

Trust registration number: SC003133



Annual Report and Financial Statements

for the Year Ended 30 June 2019

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	Dr. James H.F. Kynaston, Chairman until 12 February 2019 Mr. Ian W. McMillan Mrs. Jane S. Mudd Mr. David M. Gray, Chairman from 12 February 2019 Mr. Stephen J. Hay Mr. Bruce N. Renfrew Mr. Roland A. Bean		
Senior Management Team	Ms. Carol Downie MBE, Chief Executive Mr. Andy A. Duncan MRICS, Estates Manager 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
Investment Manager	Brewin Dolphin Sixth Floor Atria One 144 Morrison Street EDINBURGH EH3 8EX	Investment Advisor	Mr. Simon Jagger Jagger & Associates Ground Floor 14 Exchange Quay Salford Quays MANCHESTER M5 3EQ

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Trustees' Report for the year ended 30 June 2019

The Trustees present their report and audited financial statements for the period ended 30 June 2019, prepared in accordance with the accounting policies set out in Note 1 of the Accounts. They comply with the Charity's governing document and Statement of Recommended Practice 'Accounting and Reporting by Charities' applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

Trustees

As Chairman of the Board of Trustees from 2012 to 2019, Dr James Kynaston led the development of the Trust through a period of significant change: the development of a new Strategy and the ensuing Development Plan; a review and refocus of the Trust's Funding Strategy; and the development of the Trust's vision for an extension to the Gannochy housing estate. James' empathetic approach and desire to work with organisations and stakeholders to reach the best possible outcomes for people has been invaluable to the Trust. He has been fundamental in the development of the Trust's preferred method of working which is to listen and learn, create opportunities and partnerships, support, influence and facilitate.

The Trust is fortunate that James has agreed to continue for a further year to use his skills, knowledge and experience, built up over 20 years as a Gannochy Trustee, to support Mr David Gray, the incoming Chairman.

Recruitment and appointment of Trustees

For Trustees appointed since 2016, the normal length of service is a 4-year term with an option to serve a further 4-year term, which can be extended by mutual agreement.

Background and charitable objectives

Arthur Kinmond Bell, the founder of the Gannochy Trust, was a noted visionary who delivered his philanthropy with a degree of unassuming reserve. An extremely able businessman, with considerable foresight and acumen, he established the Gannochy Trust in 1937, for charitable and public purposes.

Many of A K Bell's early projects were visionary and ahead of their time. One of his first projects was the building of the Gannochy Housing Estate between 1923 and 1931, a project described by the then Chancellor of the Exchequer, Neville Chamberlain, as 'unique in character and certainly the best I have seen'.

A K Bell's 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 of many thousands of people, not only in Perth but all over Scotland.

The Gannochy Trust delivers against this philosophy through the ongoing management of the Gannochy housing estate and adjoining lands, providing healthy and affordable rented accommodation to the people of Perth and Kinross, providing public access to the estate for nearly 100 years and distributing funds from the Trust's investments to charitable causes.

Through careful management, the Gannochy Trust's funds have grown significantly over time, enabling the Trust to extend the impact of A K Bell's philosophy to a great many people and organisations.

The Gannochy Trust

Trustees' Report for the year ended 30 June 2019

The Trust's three year Strategic Plan (2016 to 2019) supports the objectives that were set out by A K Bell in the Trust Deed. The Gannochy Trust aims to use its resources to achieve the following strategic aims:

- **Our Housing** – to provide affordable, high quality, energy efficient houses of character, vision and design in an attractive physical environment; improving existing housing where appropriate and developing exemplar new housing that is sympathetic to A K Bell's original vision.
- **Our Estate** – to grow, develop and create safe, attractive green spaces for play, learning, creativity and active travel while improving wildlife habitats and increasing biodiversity
- **Community** – to increase the use of the Trust's assets of land and buildings; to actively engage communities; develop opportunities, activities and services to improve the quality of life for the people of Perth and across Scotland.
- **Our Grant-giving** – to be a responsive and engaged funder for organisations that develop, inspire and improve peoples' lives, in particular children, young people and people who are disadvantaged or vulnerable, and/or to improve the availability or quality of the built and natural environment for wide community use.
- **People, Resources and Organisational Development** – to strive for fairness, efficiency and effectiveness in the running of the Trust and to inspire and empower our staff and trustees, giving them the support and tools that they need to deliver the best possible outcomes for the Trust.

