March 2023.

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. Whilst continuing our support to older people and working age adults we have increased our focus on supporting children and families, the objective being to stop the cycle of poverty, low educational attainment and unemployment.

The charity continues to be strong and stable, testament to the dedication and hard work of our very capable team led by our Chief Executive Shona Fleming.

After some years of Covid disruption this year has been a year of clear and consistent performance within the strategic framework agreed with the board and significant success was achieved in areas such as advocacy, counselling, psychotherapy and activity holidays.

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

Continuing to increase awareness of ScotsCare is critically important and this has continued with our podcast series, social media, traditional media, pitch side banners at sporting events, presence at events and contacts through the ScotsCare Ambassadors Club.

In the Trustees' Report you will see details of the extensive and varied work done by our staff of 23 and our volunteer group of 55. Our CEO and her team are proactive, energetic and flexible and we are fortunate to have such a body of impressive people. Thank you to everyone.

On 1 April 2023 our sister charity New Borderline merged into ScotsCare to provide a one stop shop for vulnerable Scots in London. Borderline's focus on the homeless is now integrated into the ScotsCare offering under one banner and provides a more economic, effective and efficient delivery of client services.

As a body of trustees this financial year saw the conclusion of our project to modernise our Constitution when our updated Royal Charter received the seal of Her Majesty Queen Elizabeth II, and also the project to merge ScotsCare and New Borderline. As part of the latter project we were delighted to welcome three New Borderline trustees onto the ScotsCare board in April 2023. Thank you to all my fellow trustees for their dedication and hard work.

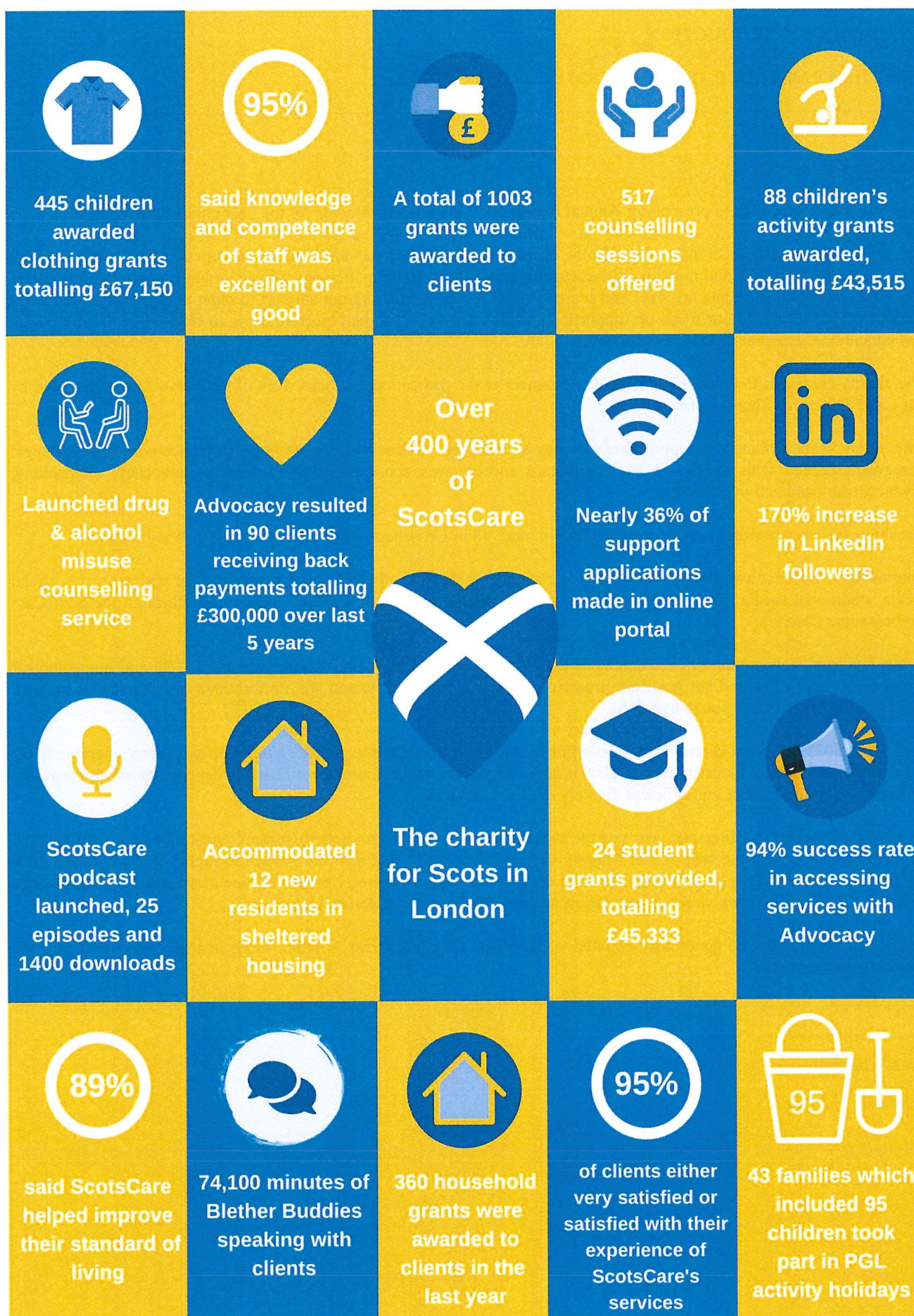
Thank you also to all who generously donated to ScotsCare during the year, whether funds or time and talents, you are critical to our mission.



