



Annual Report and Financial Statements

for the Year Ended 30 June 2022

# **The Gannochy Trust**

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# **The Gannochy Trust**

## **Reference and Administrative Details**

**Trust Registration Number** SC003133

**Charity name** The Gannochy Trust

**Principal Office** Pitcullen Crescent  
PERTH  
PH2 7HX

**Trustees** Mr. David M. Gray, Chairman  
Mrs. Jane S. Mudd  
Mr. Stephen J. Hay, Vice Chairman  
Mr. Bruce N. Renfrew  
Mr. Roland A. Bean  
Mrs. Ailsa Macmillan  
Ms. Ruth Ogston

**Senior Management Team** Mrs. Joanna McCreadie, Chief Executive (until 17 August 2021)  
Mr. Andy A. Duncan MRICS, Chief Executive (from 1 November 2021) and Estates Manager (until 30 October 2021)  
Mr. Gilbert Valentine MCABE, Estates Manager (from 2 May 2022)  
Mrs. Fiona Russell, Grants Manager  
Mr. Steven J. F. Greig, Development Manager

**Accountant** Morris & Young  
Chartered Accountants  
6 Atholl Crescent  
PERTH  
PH1 5JN

**Auditor** Chiene + Tait LLP  
Chartered Accountants and  
Statutory Auditor  
61 Dublin Street  
EDINBURGH  
EH3 6NL

# **The Gannochy Trust**

## **Trustees' Report for the year ended 30 June 2022**

### **1. About us**

The Gannochy Trust is a registered charity established in 1937 by Arthur Kinmond (A.K.) Bell for charitable and public purposes. A. K. Bell was an extremely able businessman with considerable foresight and acumen whose vision for philanthropy was ahead of his time. His belief that "after you have a roof over your head and your bread and butter you should look to invest any surplus for the benefit of your native town", has matured into a lasting legacy that has improved the quality of life for many thousands of people, not only in Perth but all over Scotland.

The Trust has a wide range of interests and activities including providing homes for affordable rent; managing our 700 acre estate, from woodlands to farms; and grant making across Scotland. Income to support the Trust's activities is generated from our substantial investments and from rental of our properties. In all of our work, we strive to deliver A. K. Bell's vision and ideas, emphasising the importance of people and communities.

Our housing is of a very high quality, totalling 282 units with the majority let at affordable rents. A variety of different types and size of house provide for a range of households, including those who may need additional support to continue living independently.

Our estate includes farms, currently let to tenant farmers; woodlands, including Quarrymill Woodland Park; and a range of buildings. Of particular importance to the Trust is Doo'cot Cricket Park and Pavilion, built by A. K. Bell in 1925. A beautiful listed building, it is still used today by Perth Doo'cot Cricket Club and matches are played regularly on the well-maintained grounds. The Trust owns Kincarrathie House, which is operated by the Kincarrathie Trust as a residential care home with a beautiful walled garden. Amongst the other buildings owned by the Trust are the Gannochy Community Hall on the housing estate, and buildings which are let to the Duke of Edinburgh Award – Perth and Kinross Association and The Macmillan Coffee Shop Association.

Our grant making has long provided charities with the funding they need to carry out their essential work. The Trust provides core, project and capital grants, and while a higher proportion of funding is awarded in Perth and Kinross, we continue to support charities across the rest of Scotland. The Trust's aims for its grant funding are set out in our Grant Strategy which is guided by the wishes and vision set out by A. K. Bell in the original Trust deed.

### **2. Governance**

The Board of Trustees are responsible for the strategic direction and oversight of the activities of the Gannochy Trust. All trustees are recruited for their skills and experience and serve for up to two terms of four years. Each trustee has a thorough induction, access to development opportunities and an annual meeting with the Chair to discuss their role. Governance is regularly reviewed, taking full account of current relevant legislation and guidance. Seven Trustees form the Board and a list of the Trustees who served during the year ending 30th June 2022 is set out below:

David Gray, Chair

Stephen Hay, Vice Chair

Jane Mudd

Bruce Renfrew

Roland Bean



## **The Gannochy Trust**

### **Trustees' Report for the year ended 30 June 2022**

Ailsa Macmillan

Ruth Ogston

Over the course of the year, Trustees held eight meetings and participated in a range of working and sub-groups, as constituted by the Board. Two Away Days were also held to allow Trustees and senior staff time to consider particular topics in more detail. While confident that current governance arrangements are strong and effective, the Trustees remain mindful of the need to continuously review, and where necessary, make improvements to governance. The Trustees have therefore constituted a sub-group of the Board to meet, review and discuss governance at least annually.

During the year the Office of the Scottish Charities Regulator (OSCR) approved our application for a Charity Reorganisation Scheme and a new Supplementary Deed of Trust was signed at the Trustee meeting on 9th November 2021. This addressed the need to ensure that A. K. Bell's wishes and the Trust's constitution were articulated in a modern context. The charity's structure remains as an unincorporated trust.

Key changes included changing the name of the charity from "Gannochy Trust" to "The Gannochy Trust", with effect from the date of the meeting; and revising the charitable purposes in terms of the Charities and Trustee Investment (Scotland) Act 2005 in line with the modern-day charitable activities of the Trust, whilst retaining key wording as provided by A. K. Bell so as not to lose sight of our founder's original intentions. Other additions include terms of office for Trustees and provisions to cover the circumstances under which a Trustee would retire or will have been deemed to retire. A Trustee's term of office shall ordinarily be for four years, with the option of re-appointment for a second consecutive term; Trustees may also extend an individual's second term in special circumstances where it would be in the interests of the Trust. There are a number of circumstances where a Trustee shall be required to resign or be deemed to have resigned including where they have served their term of office and have not been, or cannot be re-appointed; if they become incapable for medical reasons; and if they are not permitted to be a Charity Trustee in terms of the Charities Act. The new deed also covers Trustees powers of delegation to sub-committees and others, and Conflicts of Interest.

### **3. The Gannochy Trust Team**

The day-to-day running of the Trust is delegated to the Chief Executive and the supporting team. Meeting the operational demands from a wide range of activities requires flexibility as well as considerable knowledge, skill and experience. The Trustees would like to thank all of the team for their exceptional efforts throughout a busy year. The senior team consisted of:

Joanna McCreadie, Chief Executive (to 17th August 2021)

Andy Duncan, Chief Executive (from 1st November 2021); Estate Manager (to 31st October 2021)

Gilbert Valentine, Estate Manager (from 2nd May 2022)

Steven Greig, Development Manager

Fiona Russell, Grants Manager

## **The Gannochy Trust**

### **Trustees' Report for the year ended 30 June 2022**

The senior team works closely with Trustees to develop strategy and support good governance. An agreed development plan is in place to support ongoing improvement and monitor planned progress. The departure of Joanna McCreadie to take up a new post at Redress Scotland in August 2021 and the subsequent appointment of Andy Duncan to the role of Chief Executive meant the team was below capacity for the majority of the year, and we were delighted to welcome Gilbert Valentine to the role of Estate Manager in May 2022. In the light of this reduced capacity, the development plan was prioritised to ensure that key projects were taken forward and momentum maintained in delivering the Trust's strategic plan.

The Trustees aim to have a fair and consistent approach to the salary review process for all staff. From time to time, the Trust carries out a salary benchmarking exercise to inform a clear pay and conditions policy around salary points and relativity between jobs. The latest benchmarking exercise was considered and agreed by the Governance sub-group in May 2022.

#### **4. The Impact of the Covid-19 Pandemic**

Our work throughout the year continued to be affected by the Covid-19 pandemic. Like many similar organisations, the Trust's staff and Trustees adopted a hybrid approach to working, depending on the restrictions and government guidance in place at different stages of the year. Since early 2022, the easing of restrictions and relaxation of guidance has allowed in-person meetings to resume and staff to return to the office on a more permanent basis although some hybrid working remains where this suits the needs of staff and the Trust.

#### **5. Development of Trust Strategy**

In 2020-21 the Trust developed a new overarching Strategic Plan which sets out our mission, values, and aims for the period 2021-26. They are:

***Our Mission:*** Improving lives and supporting communities, inspired by the wishes of A.K. Bell.

***Our Aspirational Values:*** Collaborative; Imaginative and Bold.

***Our strategic aims:***

- striving for excellence;
- improving lives;
- enhancing the environment;
- building resilience and sustainability; and
- supporting Perth and Kinross to recover and thrive.

During 2021-22 the Trust developed and approved two key supporting strategies which will underpin the Strategic Plan: a new ten-year Estate Strategy which sets out our plans for the management and development of the Trust's estate; and a five-year Grant Strategy which sets out the Trust's aims and priorities for the funding it provides to charities.

Eight supporting Plans for Action were also developed during the year which articulate these key strategy documents into a series of more detailed action plans. The Plans for Action will inform the preparation of the Trust's annual development plan and allow the progress of key strategic projects and priorities to be tracked year on year.