Activities, Achievements and Performance

A summary of the Trust's Activities, Achievements and Performance under each of the strategic aims is outlined in the following section.

Our Housing – To provide affordable, high quality, energy efficient housing of character, vision and design

The Gannochy Housing Estate - One of A K Bell's first projects was the building of the Gannochy Housing Estate between 1923 and 1931, a project of 149 sandstone 'family' bungalows which were at the 'cutting edge' of urban layout and design: influenced by the 'Garden Cities' movement, with good quality housing and plenty of open space. Subsequent phases of three sheltered housing developments of 63 homes and a terrace of 6 single person houses meant that the Trust could meet the specific needs of tenants as their circumstances changed.

During the year, in addition to maintaining and developing the existing housing estate to a high standard, the Trust began the development of 48 new affordable homes designed to provide flexible, healthy and inspiring 'homes for life' within a caring and inclusive lifetime neighbourhood. The individual house designs were developed to deliver 21st century houses which respect the values, ethos and vision of our founder's original estate.

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Trustees' Report for the year ended 30 June 2019

Our achievements during the period have included:

- Progressing the construction of 48 high quality exemplar affordable houses. Although progress was delayed due to issues with the relocation of a water main, the Trust has worked with the contractor, Campion Homes, to ensure construction could continue and a phased programme of completion has now been agreed commencing in October 2019 with overall completion scheduled for March 2020.
- Engaging Glasgow School of Art's Mackintosh Environmental Architecture Research Unit to undertake a two year monitoring programme for the new houses as part of a collaborative project with Kingdom Housing Association; developing the brief and specification for the monitoring, and identifying an appropriate supply partner.
- Continuing the major refurbishment programme on our existing housing including 4 full refurbishments; and concluding a two year monitoring project in partnership with Historic Environment Scotland and Glasgow Caledonian University to assess the performance of the refurbishment techniques employed.
- Completion of a major boiler and heating system upgrade programme to bring all of the Trusts property up to an Energy Performance Certificate rating of D, 6 years ahead of the Scottish Government's implementation date for this standard (31 March 2025).

Our Estate – To grow, develop and create safe, attractive green spaces for play, learning, creativity and active travel

Macmillan Coffee and Gift Shop - Since 1991, the Gannochy Trust has supported the volunteers of the Macmillan Coffee and Gift Shop through free use of the Trust's premises at the beautiful Quarrymill Woodland Park – an ideal place to combine lunch with a walk in the fresh Perthshire air.

All proceeds from the Coffee and Gift Shop go to help cancer patients in Perth and Kinross through the Cornhill Macmillan Centre which is located within the grounds of Perth Royal Infirmary.

Funding raised by the volunteers at the Coffee and Gift Shop recently reached the cumulative total of over £1million. A plaque recognising this significant achievement was unveiled at the Coffee and Gift Shop by the Lord High Commissioner to the General Assembly of the Church of Scotland, the Duke of Buccleuch and Queensferry on 22 May 2019.

Our achievements during the period have included:

- Continuing a programme of major investment in the repair and refurbishment of the bridge and footpath network at Quarrymill Woodland Park to ensure it remains accessible to a wide range of users.
- Continuing the partnership with Macmillan Coffee Shop Association at Quarrymill, including upgrading the facilities to support their successful café and shop.
- Continuing to support RSPB to deliver the Growing Up with Quarrymill Project which aims to deliver high quality outdoor education experiences for pupils and school staff using the Forest Schools approach to outdoor learning; strengthen pride and responsibility for Quarrymill and surrounding local area; promote health and well-being through a variety of woodland events; and establish Quarrymill woodlands as a recognised facility for delivering inspiring and stimulating learning.