James Chestnut

Chairman

HIGHLIGHTS 2022 TO 2023



THE ROYAL SCOTTISH CORPORATION

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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. Our application for registration with the Office of the Scottish Charity Regulator (OSCR) was granted in August 2023 – registration number SC052739. 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 2023, 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.

Our 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 1 August 2022.

Appointment and Induction of Trustees

As provided in the Charter and Bye-Laws, there is one Annual General Court each year. The Committee of Management, as charity trustees for the purposes of the Charities Act 2011, have control of the Corporation and its property and funds.

The Committee of Management shall elect no fewer than five nor more than 14 members including the Treasurer and the Honorary Solicitor, and each serve for a period of three years.

One-third (or the number nearest one-third) of the Elected Members must retire at the Committee Meeting immediately preceding each Annual General Court, Subject to Bye-Laws 5.7 and 7.1, a retiring Elected Member shall be eligible for re-election for consecutive periods not exceeding in aggregate nine years from the date of his or her original appointment but thereafter an Elected Member shall not be eligible for re-appointment until one year after his or her retirement.

The Committee of Management has established a Nominations Sub-Committee which shall from time to time put forward and recommend to the Committee of Management candidates for election as Elected Members. Trustees 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.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- 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 are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the accounts comply with the *Charities Act 2011*, the *Charity (Accounts and Reports) Regulations 2008*; and the provisions of the Royal Charters and Bye-Laws. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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. The management of ScotsCare's investment is undertaken by professional investment advisors. 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 follows the relevant and current guidance and has the appropriate risk assessments in place. 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 transactions with related parties within note 23.

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 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.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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.

The organisation delivers a grant giving programme that sits alongside personalised support services to clients that includes a needs led assessment to provide direct services or signposting to specialist support services.

Many 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.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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.

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.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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 Worples Road in Wimbledon. Residents must be over 55, or over 50 with a significant disability, to qualify for our sheltered housing;
- an extensive menu of financial grants and regular monthly allowances;
- support services: advocacy; psychotherapy, family support work 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.

Numbers of the members of the public benefitting from our services

	2022-23	2021-22	2020-21
Affordable housing	96	96	96
Regular monthly allowances	24	34	49
Financial grants	1,003	896	807
Trained and supported volunteers	60	61	76
Blether Buddies befriending project	49	55	73
Number of people attending social events	849	840	-
Helpline calls	6,659	6,368	6,269
Student and training grants	38	25	30
Adults assessed for services	478	538	564
Children benefitting from services	445	423	255
Advocacy cases	74	95	71
Counselling sessions	517	244	268

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.

	2022-23	2021-22	2020-21
	£	£	£
Grant expenditure			
S1- children and families	261,160	190,445	194,337
S2 -older people	71,277	75,314	63,526
S3- working age adults	131,909	95,709	94,179
Support services			
Psychotherapy	79,296	54,720	22,000
Children and families' project	28,744	5,598	-
Volunteer programme	63,728	49,228	53,151
Advocacy	105,201	102,133	102,149
Social events	122,852	95,231	17,566
Total	<u>864,167</u>	<u>668,378</u>	<u>546,908</u>

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Merger with Borderline

The Royal Scottish Corporation (ScotsCare) and New Borderline (Borderline) merged on 1 April 2023 to provide a one stop shop for vulnerable Scots across London. Previously, the trustees had agreed in their respective strategies for 2019-2022 to consider the potential for a merger. They are the only two charities in London with a specific focus on supporting the needs of Scots.