## **The Gannochy Trust**

### **Trustees' Report for the year ended 30 June 2022**

#### **6. Housing**

##### ***6.1. Housing Review***

A review of the Trust's housing provision was completed during the year. This was informed by a consultation with tenants which was undertaken by the Scottish Communities Development Centre (SCDC) to help us understand the short to long term needs of tenants, and gather their views on the work of the Trust in relation to housing. The consultation built on the survey work that was undertaken in 2015, and the results reinforced the views expressed at that time. Some of the key findings were:

- 90% of tenants are Very Satisfied/Satisfied with their current home.
- 97% of tenants were Very Satisfied/Satisfied with living on the Gannochy estate.
- 94% of tenants want to continue living on the Gannochy estate for as long as they can.
- 84% of tenants thought the quality of service from the Trust's contractors was Very Good/Good.

The housing review culminated in the preparation of a Housing Service Management and Development Plan which was approved in May 2022. The plan sets out the Trust's key management systems for the housing service and areas for development over the next five years.

##### ***6.2. Sheltered Housing Support Service***

The Trust provides a housing support service for the tenants in its 62 Sheltered Housing properties. This has been provided under a contract with Caledonia Housing Association since 2010, however they decided to withdraw from the contract in March 2022 due to the internal reorganisation of their services. Having reviewed the potential options for provision of the service, we were delighted to negotiate a contract with the Kincarrathie Trust who have extensive knowledge of care services through the operation of Kincarrathie Care Home. They commenced provision of the service in March 2022 for an initial period of five years.

##### ***6.3. Refurbishment and Improvement***

The Trust has continued to invest in a long-term refurbishment programme for the original houses which were built between 1923 and 1931. Three properties were completed and work on a further three started during the course of the year. The work involves installing insulation to improve the environmental performance of the properties, replacement of kitchens and bathrooms, and upgrades of essential electrical and plumbing systems. In addition to these major refurbishment works, the Trust continued its programme of cyclical and planned maintenance such as external redecorations and garden improvements.

##### ***6.4. New Housing***

The expansion of the housing estate with 48 new homes was completed in 2020, adding 6 one-bedroom, 38 two-bedroom and 4 three-bedroom houses to the Trust's portfolio. We were delighted to welcome HRH The Princess Royal in July 2021 to tour the new estate and meet some of the tenants. The development continued to receive awards during the year, including the Civic Trust Selwyn Goldsmith Award for Universal Design. The Civic Trust describe Universal Design as "ensuring that places work for all people, no matter your age, ethnicity, gender or ability. An environment or building that is responsive, flexible, welcoming, easy to use and occupy; allowing all to use with dignity and equality."

## **The Gannochy Trust**

### **Trustees' Report for the year ended 30 June 2022**

This award was therefore particularly pleasing given that one of the key objectives for the new estate was to create a lifetime neighbourhood that is accessible to all. The new housing has now received 11 awards and 2 commendations, and we are grateful to all of our partners who contributed to its successful delivery.

#### ***6.5. Developing our Green Spaces***

Following on from the tenant consultation in 2021, the Trust worked with SCDC and our Architects, Anderson, Bell + Christie, to consult with tenants on the development of three green spaces on the housing estate. A drop-in event was held in the Gannochy Community Hall in May 2022 to allow tenants the opportunity to suggest ideas for how these spaces should be developed for the benefit of the whole community. The event was well attended and designs for the three areas are now being taken forward based on the feedback received, with implementation planned over the next 12-18 months.

#### ***6.6. Activities on the Estate***

The easing of Covid restrictions allowed tenant groups to resume activities on the estate with the Events Group organising a number of events in the Community Hall. In addition, the Trust supported the group to arrange a Queens Platinum Jubilee celebration on the Curly in June 2022. The Neighbourhood Watch group also remains active, as do community social media groups.

### **7. Estate**

#### ***7.1. Estate Strategy***

A new 10-year Estate Strategy was approved in November 2021, building on the Masterplan that was prepared as part of the new housing project in 2016. The strategy sets out a long-term strategic plan for the management and development of the Trust's estate to support our strategic priorities, and to ensure its continued fitness for purpose and legislative compliance. Overarching principles have been established for the four main land-use categories on the estate (housing, farms, woodlands, and recreational facilities), and areas of focus have been identified within each of these. This is the Trust's first formal Estate Strategy, and it will provide a robust framework for the prioritisation of development and management activity.

#### ***7.2. Woodland and Habitat Management***

As part of the development of the Estate Strategy, the Trust commissioned external reviews of its woodlands and habitats across the whole estate. These baseline studies provide an overview of the condition of our woodland areas and the options for future management, and an ecological baseline assessment of the estate and the potential for enhancing biodiversity. Both reports suggest that the Trust is already in a strong position, and we are now in the process of developing detailed woodland and biodiversity management plans for the entire estate.

We also commissioned a visitor survey at Quarrymill Woodland Park in August 2021 to gauge user views on the management of the park. The results were overwhelmingly positive and no significant issues of concern or areas for improvement were identified. Visitors were asked to rate various aspects of visiting the woodland on a scale of 1 to 10 and some of the key results were:

- A satisfaction rate of 9.72 was recorded for visits.
- The likelihood of visiting the woodland again was rated at 9.78.
- The rate for recommending a visit to others was 9.77.



## **The Gannochy Trust**

### **Trustees' Report for the year ended 30 June 2022**

- The level of maintenance was rated at 9.72.

The Macmillan Coffee Shop Association's coffee and gift shop has continued to operate at Quarrymill with increased opening hours being introduced for the 2022 season. The Trust has supported the group to develop their long-term strategy through the grants plus programme, with assistance from The Cranfield Trust. This will help the association to continue their vital work supporting patients of the Cornhill Macmillan Cancer Centre.

#### ***7.3. Doo'cot Cricket Park and Pavilion***

The Trust's interest and commitment to cricket reflects A. K. Bell's passion for the game. Described as 'a sure catch in the long field' as a young man in 1885, he played cricket throughout his life. He was president of the Scottish Cricket Union, played for the Perth County cricket team and scored a century playing for Wolfhill at the age of 55.

Throughout the year the Trust has continued the ongoing improvement of the playing surface at Doo'cot Park under the expert direction of our Cricket Groundsman, Greg Denton. As Covid restrictions were lifted, Perth Doo'cot Cricket Club were able to resume a full programme of matches for the first time since 2019, including the development of girls' and women's cricket. Grant awards have also supported the development and delivery of cricket, through work with Live Active Leisure, Cricket Scotland and other organisations. Much of this work has focussed on accessible cricket for different groups.

#### ***7.4. Farms and Farmland***

The Trust's farms and farmland continue to be well managed by our longstanding tenant farmers. Maintaining and improving public access through the farms remains a key priority for the Trust and we continue to work with our tenants to achieve this aim. The Estate Strategy also recognises that the Trust's primary objectives for the farmland are to manage it for the benefit of the local community and undertake ongoing environmental enhancements.

### **8. Grant making**

#### ***8.1. Grant Strategy***

The Trust undertook a full review of its Grant Strategy in 2021-22, supported by specialist external consultants. This was informed by discussions with existing grantees and the themes that emerged from the #BeConnected conversations with charities in Perth and Kinross in 2021. The new strategy was approved in March 2022 and will set the Trust's grant making priorities for the next five years to align with the Strategic Plan timeframe. The Trust will continue to distribute grants throughout Scotland, with a particular focus on Perth & Kinross in recognition of A. K. Bell's wish to invest in his native town and the surrounding area. Funding in the rest of Scotland will maintain its focus on developing and inspiring young people between the ages of 11 and 21, while in Perth and Kinross it will aim to improve the quality of life, improve the quality and availability of the built and natural environment, as well as develop and inspire children and young people aged between 0 and 21.

As part of the new strategy, we will be introducing a new funding stream which will be administered by a Youth Panel. The aims and outcomes for this funding will be co-produced with the Panel and it is anticipated that it will be available from early in 2023.

We have also sought to streamline the grant application process, with a simplified set of application and reporting forms. It is hoped that these will make the process less complicated and time-consuming for applicants thus reducing the administrative burden on charities.



## **The Gannochy Trust**

### **Trustees' Report for the year ended 30 June 2022**

#### ***8.2. Grants Plus***

The Grants Plus programme has continued throughout the year and it will remain a key element of the new Grant Strategy, as the Trust continues to build resilience and sustainability in the sector by helping charities innovate, build capacity, and develop strong governance structures. Most of our grants plus activities are delivered in partnership with specialist providers, allowing us to draw on their expertise and share this with charities. The programme in 2021/22 included:

- mentoring and development work for individual charities, led by The Cranfield Trust;
- fundraising and income generation programme, led by Citrus Consultancy
- courses on measuring impact, led by Evaluation Support Scotland; and
- a unique sustainability course, developed in partnership with The Lasting Difference.

In addition to the programme of training activities we also offer all Perth and Kinross charities free use of our buildings and grounds.

#### ***8.3 Strategic Partnerships***

The Trust currently has four strategic partners: Live Active Leisure, Horsecross Arts, Perth and Kinross Countryside Trust and Perth and Kinross Heritage Trust. Engagement has continued with the partners over the course of the year in line with the Memorandum of Understanding (MoU) that has been agreed for each partnership. The effectiveness of the MoU's will be reviewed with the partners in light of the new Grant Strategy.