Whilst ScotsCare has a remit to address general need and Borderline was more specialist in their service to the homeless, there was already a Service Level Agreement between the two charities for premises costs, management and staffing, and a proven smooth operational framework over the past 10 years.

The aim of the merger between the charities is to create a single charity that is client focussed to use the financial and professional resources of both charities to ensure a more economic, effective, and efficient delivery of client services and to remove the confusion that exists amongst most of our stakeholders.

On 1 April 2023 the assets and liabilities of New Borderline (Registered Company number 06844151, Charity numbers 11286848 and SC044530) were transferred to ScotsCare.

Volunteer programme

Our volunteers provide significant support and assistance across the organisation. In total, our volunteers provided 5,935 hours in 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)	19
Blether Buddy befriender (telephone)	30
Tech Buddy	3
Travel Buddy	1
Reception	10
Monthly lunch clubs for over 50s	30
Attendance at annual client outings	40
Administrative	2
Communications team support	3
Residents' coffee mornings	2

Our volunteer programme, strongly led by our Volunteer Co-ordinator, has become an integral part of the ScotsCare support service. In particular, our Blether Buddies provide support to older people either on the phone or in their homes and this significantly reduces social isolation. Many befriending relationships become a lifeline for isolated Scots, and it is testament to the commitment and loyalty of our volunteers that we are able to impact the lives of so many.

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Monitoring and Evaluation

In line with our strategic objectives, we monitor and evaluate our work by using a theory of change 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.

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

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.

It has been a successful year for brand awareness with the introduction of our podcast series, social media and pitch side banners at top level football and rugby events featured on Amazon Prime, Channel 4 and BBC1. The podcast series has been an excellent opportunity to raise awareness amongst a wider audience through carefully selected Scots from various professional and artistic backgrounds. We introduced, for the first time, a ScotsCare Christmas card to sell to help promote awareness of the charity and the work we do.

ScotsCare 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 number of Ambassadors over the coming year.

Marketing and Advertising

We continue to use the GP surgery and A&E leaflet distribution service to raise awareness of our services. Our leaflets are now on display at 528 GP surgery and hospital waiting areas across London.

Adverts promoting our services have appeared in Camden New Journal, Islington Tribune, Westminster Extra, Hackney and Islington Gazettes, East London Advertiser, London Metro, Directions magazine - Community Services Magazine, Caledonian Club magazine, What's On magazine, South London magazine, The South Londoner, Southwark Newspaper, The Community Noticeboard (Southwark Newspaper also), Muswell Flyer, Highgate Handbook, The N8 Communicator, N21 Directory, N14 Directory, The Barnet London EN4 and The N20 Connection.

To further enhance our branding and overall exposure to more Scots, we had pitch side banners at the Nations Cup rugby games shown on Amazon Prime and Channel 4 highlights, extending the reach of the banner being seen in London and further afield.

Events

We returned to Pride in London with a stall in Soho Square in July. Over one million people attend Pride Day, a great opportunity to meet prospective clients and supporters along with networking with other charities and services.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

We also returned to the Angel Canal Festival, an event local to our office, and in a borough where we have a high number of clients. Like Pride, it's an excellent way to meet or reconnect with clients and supporters.

Our St Andrew's Day Festival Dinner was a successful event with the ScotsCare Choir performing to the delight of attendees.

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. We are delighted that HRH The Princess Royal has agreed to continue as Patron.

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 2022/23.

Financial Review

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

- Incoming resources totalled £2,734,408 (2022: £2,627,869) and total resources expended were £2,979,109 (2022: £2,688,658). This resulted in a deficit of £244,701 (2022: deficit £60,789);
- Incoming resources for the year derive predominantly from investment income and interest of £1,261,191 (2022: £1,252,485) plus rental income from residential housing of 1,378,758 (2022: £1,280,455);
- Legacies, covenants/gift aid events and donations amounted to £21,523 (2022: £24,381).
- Realised loss on investments amounted to £0 (2022 realised loss: £402);
- Unrealised loss on investments amounted to £2,460,919 (2022 unrealised gain: £1,298,098); and
- The total funds at 31 March 2023 amounted to £54,533,789 (2022: £57,239,409).

Associated Charities & Related Charities

The Corporation is the sole Trustee of the Kinloch Bequest (Charity No. 210067). The charity is required to be managed by a Committee of Management made up of 15 Life Governors of ScotsCare plus the President, Vice Presidents, and Treasurer.

Trustees of the Corporation are also appointed as the sole trustees of the St Andrew's 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

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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 2023 the investment income amounted to £1,261,191 (2022: £1,252,485). The brokerage commission amounted to £161,712 (2022: £167,946) and the investment management fees were £171,297 (2022: £179,693). The market value of the portfolio at 31 March 2023 amounted to £43,903,924 (2022: £46,536,585).

Reserves

The position disclosed by these Financial Statements shows that at 31 March 2023 the unrestricted reserves of the Corporation amounted to £11,075,172. This sum comprises (a) £10,235,404 of Functional Fixed Assets and (b) £839,768 the balance of unrestricted free reserves. The target fund of free reserves is £1,489,555. The Trustees are confident that the charity holds sufficient reserves for operational purposes which include a cyclical property 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 £55,498.

Functional Fixed Assets

These assets are the Corporation's three residential properties providing accommodation for the over 55s.

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 £839,768 represents approximately 1.54% of the net assets of the Corporation and approximately four months of normal expenditure.

The total reserves at 31 March 2023 are £54,533,789. It comprises unrestricted fund: £11,075,172, restricted fund: £55,498 endowed fund: £43,403,119.

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 £3.3 million in 2023-24.

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:

- ensure the continuation and smooth transition of Borderline services into the ScotsCare range of services;
- develop a new operational strategy for 2023-2026;
- review our mental health services, in particular our children and families psychotherapy service to support vulnerable families, especially those children with educational and mental health needs;
- implement our new client database and develop our reporting capabilities;
- refresh our theory of change to ensure we are focused on the best services to end the cycle of deprivation amongst our clients;

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

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

- expand our volunteering programme to include a befriending service for families;
- develop our communications strategy for 2023-26 to increase the number of individuals benefitting from our services;
- review our office lease at City Road as well as consider further expansion of our sheltered housing accommodation;
- increase the number of ScotsCare Ambassadors;
- review The Kinloch Bequest and St Andrew's Scottish Soldiers' Club Fund charities; and
- continue to adopt our new Supplemental Charter and Bye-laws.

Approval

This report was approved by the Trustees on 25 October 2023 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 2023

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 2023 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 2023 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 2023

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 charity, 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 posting of inappropriate journal entries and management bias in accounting estimates. 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 accounting estimates.

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 2023

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: **15/11/2023**

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 2023

	Notes	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Endowed Funds 2023 £	Total 2023 £	Total 2022 £
Income from:						
Donations and legacies	2	21,523	-	-	21,523	24,381
Investments	3	1,261,191	-	-	1,261,191	1,252,485
<i>Charitable activities</i>						
Income from residential property	4	1,378,758	-	-	1,378,758	1,280,455
Income from services in respect of homeless people	5	72,936	-	-	72,936	70,548
Total income		<u>2,734,408</u>	<u>-</u>	<u>-</u>	<u>2,734,408</u>	<u>2,627,869</u>
Expenditure on:						
<i>Raising funds</i>						
Investment management costs	6	62,671	-	188,011	250,682	251,384
<i>Charitable activities</i>						
Welfare	7	1,875,247	-	-	1,875,247	1,560,859
Residential housing	7	851,821	-	-	851,821	873,223
Other		-	1,359	-	1,359	3,192
Total expenditure		<u>2,789,739</u>	<u>1,359</u>	<u>188,011</u>	<u>2,979,109</u>	<u>2,688,658</u>
Net (expenditure) before investment (losses)/gains		<u>(55,331)</u>	<u>(1,359)</u>	<u>(188,011)</u>	<u>(244,701)</u>	<u>(60,789)</u>
Realised (losses) on investments		-	-	-	-	(402)
Unrealised (losses)/gains on investments		-	(4,384)	(2,456,535)	(2,460,919)	1,298,098
Net realised/unrealised (losses)/gains		<u>-</u>	<u>(4,384)</u>	<u>(2,456,535)</u>	<u>(2,460,919)</u>	<u>1,297,696</u>
Net movement in funds		<u>(55,331)</u>	<u>(5,743)</u>	<u>(2,644,546)</u>	<u>(2,705,620)</u>	<u>1,236,907</u>
Total funds brought forward		11,130,503	61,241	46,047,665	57,239,409	56,002,502
TOTAL FUNDS CARRIED FORWARD		<u>11,075,172</u>	<u>55,498</u>	<u>43,403,119</u>	<u>54,533,789</u>	<u>57,239,409</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