The Trust has also continued to work in partnership with Perth and Kinross Council on the unique strategic youth work partnership. This provides funding to youth work charities across Perth and Kinross to deliver universal youth work. The partnership is moving into the fourth year and external evaluation of years 1-3 has now been completed by Catch the Light. The evaluation report highlights growth in reach to young people, growth in geographic delivery, and growth in staff and volunteers. The report particularly notes that the partnership "has given more young people access to community-based youth work, particularly in rural areas that are often cut-off from mainstream services. The organisations are bigger, stronger, better informed and more secure in their roles and responsibilities."

#### ***8.4. Grant awards***

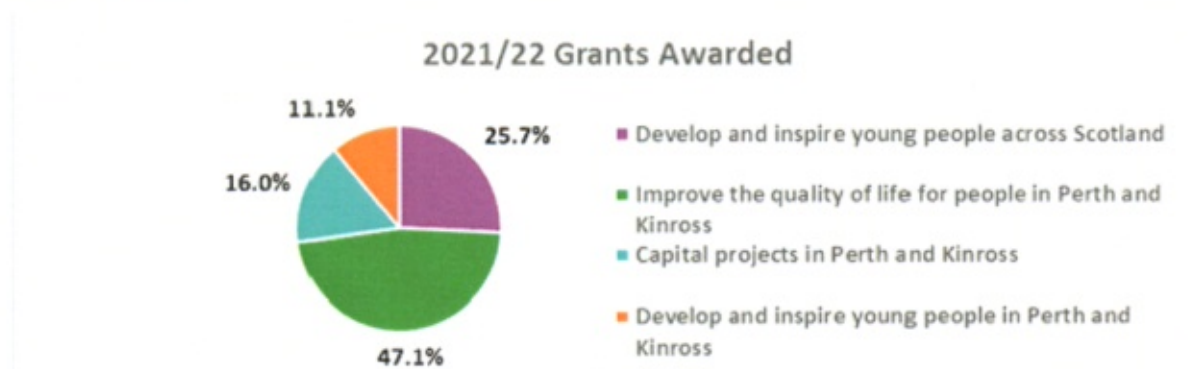
The Trust's grant-making for 2021/22 is £7,511,027 (see Note 8). This is made up of grant awards totalling £7,563,328 (breakdown below) less £9,281 of grants returned and £67,200 commitments withdrawn due to projects not going ahead. In addition, £24,180 of re-invested income was paid to the Kincarrathie Trust, per the terms of the Farquharson Bequest.

The Trustees considered 153 applications during the year of which 122 (79%) were successful and totalled £7,563,328. Of this, £1,947,442 was to develop and inspire young people across Scotland; £3,563,325 was to improve the quality of life for people in Perth and Kinross; £1,212,000 was for capital projects; and £840,561 was specifically to develop and inspire young people in Perth and Kinross.

## The Gannochy Trust

### Trustees' Report for the year ended 30 June 2022

A number of larger grants were made in the year to support a range of projects including: multi-year grants to the Trust's four strategic partners; core funding to support Perth Autism Support, Perthshire Women's Aid, and the Rape and Sexual Abuse Centre Perth and Kinross. Capital support included: a £250,000 grant to Blairgowrie & Rattray Community Football Club towards the installation of a 3G pitch and a £250,000 grant to Aero Space Scientific Educational Trust towards their Aero Space Kinross project.



#### 9. Communications

The Trust has continued to develop its communications plan during the year including completing the development of the website, and consolidating our activity on social media. A number of #CharityStories have been published on the website to highlight some of the projects we have recently funded, and we also completed a short film which tells the story of the new housing, including testimony from tenants on the impact it has had on their lives. We plan to review the Communications Strategy during the course of 2022-23 to ensure it remains aligned with the strategic direction and priorities of the Trust.

#### 10. Financial review

##### 10.1. Financial Management

Expenditure is carefully monitored and managed in all aspects of the Trust's work. This ensures that the best use is made of charitable funds, while achieving very good quality in delivery, such as maintaining all of our houses to high standards. A well-developed procurement and tendering policy is in place, which supports the Trust to achieve best value.

All income and expenditure throughout the financial year is carefully monitored. Regular reports to Trustees ensure there is robust oversight of the budget. An annual budget review, led by the Chief Executive, ensures that the budget is refined to meet existing and emerging financial demands. Detailed financial policies and procedures, including a scheme of delegation support the day-to-day financial management as well as strategic financial decision-making.

The year saw an increase in costs due to inflationary pressures across the wider economy. This particularly affected building materials, with scarcities of some materials inflating prices and causing delays in our refurbishment and maintenance programme.



## **The Gannochy Trust**

### **Trustees' Report for the year ended 30 June 2022**

#### ***10.2. Financial Performance***

Our income from charitable activities (primarily rent from housing) was £1.7m (2021: £1.6m) and our investment income (primarily dividends) was £1.8m (2021: £1.9m).

Total expenditure was £9.8m (2021: £6.6m). Included in this were £7.9m of grants awarded and related costs (2021: £4.3m) and £1.1m of housing and related costs (2021: £1.3m).

Net expenditure before losses on investments was £6.3m (2021: £3.1m).

Total funds at the year-end were £202.9m (2021: £224.3m). These funds decreased by £21.5m after losses on investments of £15.2m reflecting market volatility. (In 2021, they increased by £22.8m after gains on investments of £25.3m). Details of these funds are set out in Note 20 to the accounts.

£177.9m are expendable endowment funds, of which £44.3m are represented by tangible fixed assets that cannot be readily disposed of, with the balance represented by investments. Restricted funds, which are all represented by investments, amounted to £1.1m. Unrestricted funds were £23.8m, represented by £28.8m of OEIC Cash funds and £1.1m of cash and debtors, offset by liabilities of £6.1m. The cash funds were particularly high at the year end, as they included monies earmarked for infrastructure investments soon to be invested as part of our new investment strategy referred to below.

These unrestricted general funds are available for the general use of the Trust in line with its objectives and are supplemented from the Trust's expendable endowment funds as and when required. The Trustees are the sole judges of what constitutes revenue, reserves and capital and, if revenue and reserves are insufficient, they may decide to spend out of capital.

#### ***10.3 Reserves Policy***

The Trust does not have a specific reserves policy. Rather, the Trust focuses on close monitoring of its investment performance and mitigating the associated risks. Included in the investment portfolio is a significant cash fund which represents several years of expenditure. The Trustees may vary this cash balance if they believe it could be better invested. Since grants are at the discretion of Trustees, unforeseen and unavoidable significant financial obligations are very improbable.

#### ***10.4. Investment policy***

The principal objective of the Trust is the maintenance and development of the housing estate with any surplus invested to allow the Trust to make charitable donations in line with the aims of the Trust Deed. The major part of the Trust's investment portfolio is unrestricted and is managed with the aim of generating a surplus that will meet the needs of the housing estate, help cover the administrative costs of the Trust and at a minimum maintain in real terms the underlying value of the portfolio. The Trustees have discretion in the management of the portfolio and currently manage it on an evergreen basis; meaning they assume the Trust to be perpetual. The smaller and restricted part of the portfolio is the Farquharson Bequest. Income from the Farquharson Bequest portfolio is paid directly to the Kincarrathie Trust. The Trustees of the Gannochy Trust and the Kincarrathie Trustees consult regularly on investment matters pertaining to the Bequest portfolio and review and agree the investment policy.

## **The Gannochy Trust**

### **Trustees' Report for the year ended 30 June 2022**

#### ***10.5. Investment Risk Management***

The Trust pays particular attention to ensuring effective investment management. The Trust:

- implements a clear investment strategy, which is regularly reviewed;
- employs a number of investment specialists to manage strategies within the overall portfolio; employs an investment adviser, isio, to advise the Trust on investment strategy, and on its directly managed investment assets, strategic asset allocation and risk measurement. The investment adviser also monitors the performance of the investment managers and produces detailed six-monthly reports on the performance of all the managers employed by the Trust which are reviewed at board meetings;
- receives regular performance reports from its investment managers, which are reviewed at board meetings; and
- reviews and upgrades its control processes to minimise the risks of fraud or a cyber security breach.

#### ***10.6. Investment Strategy***

Following the appointment of isio at the end of the last financial year the Trust undertook a comprehensive review of its investment strategy and concluded that in the current environment it could produce better expected risk adjusted returns by reshaping the portfolio. The modelling done by isio as of 31 December 2021 indicated that the expected return on the new portfolio should increase to 5.2% per annum from 4.5% while the VaR (value at risk) on a 3-year 95% measure should fall to £51m from £62m (18% reduction risk). The principal outcomes of these changes are:

- to reduce the exposure to actively managed equities. The Trust's equity exposure is now principally managed on a passive basis by Legal & General in the Future World Developed Equity Fund. The decision to avoid emerging markets was based on trustees' governance concerns with regard to China. The decision to choose the Future World Fund in part reflected its ESG (Environmental, Social and Governance) capabilities.
- take advantage of the Trust's investment horizon by investing in assets which pay a premium for long term investments
- reduce the cash balances the Trust has carried
- increase diversification by holding a wider range of assets

A consequence of these changes is that the portfolio now has a higher expected yield. In addition, the portfolio is less liquid as some of the strategies in which the Trust has now invested, such as semi-liquid credit and infrastructure, require longer term commitments than the Trust has previously undertaken. The Farquharson Bequest portfolio has also been reviewed and restructured along similar lines but given its smaller size has a smaller number of asset classes.

#### ***10.7. The Transition***

At the beginning of the Trust's financial year the portfolio was structured into three broad segments and the Farquharson Bequest was managed on a discretionary basis by Brewin Dolphin. The new strategy has taken time to implement and will not be completely implemented until January 2023. The transition for the Farquharson Bequest is complete with a third of the portfolio in a diversified growth fund (Ruffer), a third in equities (LGIM Future World Developed Equity Fund) and a third in semi-liquid credit (Apollo Total Return Fund).



## The Gannochy Trust

### Trustees' Report for the year ended 30 June 2022

The delay in implementation for the discretionary fund is primarily a result of the time required to access some of the funds in which the Trust has chosen to invest. The transition has been administratively complex, but the trustees believe the portfolio is now better positioned to meet their requirements.

*Table 1: Change in Initial Target Asset Allocation as a Result of New Investment Strategy*

Asset Class	Old Strategy	New Strategy
Global Equity	48.6%	30%
Diversified Growth	37.4%	25%
Infrastructure Equity	-	15%
Semi Liquid Credit	-	10%
Diversified Alternatives	-	10%
Bonds	2.8%	-
Cash	11.3%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>

*Note: Totals may not sum precisely due to rounding.*

#### 10.8. Investment performance

Over the 12-month period to 30 June 2022, the Trust generated a time weighted investment return of -6.5%. The Trust underperformed the Trust's comparator benchmark CPI+3.5%, which returned 12.7%. The main drivers of negative return were the Trust's global equity investments, which struggled over a period dominated by concerns around inflation, rising interest rates and events in Ukraine. The last year has been challenging for all investors and most asset classes have performed poorly.

The table below illustrates the performance of the main global assets classes over the 12-month period.

*Table 2: Performance of Main Global Asset Classes from 30 June 2021 to 30 June 2022*

Asset Class	Performance - 12 months to 30 June 2022 (%)
UK Equity	1.6
Global Equity (£ hedged)	-10.8
Global Equity (unhedged)	-2.8
Emerging Market Equity (unhedged)	-14.7
Global High Yield Credit (£ hedged)	-15.5
UK Inv. Grade Credit	-14.5
Over 15 Years Gilts	-22.9
Over 5 Years Index-Linked Gilts	-19.1

Measuring performance of a portfolio in transition is challenging but the Trust's holdings of diversified growth funds and cash have protected it to a degree from the worst of the sell-off in global markets.

The table below details performance of the Scheme's active diversified growth managers over the 12-month period.



## The Gannochy Trust

### Trustees' Report for the year ended 30 June 2022

*Table 3: Performance of the Trust's Diversified Growth Managers from 30 June 2021 to 30 June 2022*

<b>Diversified Growth Fund</b>	<b>Performance - 12 months to 30 June 2022 (%)</b>
Ruffer Absolute Return Fund	1.8%
BNY Mellon Real Return Fund	-2.6%
Baillie Gifford Multi-Asset Growth Fund	-12.5%

The Trust's portfolio at the beginning of the financial year was valued at £182.5m and the Farquharson Bequest at £1.2m.

*Table 4: Value of Portfolio 30 June 2021*

<b>Gannochy Trust Assets 30/06/21</b>	<b>Value (£m)</b>	<b>% of Portfolio</b>
Growth	100.7	55%
Diversified Growth	63.0	35%
Cash	18.9	10%
<b>Total</b>	<b>182.5</b>	<b>100%</b>
<b>Farquharson Bequest Assets 30/06/21</b>	<b>Value (£m)</b>	<b>% of Portfolio</b>
<b>Total</b>	<b>1.2</b>	<b>100%</b>

*Note: Totals may not sum precisely due to rounding.*

At the end of the financial year the portfolio was valued at £162.4m and the Farquharson Bequest at £1.1m. During the year the Trust withdrew £6.57m, being £4.07m from the discretionary portfolio and £2.5m from Baillie Gifford within the execution-only portfolio.

*Table 5: Value of Portfolio 30 June 2022*

<b>Gannochy Trust Assets 30/06/22</b>	<b>Value (£m)</b>	<b>% of Portfolio</b>	<b>Allocation Relative to Benchmark (%)</b>
World Developed Equity	51.0	31%	+1.4%
Diversified Growth	48.2	30%	+4.7%
Infrastructure Equity	-	-	-15.0%
Semi Liquid Credit	16.9	10%	+0.4%
Diversified Alternatives	17.5	11%	+1.0%
Cash	28.8	18%	+7.7%
<b>Total</b>	<b>162.4</b>	<b>100%</b>	
<b>Farquharson Bequest Assets 30/06/22</b>	<b>Value (£m)</b>	<b>% of Portfolio</b>	
<b>Total</b>	<b>1.1</b>	<b>100%</b>	

The increase in the cash holdings is temporary as a result of holding funds to be invested in infrastructure equity, and the allocation to diversified growth will also reduce for the same reason in the coming year.

## **The Gannochy Trust**

### **Trustees' Report for the year ended 30 June 2022**

#### ***10.9 Looking forward***

The increased volatility of global markets and the risks from increased geopolitical instability and higher inflation mean investment returns are likely to be more difficult to generate in the near future. The new investment strategy has been put in place principally to reduce the downside risk to the Trust's portfolio and the investments in infrastructure equity, diversified alternatives and semi-liquid credit, which are more contractual in nature than listed investments are designed to protect the portfolio in this environment.

#### ***10.10. Risk management***

A full review of the Trust's strategic risk register was undertaken in 2021 and it is reviewed regularly by staff and Trustees, with full formal reviews completed at a minimum of six-monthly intervals. The risk register includes all areas of the Trust's operations and recognises the significant health and safety risks associated with the operation of a complex estate. The vaccination programme has seen the risks associated with Covid-19 pandemic diminish over recent months, however the emerging risks from the global economic situation need careful consideration and management. The reorganisation and diversification of the Trust's investment portfolio will help to mitigate these risks.

While there is considerable expertise within the Gannochy Trust team in the identification and management of risk, Trustees are mindful of the value of objective and impartial advice. WorkNest have therefore been appointed as external advisors to the Trust and provide a number of services that support risk management. This includes an annual health and safety audit, development of a detailed improvement plan and provision of expert advice on an ongoing basis.

### **11. Our Future Plans**

The development of our overarching Strategic Plan, the supporting Estate and Grant strategies, and the individual Plans for Action provide a clear set of priorities for the Trust over the coming years. These are driven by our mission and informed by our aspirational values. Housing, our estate and grant making will continue to be the focus of our activities, and key areas for development over the coming 12 to 18 months will be:

- continuation of our programme of housing refurbishment and upgrades;
- consolidating the sheltered housing support service to ensure it meets the needs of tenants;
- developing a carbon management plan for the Trust to identify options for reducing energy use;
- developing new woodland and habitat management plans for the estate;
- implementing plans for the development of green spaces on the housing estate;
- implementing the new Grant Strategy and reviewing the effectiveness of the new processes;
- developing the Youth Panel funding stream as part of our grant offering;
- engagement with charities and partners to communicate our new grant strategy and increase our understanding of the challenges in the sector;
- developing our relationships with key partners to promote collaboration and joint working;
- ongoing development of our staff and trustees to ensure we have the knowledge and insight required to deliver our strategic priorities.



## **The Gannochy Trust**

### **Trustees' Report for the year ended 30 June 2022**

The strong governance of the Trust will continue to be important, as we move forward with the new Trust Deed, ensuring that we continue to work to fulfil A. K. Bell's wishes in a modern-day context. Trustees are highly committed to managing investments and resources to ensure the longevity of the Trust and to support the broad range of activities undertaken and planned for the future.

#### **12. Disclosure of information to the auditor**

Trustees understand their individual and collective responsibilities and have taken steps to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information. The Trustees confirm that there is no relevant information that they know of and of which the auditor is unaware.

#### **13. Statement of Trustees Responsibilities**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Trust's founding document. The Trustees are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The annual report was approved by the Trustees of the Trust on 15 December 2022 and signed on its behalf by:



Mr. David M. Gray  
Trustee

## **The Gannochy Trust**

### **Independent Auditor's Report to the Trustees of The Gannochy Trust**

#### **Opinion on financial statements**

We have audited the financial statements of the Gannochy Trust (the 'charity') for the year ended 30 June 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash flows, and the related notes. 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 30 June 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least 12 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 other than the financial statements and our auditor's report thereon. 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.



## **The Gannochy Trust**

### **Independent Auditor's Report to the Trustees of The Gannochy Trust**

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**

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the 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.