AS AT 31 MARCH 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	11	10,235,404	10,316,531
Investments	12	43,903,924	46,536,585
		<u>54,139,328</u>	<u>56,853,116</u>
CURRENT ASSETS			
Debtors and prepayments	13	124,430	152,362
Cash at bank and in hand		638,131	582,670
		<u>762,561</u>	<u>735,032</u>
CREDITORS: amounts falling due within one year	14	(250,586)	(219,109)
NET CURRENT ASSETS		<u>511,975</u>	<u>515,923</u>
CREDITORS: amounts falling due after more than one year	15	(42,064)	(54,180)
Provisions for liabilities and charges	18	(75,450)	(75,450)
		<u>54,533,789</u>	<u>57,239,409</u>
FUND BALANCES			
Endowed Funds	19/20	43,403,119	46,047,665
Restricted Income Fund	19/20	55,498	61,241
Unrestricted Income Fund	19/20	11,075,172	11,130,503
TOTAL FUNDS		<u>54,533,789</u>	<u>57,239,409</u>

The financial statements were approved and authorised for issue by the Trustees on 25 October 2023 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 2023

	2023 £	2022 £
Cash flows from operating activities	(908,024)	(1,217,654)
Cash flows from investing activities		
Dividends and interest	1,261,191	1,252,485
Purchase of investments	-	(480,789)
Purchase of fixed assets	(136,440)	(269,232)
Proceeds from sale of investments	-	223
Net cash provided by investing activities	1,124,751	502,687
Change in cash and cash equivalents in the year	216,727	(714,967)
Cash and cash equivalents at the beginning of the year	583,123	1,298,090
Cash and cash equivalents at the end of the reporting year	799,850	583,123

NOTES TO THE CASH FLOW STATEMENT

	2023 £	2022 £
Reconciliation of Net Movement in Funds to Net Cash Flow from Operating Activities		
Net movement in funds	(2,705,620)	1,236,907
Loss/(gains) on investments	2,460,919	(1,297,696)
Investment Fee paid from the capital account	333,008	-
Depreciation charges	217,567	201,904
Decrease/(increase) in debtors	27,932	(17,327)
Increase/(decrease) in creditors	19,361	(88,957)
Dividends and interest from investments	(1,261,191)	(1,252,485)
Net cash used in operating activities	(908,024)	(1,217,654)

Analysis of Cash and Cash Equivalents

	2023 £	2022 £
Cash at bank and in hand	638,131	582,670
Cash held by investment managers	161,719	453
	799,850	583,123

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 2023

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 2022-23 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 2023

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

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 87 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.

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 2023

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 2023

2. DONATIONS AND LEGACIES

	2023	2022
	£	£
Legacies	1,078	11,066
Donations	17,855	8,881
Events	2,590	4,434
	21,523	24,381

All income from donations and legacies in 2022 and 2023 was unrestricted.

3. INVESTMENT INCOME – UNRESTRICTED FUNDS

	2023	2022
	£	£
Dividend and interest on investments	1,258,995	1,251,784
Bank Deposit Interest	2,196	701
	1,261,191	1,252,485

4. INCOME FROM CHARITABLE ACTIVITIES – UNRESTRICTED FUNDS

	2023	2022
	£	£
Income from residential property	1,378,758	1,280,455
	1,378,758	1,280,455

5. MANAGEMENT FEE – UNRESTRICTED FUNDS

	2023	2022
	£	£
Fees for services in respect of homeless people	72,936	70,548
	72,936	70,548

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 2023

6. RAISING FUNDS

	2023	2022
	£	£
Brokerage commission and investment management fees	333,009	347,657
Less: accounted for as investment transactions	(161,712)	(167,964)
	<u>171,297</u>	<u>179,693</u>
Support costs (note 9)	79,385	71,691
	<u>250,682</u>	<u>251,384</u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	2023	2022
	£	£
Welfare		
Staff costs	531,818	546,414
Other direct costs	285,237	207,848
Grants to individuals	464,346	361,468
Support costs (note 9)	593,846	445,129
	<u>1,875,247</u>	<u>1,560,859</u>
 Residential Housing		
Staff costs	140,764	133,293
Other direct costs	441,306	490,903
Support costs (note 9)	269,751	249,027
	<u>851,821</u>	<u>873,223</u>