#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities on page 15 the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



## **The Gannochy Trust**

### **Independent Auditor's Report to the Trustees of The Gannochy Trust**

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

We gained an understanding of the legal and regulatory framework applicable to the charity and the industry in which it operates and considered the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Charities and Trustee Investment (Scotland) Act 2005.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the charity's financial statements. Our tests included, but were not limited to:

- agreement of the financial statements disclosures to underlying supporting documentation;
- enquiries of senior management and the Trustees;
- review of minutes of board meetings throughout the period, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **The Gannochy Trust**

### **Independent Auditor's Report to the Trustees of The Gannochy Trust**

#### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Chiene + Tait LLP*

**CHIENE + TAIT LLP**

**Chartered Accountants and Statutory Auditor**

**61 Dublin Street**

**Edinburgh**

**EH3 6NL**

**11 JANUARY 2023**

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

## The Gannochy Trust

### Statement of Financial Activities for the Year Ended 30 June 2022

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £	Total 2021 £
<b>Income and Endowments from:</b>						
Charitable activities	3	1,737,005	-	-	1,737,005	1,628,749
Investment income	4	879	24,180	1,768,814	1,793,873	1,896,499
Other income		<u>12,379</u>	<u>-</u>	<u>-</u>	<u>12,379</u>	<u>1,688</u>
Total Income		<u>1,750,263</u>	<u>24,180</u>	<u>1,768,814</u>	<u>3,543,257</u>	<u>3,526,936</u>
<b>Expenditure on:</b>						
Raising funds	5	(166,900)	(3,808)	(262,962)	(433,670)	(221,030)
Charitable activities	6, 7	<u>(9,158,646)</u>	<u>(24,180)</u>	<u>(180,628)</u>	<u>(9,363,454)</u>	<u>(6,427,106)</u>
Total Expenditure		<u>(9,325,546)</u>	<u>(27,988)</u>	<u>(443,590)</u>	<u>(9,797,124)</u>	<u>(6,648,136)</u>
Net expenditure before (losses)/gains on investments		<u>(7,575,283)</u>	<u>(3,808)</u>	<u>1,325,224</u>	<u>(6,253,867)</u>	<u>(3,121,200)</u>
Realised (losses)/gains on investment assets		(171,946)	(64,148)	(11,538,843)	(11,774,937)	1,009,373
Unrealised gains/(losses) on investment assets	14	<u>19,941</u>	<u>(41,245)</u>	<u>(3,435,537)</u>	<u>(3,456,841)</u>	<u>24,278,449</u>
Total (losses)/gains on investment assets		<u>(152,005)</u>	<u>(105,393)</u>	<u>(14,974,380)</u>	<u>(15,231,778)</u>	<u>25,287,822</u>
Net (expenditure)/income		(7,727,288)	(109,201)	(13,649,156)	(21,485,645)	22,166,622
Gross transfers between funds	20	16,408,156	-	(16,408,156)	-	-
Gains on revaluation of fixed assets	13	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>646,028</u>
Net movement in funds		8,680,868	(109,201)	(30,057,312)	(21,485,645)	22,812,650
<b>Reconciliation of funds</b>						
Total funds brought forward	20	<u>15,151,842</u>	<u>1,241,553</u>	<u>207,948,996</u>	<u>224,342,391</u>	<u>201,529,741</u>
Total funds carried forward	20	<u>23,832,710</u>	<u>1,132,352</u>	<u>177,891,684</u>	<u>202,856,746</u>	<u>224,342,391</u>

All of the Trust's activities derive from continuing operations during the above two periods.

The funds breakdown for 2022 and 2021 are shown in note 20.

The notes on pages 24 to 47 form part of these financial statements.



**The Gannochy Trust**  
**(Registration number: SC003133)**  
**Balance Sheet as at 30 June 2022**


	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	13	44,337,928	44,371,681
Investments	14	<u>163,577,665</u>	<u>183,754,092</u>
		<u>207,915,593</u>	<u>228,125,773</u>
<b>Current assets</b>			
Debtors	15	314,248	814,227
Cash at bank and in hand	22	<u>731,298</u>	<u>843,351</u>
		1,045,546	1,657,578
<b>Creditors: Amounts falling due within one year</b>	17	<u>(3,873,119)</u>	<u>(4,417,876)</u>
<b>Net current liabilities</b>		<u>(2,827,573)</u>	<u>(2,760,298)</u>
<b>Total assets less current liabilities</b>		205,088,020	225,365,475
<b>Creditors: Amounts falling due after more than one year</b>	18	<u>(2,231,274)</u>	<u>(1,023,084)</u>
<b>Net assets</b>		<u>202,856,746</u>	<u>224,342,391</u>
<b>Funds of the Trust:</b>			
<b>Endowment funds</b>			
Capital fund		154,832,990	184,794,904
Revaluation reserve		<u>23,058,694</u>	<u>23,154,092</u>
<b>Total endowment funds</b>	20	177,891,684	207,948,996
<b>Restricted</b>	20	1,132,352	1,241,553
<b>Unrestricted income funds</b>			
General funds	20	<u>23,832,710</u>	<u>15,151,842</u>
<b>Total funds</b>		<u>202,856,746</u>	<u>224,342,391</u>

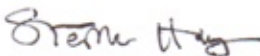
## **The Gannochy Trust**

**(Registration number: SC003133)**

**Balance Sheet as at 30 June 2022**

The financial statements on pages 20 to 47 were approved by the Trustees, and authorised for issue on 15 December 2022 and signed on their behalf by:

  
.....  
Mr. David M. Gray  
Trustee

  
.....  
Mr. Stephen J. Hay  
Trustee

The notes on pages 24 to 47 form part of these financial statements.



## The Gannochy Trust

### Statement of Cash Flows for the Year Ended 30 June 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Net (expenditure)/income		(21,485,645)	22,812,650
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation	13	212,381	210,126
Income from investments	4	(1,793,873)	(1,896,499)
Unrealised loss/(gain) on investments	14	3,456,841	(24,278,449)
Realised loss/(gain) on investments		11,774,937	(1,009,373)
Gain on revaluation of fixed assets	13	-	(646,028)
Cash movement in investments	14	<u>1,231,966</u>	<u>538,311</u>
		(6,603,393)	(4,269,262)
<b>Working capital adjustments</b>			
Decrease/(increase) in debtors	15	499,979	(22,098)
Increase in creditors	17, 18	<u>663,433</u>	<u>257,475</u>
<b>Net cash flows from operating activities</b>		<u>(5,439,981)</u>	<u>(4,033,885)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	13	(178,628)	(676,859)
Purchase of investments	14	(142,277,853)	(13,842,969)
Proceeds from the sale of investments	14	145,990,536	15,168,809
Income from investments	4	<u>1,793,873</u>	<u>1,896,499</u>
<b>Net cash flows from investing activities</b>		<u>5,327,928</u>	<u>2,545,480</u>
Net decrease in cash and cash equivalents		(112,053)	(1,488,405)
Cash and cash equivalents at 1 July 2021	22	<u>843,351</u>	<u>2,331,756</u>
Cash and cash equivalents at 30 June 2022	22	<u>731,298</u>	<u>843,351</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Decrease in cash		(112,053)	(1,488,405)
Net funds at 1 July 2021		<u>843,351</u>	<u>2,331,756</u>
Net funds at 30 June 2022		<u>731,298</u>	<u>843,351</u>

All of the cash flows are derived from continuing operations during the above two periods.

These notes on pages 24 to 47 form part of these financial statements.

# **The Gannochy Trust**

## **Notes to the Financial Statements for the Year Ended 30 June 2022**

### **1 General information**

The Gannochy Trust is a Trust founded in 1937 and is registered with the Office of the Scottish Charity Regulator under Charity Number SC003133.

### **2 Accounting policies**

#### **Statement of compliance**

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) (effective 1 January 2019) - (Charities SORP (FRS 102)(Second edition - October 2019)), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### **Basis of preparation**

The financial statements are presented in sterling (£) and are rounded to the nearest £1.

The Gannochy Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

#### **Significant judgements and estimation uncertainty**

In the application of the Trust's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### ***Useful economic lives of tangible fixed assets***

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 13 for carrying amounts of tangible assets.

#### **Going concern**

The financial statements have been prepared on a going concern basis.

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements and are satisfied that no material uncertainties exist in respect of going concern.



# **The Gannochy Trust**

## **Notes to the Financial Statements for the Year Ended 30 June 2022**

### **2 Accounting policies (continued)**

#### **Income and endowments**

##### ***Investment income***

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Dividends are 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 receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the bank.

Accumulation units received in the year are invested for the purpose of capital growth therefore these have not been recognised as income within the financial statements.

Rental income from property held and managed in furtherance of charitable activities is recognised in the period to which it relates.

##### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, where probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the assets' use. Other support costs are allocated based on the spread of staff costs.

##### ***Raising funds***

These are costs incurred in the management of investments.

##### ***Charitable activities***

Charitable expenditure comprises those costs incurred by the Trust in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

The cost of charitable activities includes grants made, providing housing, the costs incurred with the Gannochy Estate, Doo'cot Park, Quarrymill and include an apportionment of overall overhead and support costs.

# **The Gannochy Trust**

## **Notes to the Financial Statements for the Year Ended 30 June 2022**

### **2 Accounting policies (continued)**

#### ***Grant expenditure***

Grant-making consists of grants paid, being payments made to third parties in the furtherance of the charitable objectives of the Trust.

In addition included within grant-making are grants which are payable under certain conditions. These grants are accounted for where either the Trustees have agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant, or any condition attaching to the grant is outside the control of the Trust.

#### ***Grant provisions***

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

#### ***Support costs***

Support costs include central functions and have been allocated to charitable activities based on staff time and usage.

#### ***Governance costs***

These include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

#### ***Taxation***

The Trust is a charity and is not liable to Corporation Tax. The Trust is not registered for VAT and resources expended therefore include irrecoverable input VAT.