8. GOVERNANCE COSTS

	2023	2022
	£	£
Auditors' remuneration – audit fees	20,700	17,400
Auditors' remuneration – other services	2,880	3,600
Other direct costs	7,285	6,845
	<u>30,865</u>	<u>27,845</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 2023

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 £	2023 Total Support & Governance £	2023 Total Costs £	2022 Total Costs £
Investment	-	-	171,297	34,407	18,389	10,012	13,979	2,598	79,385	250,682	251,384
Charitable - Residential	-	140,764	441,306	116,917	62,485	34,021	47,499	8,829	269,751	851,821	873,223
Charitable - Welfare	464,346	531,818	285,237	257,388	137,558	74,895	104,568	19,437	593,846	1,875,247	1,560,859
Total	464,346	672,582	897,840	408,712	218,432	118,928	166,046	30,864	942,982	2,977,750	2,685,466

In addition to the cost noted above, a sum of £1,359 (2022: £3,192) was spent on the maintenance and the insurance valuation of the heritage assets.

COMPARATIVE 2022

	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 £	Total Support & Governance £	Total Costs £
Investment	-	-	179,693	29,576	20,122	11,006	8,380	2,607	71,691	251,384
Charitable - Residential	-	133,293	490,903	102,737	69,898	38,230	29,108	9,054	249,027	873,223
Charitable - Welfare	361,468	546,414	207,848	183,640	124,940	68,335	52,030	16,184	445,129	1,560,859
Total	361,468	679,707	878,444	315,953	214,960	117,571	89,518	27,845	765,847	2,685,466

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 2023

10. STAFF COSTS

	2023	2022
	£	£
Wages and subsidiaries	885,675	821,519
Social Security costs	95,044	83,186
Other pension costs	100,575	90,955
	<u>1,081,294</u>	<u>995,660</u>

Employees

	2023	2022
	£	£
The average number of employees during the year		
Charitable	19	18
Support	5	5
	<u>24</u>	<u>23</u>

	2023	2022
	£	(restated)
	£	£
The average number of FTE during the year		
Charitable	14	15
Support	4	4
	<u>18</u>	<u>19</u>

There was one employee in the salary band £80,000 to £90,000 during the financial year to 31 March 2023 (2022: 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 £115,489 (2022: £107,853).

The Trustees received no remuneration in the current or prior year. No reimbursement was made to Trustees in 2023 (2022: £Nil).

No donations were received from the Trustees in 2023 (2022: £2).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

11. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Fixtures & Fittings £	Office Equipment £	IT Equipment £	Total £
COSTS					
1 April 2022	10,104,154	785,178	85,002	26,492	11,000,826
Additions	-	132,945	-	7,264	140,209
Returned items	-	(880)	-	(2,889)	(3,769)
At 31 March 2023	<u>10,104,154</u>	<u>917,243</u>	<u>85,002</u>	<u>30,867</u>	<u>11,137,266</u>
DEPRECIATION					
1 April 2022	349,881	239,211	85,002	10,201	684,295
Charge for the year	143,283	67,614	-	6,670	217,567
At 31 March 2023	<u>493,164</u>	<u>306,825</u>	<u>85,002</u>	<u>16,871</u>	<u>901,862</u>
NET BOOK AMOUNT					
At 31 March 2023	<u>9,610,990</u>	<u>610,418</u>	<u>-</u>	<u>13,996</u>	<u>10,235,404</u>
At 31 March 2022	<u>9,754,273</u>	<u>545,967</u>	<u>-</u>	<u>16,291</u>	<u>10,316,531</u>

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

FOR THE YEAR ENDED 31 MARCH 2023

12	INVESTMENTS	2023	2022
		£	£
	Opening value at 1 April 2022	46,536,585	44,757,870
	Cost of additions	-	660,482
	Less proceeds of disposals	-	(223)
	Investment manager's fees charged to portfolio	(171,297)	(179,693)
	Realised (loss)/gain	-	(402)
	Unrealised gain	(2,623,083)	1,298,098
	Market value at 31 March 2023	43,742,205	46,536,132
	Funds on deposit with investment manager	161,719	453
	Total value as at 31 March 2023	43,903,924	46,536,585
	Cost at 31 March 2023	36,833,752	36,672,486
	Unrealised gains at 31 March 2023	7,070,172	9,864,099
	Market value at 31 March 2023	43,903,924	46,536,585

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

14.8% fixed interest, 65.9% equities, 4.4% property, 12.3% alternative investments, 2.6% liquid assets.
100% of the portfolio is held through a common investment fund. All investments are in UK entities.

13. DEBTORS

	2023	2022
	£	£
Accrued income and prepayment	97,389	88,971
Trade debtors	27,041	63,391
	124,430	152,362

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

14. CREDITORS: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	93,697	72,375
Other creditors	30,290	28,208
Deferred income	8,107	11,217
Accruals	118,492	107,309
	250,586	219,109

Other creditors include £12,117 (2022: £12,937) related to unfunded pensions.

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

	2023	2022
	£	£
Balance at 1 April	11,271	15,142
Amount released to rental income	(11,271)	(15,142)
Amount deferred in year	8,107	11,217
Balance at 31 March	8,107	11,217

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

	2023	2022
	£	£
Unfunded pensions	42,064	54,180
	42,064	54,180

16. OPERATING LEASES

	Equipment		Buildings	
	2023	2022	2023	2022
	£	£	£	£
Under 1 year	11,929	5,718	124,544	124,544
2 – 5 years	23,634	-	186,817	311,361
	35,563	5,718	311,361	435,905

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

17. NET DEBT RECONCILIATION	At 1 April 2022	Cashflows	Other non cash changes	At 31 March 2023
	£	£	£	£
Cash	583,123	216,727	-	799,850
	<u>583,123</u>	<u>216,727</u>	<u>-</u>	<u>799,850</u>
NET DEBT RECONCILIATION 2022 Comparative	At 1 April 2021	Cashflows	Other non cash changes	At 31 March 2022
	£	£	£	£
Cash	1,298,090	(714,967)	-	583,123
	<u>1,298,090</u>	<u>(714,967)</u>	<u>-</u>	<u>583,123</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 2022	75,450
Balance at 31 March 2023	<u>75,450</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

19. MOVEMENT IN FUNDS

	1 April 2022 £	Income £	Expenditure £	Investment (losses) £	Fund transfers £	31 March 2023 £
Endowed Fund						
The James Kinnear Fund	46,047,665	-	(188,011)	(2,456,535)	-	43,403,119
Restricted fund						
Heritage Fund	61,241	-	(1,359)	(4,384)	-	55,498
Unrestricted Income Funds						
Functional Fixed Assets	10,316,531	1,378,758	(851,821)	-	(608,064)	10,235,404
Free Assets	813,972	1,355,650	(1,937,918)	-	608,064	839,768
Total Unrestricted Funds	11,130,503	2,734,408	(2,789,739)	-	-	11,075,172
Total Funds	57,239,409	2,734,408	(2,979,109)	(2,460,919)	-	54,533,789

COMPARATIVE 2022

	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

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

FOR THE YEAR ENDED 31 MARCH 2023

20. ANALYSIS OF ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	Total 2023 £
Tangible Assets	10,235,404	-	-	10,235,404
Investments	-	78,611	43,825,313	43,903,924
Current Assets less Creditors & Provisions	839,768	(23,113)	(422,194)	394,461
	<u>11,075,172</u>	<u>55,498</u>	<u>43,403,119</u>	<u>54,533,789</u>
	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>

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 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

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.

21. CAPITAL COMMITMENTS

At 31 March 2023, the Charity has no capital commitment (2022: £70,000).

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

Callum Ross, one of the Trustees, is a designated member of Habitus Collective UK LLP, a company engaged to provide consultancy services to the Charity. The Charity paid £11,940 for this work during the year (2022: £nil). There were no outstanding balances at the reporting date (2022: £nil).

Other than the transactions disclosed above, the Charity had no other related party transactions.

24. POST BALANCE SHEET EVENTS

The Royal Scottish Corporation (ScotsCare) and New Borderline (Borderline) merged on 1 April 2023 to provide a one stop shop for vulnerable Scots across London. On 1 April 2023 the assets and liabilities of New Borderline (Registered Company number 06844151, Charity numbers 11286848 and SC044530) were transferred to ScotsCare.