# **The Gannochy Trust**

## **Notes to the Financial Statements for the Year Ended 30 June 2022**

### **2 Accounting policies (continued)**

#### **Tangible fixed assets**

There is no amount below which assets are not capitalised.

Tangible fixed assets are stated at cost less depreciation (with the exception of The Gannochy Housing Estate and other agricultural and related properties which have been revalued). Tangible fixed assets are depreciated over their estimated useful lives and are calculated on the cost less the estimated residual value of the assets.

The land and buildings were valued in June 2019 using a different bases of valuation for different assets in the portfolio as appropriate - current market value; depreciated replacement cost; and the Existing Use Value for Social Housing which is the specific method used for properties within the affordable housing sector. The valuation of the agricultural land and buildings was carried out by Bidwells, Chartered Surveyors, while the residential properties were valued by D M Hall, Chartered Surveyors. Both these Chartered Surveyors are external to the Trust.

During the year to 30 June 2021 the Estate Expansion was completed. The total costs were less than anticipated therefore the valuation on completion has been adopted.

In the opinion of the Trustees, these valuations are appropriate to be used at 30 June 2022. Consideration has been given as to the useful life of each of these properties and 50 years is still deemed to be appropriate.

The Trust Deed sets out obligations on the Trustees for the maintenance of the properties within the Gannochy Estate in terms of which the Trustees consider that it would not be competent for them to sell such properties. In consequence, the market value which is attributed to such properties is considered by the Trustees to be of restricted use.

#### **Depreciation and amortisation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Business and charitable property	Straight line over fifty years
Fixtures, fittings and equipment	10% to 33% straight line basis

#### **Fixed asset investments**

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the period, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the period and are credited or charged to the Statement of Financial Activities based on the market value at the period end.

# **The Gannochy Trust**

## **Notes to the Financial Statements for the Year Ended 30 June 2022**

### **2 Accounting policies (continued)**

#### **Trade debtors**

Rent arrears and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due. Concessionary loans made in furtherance of charitable objectives are accounted for at the amount paid, less any subsequent repayments.

#### **Cash and cash equivalents**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### **Trade creditors**

Creditors are recognised where the Trust has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

#### **Financial instruments**

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments other than investments are initially recognised at transaction value and subsequently measured at their settlement value.

#### **Fund accounting**

Unrestricted income funds are general funds that are available for use at the Trustees' discretion in furtherance of the objectives of the Trust.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Endowment funds represent the current value of the original capital invested. The Trustees are the sole judges as to what constitutes revenue, reserves and capital and as far as revenue and reserves are insufficient may spend out of capital, and the endowment funds are therefore considered to be expendable.

Further details of each fund are disclosed in Note 20.

#### **Pensions and other post retirement obligations**

The Trust operates a defined contribution pension scheme. Contributions are charged in the Statement of Financial Activities as they become payable in accordance with the rules of the scheme. The Trust also provides benefits to a small number of former employees who are not members of the pension scheme. A reliable estimate of future commitments regarding these is not available, and accordingly no provision has been made in these financial statements.



## The Gannochy Trust

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 3 Income from charitable activities

	<b>Total 2022 £</b>	<b>Total 2021 £</b>
Housing	1,626,005	1,520,898
Charitable Buildings Other	69,435	67,300
Farms & Fields	41,565	40,551
	<u>1,737,005</u>	<u>1,628,749</u>

Housing includes affordable rents, pensioners housing and other properties. All income from charitable activities was unrestricted in 2021 and 2022.

#### 4 Investment income

	<b>Unrestricted funds  General £</b>	<b>Restricted funds £</b>	<b>Endowment funds Expendable £</b>	<b>Total 2022 £</b>	<b>Total 2021 £</b>
Dividends receivable from listed investments	-	24,180	1,768,814	1,792,994	1,895,334
Interest received	879	-	-	879	1,165
	<u>879</u>	<u>24,180</u>	<u>1,768,814</u>	<u>1,793,873</u>	<u>1,896,499</u>

Of the total investment income for the year to 30 June 2021, £1,165 was Unrestricted, £26,668 Restricted and £1,868,666 related to Expendable Endowment funds.

## The Gannochy Trust

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 5 Expenditure on raising funds

##### Investment management costs

	Unrestricted funds General £	Restricted funds £	Endowment funds Expendable £	Total 2022 £	Total 2021 £
Professional adviser fees relating to investment restructuring	165,396	-	-	165,396	-
Administration of the investments	<u>1,504</u>	<u>3,808</u>	<u>262,962</u>	<u>268,274</u>	<u>221,030</u>
	<u>166,900</u>	<u>3,808</u>	<u>262,962</u>	<u>433,670</u>	<u>221,030</u>

Of the total investment management costs for the year to 30 June 2021, £1,200 was Unrestricted, £2,703 was Restricted and £217,127 related to Expendable Endowment funds.

#### 6 Expenditure on charitable activities

	Activity undertaken directly £	Grant funding of activity £	Activity support costs £	Total 2022 £	Total 2021 £
Grant-Making	39,415	7,511,027	314,598	7,865,040	4,339,230
Housing	472,461	-	548,651	1,021,112	1,309,373
Estate Extension	25,367	-	101,191	126,558	232,850
Charitable Buildings Other	52,849	-	93,251	146,100	240,960
Gardens, Grounds & Plantation	26,841	-	66,876	93,717	153,822
Estate Buildings	12,494	-	1,036	13,530	4,814
Farms & Fields	21,684	-	46,009	67,693	112,086
Community	-	-	29,704	29,704	33,971
	<u>651,111</u>	<u>7,511,027</u>	<u>1,201,316</u>	<u>9,363,454</u>	<u>6,427,106</u>

Of the total expenditure for the year to 30 June 2022, £9,158,646 was Unrestricted, £24,180 Restricted and £180,628 related to Expendable Endowment funds.

Of the total expenditure for the year to 30 June 2021, £6,220,841 was Unrestricted, £26,668 Restricted and £179,597 related to Expendable Endowment funds.



# The Gannochy Trust

## Notes to the Financial Statements for the Year Ended 30 June 2022

### 7 Analysis of governance and support costs

#### Support costs allocated to charitable activities

	Governance costs	Employed staff costs	Administration costs	Premises costs including depreciation	Total 2022	Total 2021
	£	£	£	£	£	£
Grant-Making	69,856	137,803	100,301	6,638	314,598	276,981
Housing	48,898	247,905	102,347	149,501	548,651	529,435
Estate Extension	-	47,854	24,001	29,336	101,191	104,807
Charitable Buildings Other	6,985	50,799	22,688	12,779	93,251	100,538
Gardens, Grounds & Plantation	6,985	34,717	20,947	4,227	66,876	64,502
Estate Buildings	-	1,036	-	-	1,036	1,360
Farms & Fields	6,985	14,867	14,255	9,902	46,009	47,198
Community	-	23,646	6,058	-	29,704	33,971
	<u>139,709</u>	<u>558,627</u>	<u>290,597</u>	<u>212,383</u>	<u>1,201,316</u>	<u>1,158,792</u>

The basis of allocation is staff time and usage.

#### Governance costs

	Total 2022	Total 2021
	£	£
Staff costs		
Wages and salaries	57,736	55,977
Other staff costs	24,435	703
Audit fees		
Audit of the financial statements	7,890	6,480
Accountancy fees	8,710	6,000
Legal fees & consultants	23,080	49,603
Allocated support costs	<u>17,858</u>	<u>20,079</u>
	<u>139,709</u>	<u>138,842</u>

# The Gannochy Trust

## Notes to the Financial Statements for the Year Ended 30 June 2022

### 8 Grant-making

	Grants to organisations £
<b>Analysis of grants awarded</b>	
To Develop and Inspire Young People (Scotland-wide including Perth & Kinross)	2,782,003
To Improve the Quality of Life for People (Perth & Kinross only)	3,504,625
Capital Projects (Perth & Kinross only)	1,209,500
Other	24,180
Donations returned	<u>(9,281)</u>
	<u>7,511,027</u>

The support costs associated with grant-making are £314,598 (30 June 2021 - £276,981).

### Grants awarded in the year of £100,000 and over

	2022 £
<b>Name of organisation</b>	
Aero Space Scientific Educational Trust	250,000
Blairgowrie & Rattray Community Football Club	250,000
Duke of Edinburgh's Award Perth and Kinross Association	120,000
Horsecross Arts Ltd	220,586
Letham Climate Challenge	135,000
Live Active Leisure	687,000
Perth and Kinross Association of Voluntary Service	235,056
Perth & Kinross Countryside Trust	405,000
Perth & Kinross Heritage Trust	300,000
Perth Autism Support	150,000
Perth Festival of the Arts Limited	250,000
Perthshire Women's Aid	237,055
Rape and Sexual Abuse Centre Perth and Kinross	276,317
Remake Scotland	118,840
Scottish Crannog Centre Trust	174,000
Scouts Scotland	240,000
Other (all less than £100,000)	3,471,454
Donations returned	<u>(9,281)</u>
	<u>7,511,027</u>



## **The Gannochy Trust**

### **Notes to the Financial Statements for the Year Ended 30 June 2022**

#### **8 Grant-making (continued)**

All awards are made under the charitable activity of Grant-Making.

The £250,000 grant to the Aero Space Scientific Educational Trust is towards their Aero Space Kinross capital project.

The £250,000 grant to the Blairgowrie & Rattray Community Football Club is towards the installation of a 3G pitch and associated works within Davie Park Rattray.

The £120,000 grant to the Duke of Edinburgh's Award Perth and Kinross Association is to support their core funding 2021/22 to 2023/24.

The £220,586 grant to Horsecross Arts Ltd is towards their core and project funding April 2022 to March 2025.

The £135,000 grant to Letham Climate Challenge is towards their core funding 2021/22 to 2023/24.

The £687,000 grant to Live Active Leisure for the period April 2022 to March 2025 is made up of two elements. £139,500 towards Cricket Development and £547,500 towards Sport & Recreation Initiatives including: the development of coaches, volunteers and youth leadership; modern apprenticeships; emerging and talented athletes programmes; and support to clubs and pathways.

The £235,056 grant to Perth and Kinross Association of Voluntary Service is towards the salary costs of Adult Carer Support Workers.

The £405,000 grant to Perth and Kinross Countryside Trust is towards their core running costs April 2022 to March 2025.

The £300,000 grant to Perth and Kinross Heritage Trust is towards their core running costs April 2022 to March 2025.

The £150,000 grant to Perth Autism Support is towards their core running costs April 2022 to March 2025.

The £250,000 grant to Perth Festival of the Arts Limited is towards their 2022, 2023 and 2024 Festival programme.

The £237,055 grant to Perthshire Women's Aid is to support the core salary costs of staff.

The £276,317 grant to the Rape and Sexual Abuse Centre Perth and Kinross is to support their core funding 2021/22 to 2023/24.

The £118,840 grant to Remake Scotland is to support their Connecting Communities, Skills and Young People through Reuse project.

The £174,000 grant to the Scottish Crannog Centre Trust is £150,000 towards core running costs for 2021/22 to 2023/24 and £24,000 towards their apprentice programme 2021/22 and 2022/23.

The £240,000 grant to Scouts Scotland is towards their Development Grants programme from April 2022 to March 2025.

## **The Gannochy Trust**

### **Notes to the Financial Statements for the Year Ended 30 June 2022**

#### **8 Grant-making (continued)**

##### **Grants of £100,000 and over paid out, provided for in previous years**

	<b>Unrestricted funds</b>
	<b>£</b>
Perth and Kinross Council - Universal Youth Work Partnership	153,402
Pitlochry Festival Theatre	1,000,000
Sistema Scotland	100,000
The Y Centre Limited	877,437
Other (all under £100,000)	1,821,811
	<hr/>
	3,952,650



## The Gannochy Trust

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 9 Net outgoing/(incoming) resources

Net outgoing/(incoming) resources for the year include:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Audit fees	7,890	6,480
Profit on disposal of tangible fixed assets	(10,920)	-
Depreciation of fixed assets	<u>212,381</u>	<u>210,126</u>

#### 10 Taxation

The Trust is a registered charity and is therefore exempt from taxation.

#### 11 Trustees remuneration and expenses

No Trustees, nor any persons connected with them, have received any remuneration from the charity during the year (2021: no remuneration received).

2 Trustees received reimbursement for mileage expenses and items purchased on behalf of the Trust amounting to £211 (2021:1 Trustee £240).

£951 was paid for Directors and Officers insurance cover for the Trustees (2021: £1,063).

#### 12 Staff costs

The aggregate payroll costs were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Staff costs during the year were:</b>		
Wages and salaries	505,082	535,620
Social security costs	44,177	49,190
Pension costs	49,918	52,933
Other staff costs	<u>41,621</u>	<u>19,644</u>
	<u>640,798</u>	<u>657,387</u>

## The Gannochy Trust

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 12 Staff costs (continued)

The monthly average number of persons (including senior management team) employed by the Trust during the year, analysed by category, was as follows:

	<b>2022 No</b>	<b>2021 No</b>
Estate upkeep (6 full-time)	6	7
Management and administration (7 full-time/1 part-time)	8	9
	<u>14</u>	<u>16</u>

The total employee benefits of the key management personnel of the Trust were £221,249 (2021 - £276,344).

The number of employees whose emoluments fell within the following bands was:

	<b>2022 No</b>	<b>2021 No</b>
£60,001 - £70,000	1	-
£70,001 - £80,000	<u>-</u>	<u>1</u>

#### Pensions

All employees participated in the Defined Contribution Pension Scheme.

Contributions to the employee pension scheme for the year totalled £49,918 (2021 - £52,933).

The basis of allocating the pension expense is included at Note 7 under staff costs. There was no outstanding liability at the year end.



## The Gannochy Trust

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 13 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Total £
<b>Cost or valuation</b>			
At 1 July 2021	45,007,059	479,643	45,486,702
Additions	150,000	28,628	178,628
Disposals	-	(7,631)	(7,631)
At 30 June 2022	<u>45,157,059</u>	<u>500,640</u>	<u>45,657,699</u>
<b>Depreciation</b>			
At 1 July 2021	704,618	410,403	1,115,021
Charge for the year	180,628	31,753	212,381
Depreciation on disposal	-	(7,631)	(7,631)
At 30 June 2022	<u>885,246</u>	<u>434,525</u>	<u>1,319,771</u>
<b>Net book value</b>			
At 30 June 2022	<u>44,271,813</u>	<u>66,115</u>	<u>44,337,928</u>
At 30 June 2021	<u>44,302,441</u>	<u>69,240</u>	<u>44,371,681</u>

Land and buildings comprise assets which have been subject to past revaluations and assets which are carried at cost.

The original cost of the revalued properties was £25,115,364, with depreciation applied to these assets of £4,494,701 giving a net book value of £20,620,663.

Land and buildings not subject to a revaluation have a net book value of £535,850 at the year end.

The land and buildings valuation was carried out by D M Hall in June 2019 using a different bases of valuation for different assets in the portfolio as appropriate - current market value; depreciated replacement cost; and the Existing Use Value for Social Housing which is the specific method used for properties within the affordable housing sector. The valuation of the agricultural land and buildings was carried out by Bidwells, Chartered Surveyors, while the residential properties were valued by D M Hall, Chartered Surveyors. Both these Chartered Surveyors are external to the Trust. In the opinion of the Trustees, these valuations are appropriate to be used at 30 June 2022.

## The Gannochy Trust

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 14 Fixed asset investments

##### Other investments

	Listed investments £	Other investments £	Total £
<b>Cost or Valuation</b>			
At 1 July 2021	164,888,106	18,865,986	183,754,092
Additions	113,472,351	28,805,502	142,277,853
Disposals	(138,899,486)	(18,865,987)	(157,765,473)
Unrealised gain	(3,476,782)	19,941	(3,456,841)
Cash movement	<u>(1,231,966)</u>	<u>-</u>	<u>(1,231,966)</u>
At 30 June 2022	<u>134,752,223</u>	<u>28,825,442</u>	<u>163,577,665</u>
<b>Net book value</b>			
At 30 June 2022	<u>134,752,223</u>	<u>28,825,442</u>	<u>163,577,665</u>
At 30 June 2021	<u>164,888,106</u>	<u>18,865,986</u>	<u>183,754,092</u>

The historical cost of the listed and other investments (excluding cash) at 30 June 2022 was £162,268,635 (2021: £134,855,750).

Included in listed investments is cash held by Brewin Dolphin totalling £14,291 (2021: £1,246,257).

Other investments comprise wholly of the L&G Cash Trust.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange.

Liquidity risk is anticipated to be low, as all assets are traded in markets with good liquidity and high trading volumes. Furthermore, a significant proportion of the Trust's investments are in diversified growth funds and cash funds to secure short and medium term cash-flows. The Trust has no material investment holdings in markets subject to exchange controls or trading restrictions.

The Trust manages investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings. The Trust does not make use of derivatives and similar complex financial instruments.



## The Gannochy Trust

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 14 Fixed asset investments (continued)

Details of investments in which the Trust hold 5% or more of their total portfolio are as follows:

	<b>Total £</b>
BNY Mellon Fund Manager Real Return	17,532,603
Apollo Total Return Fund	16,901,169
L&G Future World ESG Developed Index Fund	50,984,375
L&G Cash Trust	28,825,442
Link Fund Solutions Limited (Ruffer Absolute Return)	30,687,599
Partners Fund	17,500,000
	<u>162,431,188</u>
Other (investments less than 5%)	1,146,477
	<u><u>163,577,665</u></u>

#### 15 Debtors

	<b>2022 £</b>	<b>2021 £</b>
Prepayments	-	3,489
Kincarrathie Trust	8,556	6,639
Loan - Hope Park Trust	40,000	50,000
Loan - The Y Centre	122,563	122,563
Rent debtors	8,016	5,707
Insurance rebate	-	11,764
Accrued income	96,113	224,065
Other debtors - Bond Payment	<u>39,000</u>	<u>390,000</u>
	<u><u>314,248</u></u>	<u><u>814,227</u></u>

## The Gannochy Trust

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 15 Debtors (continued)

Debtors includes £152,563 (2021: £552,563) receivable after more than one year.

This can be analysed as follows:

	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>£</b>	<b>£</b>
Loan - Hope Park Trust	30,000	40,000
Loan - The Y Centre	122,563	122,563
Other debtors - Bond Payment	-	390,000
	<u>152,563</u>	<u>552,563</u>

The above loans are made in furtherance of the Trust's charitable objectives and accordingly no interest is charged on the capital. The loan in relation to The Hope Park Trust is repayable at £10,000 per annum and is unsecured.

A security has been taken out in connection to the loan to The Y Centre over the church building element of the site. The Y Centre Ltd met the conditions for the loan to be converted to a donation and the security was discharged on 14 July 2022.

Other debtors relates to a bond payment made in connection with a new road for the estate extension. 90% of the bond payment was repaid during the year with the balance expected to be paid within 12 months.

#### 16 Cash and cash equivalents

	<b>2022 £</b>	<b>2021 £</b>
Cash on hand	200	200
Cash at bank	<u>731,098</u>	<u>843,151</u>
	<u>731,298</u>	<u>843,351</u>

#### 17 Creditors: amounts falling due within one year

	<b>2022 £</b>	<b>2021 £</b>
Charitable commitments - grants payable	3,814,594	4,211,774
Accruals	<u>58,525</u>	<u>206,102</u>
	<u>3,873,119</u>	<u>4,417,876</u>

#### 18 Creditors: amounts falling due after one year

	<b>2022 £</b>	<b>2021 £</b>
Charitable commitments - grants payable	<u>2,231,274</u>	<u>1,023,084</u>



## **The Gannochy Trust**

### **Notes to the Financial Statements for the Year Ended 30 June 2022**

#### **19 Capital commitments**

Expenditure in respect of the existing housing renovations contracted for, but not incurred or provided for in the financial statements at 30 June 2022, amounted to £139,048 (2021: £44,000).

## The Gannochy Trust

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 20 Funds

	Balance at 1 July 2021 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 30 June 2022 £
<b>Unrestricted funds</b>						
<i>Unrestricted general funds</i>						
Unrestricted income fund	15,151,842	1,750,263	(9,325,546)	16,408,156	(152,005)	23,832,710
<b>Restricted funds</b>						
W.G. Farquharson Bequest	1,241,553	24,180	(27,988)	-	(105,393)	1,132,352
<b>Endowment funds</b>						
<i>Expendable endowment funds</i>						
Capital fund	184,794,904	1,768,814	(348,192)	(16,408,156)	(14,974,380)	154,832,990
Revaluation reserve	23,154,092	-	(95,398)	-	-	23,058,694
	<u>207,948,996</u>	<u>1,768,814</u>	<u>(443,590)</u>	<u>(16,408,156)</u>	<u>(14,974,380)</u>	<u>177,891,684</u>
<b>Total funds</b>	<u>224,342,391</u>	<u>3,543,257</u>	<u>(9,797,124)</u>	<u>-</u>	<u>(15,231,778)</u>	<u>202,856,746</u>



# The Gannochy Trust

## Notes to the Financial Statements for the Year Ended 30 June 2022

### 20 Funds (continued)

	Balance at 1 July 2020 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 30 June 2021 £
<b>Unrestricted funds</b>						
<i>Unrestricted general funds</i>						
Unrestricted income fund	16,230,386	1,631,602	(6,220,841)	3,312,884	197,811	15,151,842
<i>Unrestricted designated funds</i>						
Estate extension	453,473	-	(1,200)	(452,273)	-	-
<b>Total unrestricted funds</b>	<u>16,683,859</u>	<u>1,631,602</u>	<u>(6,222,041)</u>	<u>2,860,611</u>	<u>197,811</u>	<u>15,151,842</u>
<b>Restricted funds</b>						
W.G. Farquharson Bequest	1,071,190	26,668	(29,371)	-	173,066	1,241,553
<b>Endowment funds</b>						
<i>Expendable endowment funds</i>						
Capital fund	161,171,662	1,868,666	(301,758)	(2,860,611)	24,916,945	184,794,904
Revaluation reserve	<u>22,603,030</u>	<u>-</u>	<u>(94,966)</u>	<u>-</u>	<u>646,028</u>	<u>23,154,092</u>
	<u>183,774,692</u>	<u>1,868,666</u>	<u>(396,724)</u>	<u>(2,860,611)</u>	<u>25,562,973</u>	<u>207,948,996</u>
<b>Total funds</b>	<u>201,529,741</u>	<u>3,526,936</u>	<u>(6,648,136)</u>	<u>-</u>	<u>25,933,850</u>	<u>224,342,391</u>

## **The Gannochy Trust**

### **Notes to the Financial Statements for the Year Ended 30 June 2022**

#### **20 Funds (continued)**

The specific purposes for which the funds are to be applied are as follows:

Restricted Funds - W.G. Farquharson bequeathed certain properties to the Trust which were disposed of in 1994 and 2011 with the net proceeds invested on the stock market for the W.G. Farquharson Bequest. Movements occur on this fund as investments are bought and sold as gains or losses. £24,180 was remitted directly to the Kincarrathie Trust during the year.

Endowment Funds - the Trustees are the sole judges as to what constitutes revenue, reserves and capital and as far as revenue and reserves are insufficient may spend out of capital.

During the year £16,408,156 was transferred from the Trust's endowment funds to unrestricted general income funds, which included £6,573,141 of cash drawn down to meet unrestricted expenditure.

## The Gannochy Trust

### Notes to the Financial Statements for the Year Ended 30 June 2022

#### 21 Analysis of net assets between funds

	<b>Unrestricted funds General £</b>	<b>Restricted funds £</b>	<b>Endowment funds Expendable £</b>	<b>Total funds 2022 £</b>
Tangible fixed assets	66,115	-	44,271,813	44,337,928
Fixed asset investments	28,825,442	1,132,352	133,619,871	163,577,665
Current assets	1,045,546	-	-	1,045,546
Current liabilities	(3,873,119)	-	-	(3,873,119)
Creditors over 1 year	(2,231,274)	-	-	(2,231,274)
Total net assets	<u>23,832,710</u>	<u>1,132,352</u>	<u>177,891,684</u>	<u>202,856,746</u>
	<b>Unrestricted funds General £</b>	<b>Restricted funds £</b>	<b>Endowment funds Expendable £</b>	<b>Total funds 2021 £</b>
Tangible fixed assets	69,240	-	44,302,441	44,371,681
Fixed asset investments	18,865,984	1,241,553	163,646,555	183,754,092
Current assets	1,657,578	-	-	1,657,578
Current liabilities	(4,417,876)	-	-	(4,417,876)
Creditors over 1 year	(1,023,084)	-	-	(1,023,084)
Total net assets	<u>15,151,842</u>	<u>1,241,553</u>	<u>207,948,996</u>	<u>224,342,391</u>

#### 22 Analysis of net funds

	<b>At 1 July 2021 £</b>	<b>Cash flow £</b>	<b>At 30 June 2022 £</b>
Cash at bank and in hand	<u>843,351</u>	<u>(112,053)</u>	<u>731,298</u>
Net debt	<u>843,351</u>	<u>(112,053)</u>	<u>731,298</u>
	<b>At 1 July 2020 £</b>	<b>Cash flow £</b>	<b>At 30 June 2021 £</b>
Cash at bank and in hand	<u>2,331,756</u>	<u>(1,488,405)</u>	<u>843,351</u>
Net debt	<u>2,331,756</u>	<u>(1,488,405)</u>	<u>843,351</u>



## **The Gannochy Trust**

### **Notes to the Financial Statements for the Year Ended 30 June 2022**

#### **23 Related party transactions**

The following relations exist between the Trustees who have served at any time during the year and related parties, including charities who have received or provided services. The Trustees do not participate in deliberations relating to, and do not vote on, decisions affecting the charities with whom they have a relationship. The related parties are:

##### **Mr. Stephen J. Hay**

##### **NHS Tayside Endowment Fund (Informal Investment Advisor until 12.07.2021)**

There was no application for funding received during the year.

##### **Mr. Bruce N. Renfrew**

##### **Thorntons Law LLP (Member)**

##### **Thorntons Trustees Limited (Director)**

##### **Thorntons Policy Trustees Limited (Director)**

##### **Whitehall Chambers Trustees Limited (Director)**

##### **Brothock Trustees Limited (Director)**

##### **Pagan Osborne Discretionary Trustees Limited (Director)**

##### **Pagan Osborne & Grace Trustees Limited (Director)**

##### **Murray Donald Trustees Limited (Director)**

##### **Murray Donald Drummond Cook Trustees Limited (Director)**

##### **Kinnoull Parish Church (Elder)**

There were no applications for funding received during the year.

##### **Mrs Ailsa Macmillan**

##### **Perth Choral Society (Member)**

##### **Dundee Rep and Scottish Dance Theatre (Employee)**

A grant of £5,650 was paid out during the year to Dundee Rep and Scottish Dance Theatre to support the creation of the Hilltown Hub, a training and mentoring hub for young people.

## **The Gannochy Trust**

### **Notes to the Financial Statements for the Year Ended 30 June 2022**

#### **23 Related party transactions (continued)**

##### **Ms Ruth Ogston**

**National Theatre of Scotland (Employee)**

**The Thomson Trust (Trustee)**

**Random Accomplice Theatre Company (Board Member)**

There were no applications for funding received during the year.

##### **Mr Andrew Duncan (Chief Executive)**

**Meikleour Village Hall Management Committee (Vice Chair)**

There were no applications for funding received during the year.