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- Development of the proposals identified by the Gannochy Young Placechangers (see below) for the improvement of the Curly including securing planning permission for the installation of new sports fencing.
- Completing the farm rent reviews that are carried out every four years.

Our Community – To increase the use of the Trust's assets of land and buildings to improve the quality of life for the people of Perth and across Scotland

The Gannochy Young Placechangers Project – the Curly (formerly a Curling Rink) The Young Placechangers programme engages and empowers young people between the ages of 12-25 years to take the lead and change their local environment. During the year, the Gannochy Trust worked closely with greenspace Scotland to support a group of young people who live in or around the Gannochy estate to make a difference to the Curly, a fenced off small park with grass and mature trees.

Through participating in greenspace Scotland's training, young people were supported to take the lead on community consultations. The group presented their plans for the Curly to the Gannochy Board of Trustees in November 2018. The Board agreed to fund the improvements with a few suggestions on reducing costs. A successful planning application was subsequently submitted to Perth and Kinross Council and the work is currently being taken forward.

"It's only been a short four months since we first met at the Gannochy Young Placechangers Group, but we have packed a lot in to that time. We held 12 meetings, the group has developed its own questionnaire for residents, completed a Place Evaluation, designed a promotional poster, delivered its own Community Consultation event, secured quotes for the work, written a presentation and held a face to face meeting with the Gannochy Trustees".

Gannochy Young Placechangers

Our achievements during the period have included:

- Providing work experience placements on our new housing project for secondary school and college students in collaboration with Campion Homes and Developing the Young Workforce, Perth and Kinross.
- Increasing the use of Gannochy Community Hall; Pavilion and Coffee Shop for community and charitable purposes.
- Supporting the Gannochy Events Group who have added to the growing number of activities and events that are taking place on the Gannochy Estate – lunch clubs; quiz nights; mums groups; coffee mornings; exercise classes.
- Supporting Perth Doo'cot Cricket Club and Archery Club to be thriving clubs increasing their membership and attracting young people.

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Trustees' Report for the year ended 30 June 2019

Our Grant-giving – to be a responsive and engaged funder

Horsecross Arts Ltd - During the course of the year the Trust funded a programme of innovative, life-enhancing workshops and classes for young people aged 0-21 years from a variety of backgrounds and with a range of needs. Each workshop is specially designed to inspire creativity, fire the imagination and develop talent including: **Join In workshops** – an introduction to the arts which often act as a catalyst; a stepping stone to more advanced activities and increased engagement; **Performance and Participation** places professional artists and performances where young people gather, encouraging dialogue between them, the young people and the programme; **Enterprise** – A training and development scheme engaging young people in high-quality artistic work placement experiences on an annual basis. The programme offers young people aged 10-26 years, hands-on opportunities to get behind the scenes and gain an understanding of the range of jobs available within an arts organisation; **Celebrate** – two large-scale opportunities to celebrate young people from across the region. Throughout the year 433 young people were involved in the programme.

"All the pupils that attended the props workshop, loved it and were able to communicate very well about the experience".

Head of Expressive Arts, Perth Grammar

"Some of the young people who went to those initial drama sessions last year have joined the local musical society, so you made an impact up here!"

George Annan, Alyth Youth Partnership Manager

"I loved the special effects makeup session as we have never done anything like that before, it was so much fun learning how to do all the gruesome makeup and doing it in pairs. Now when I watch anything which might have things like that in it, I will know how they have done it"

Perth Youth Theatre Participant

Our achievements during the period have included:

Developing a unique collaboration with Perth and Kinross Council aimed at harnessing the value of youth work. Through the development of a dynamic youth work funding partnership, youth agencies across Perth and Kinross will be supported to deliver effective youth work provision that engages young people in communities, inspiring and supporting them to realise their potential and to address life's challenges. From April 2019, the partnership will invest more than £900,000 over a three year period in local youth work agencies in the five locality areas within Perth and Kinross.

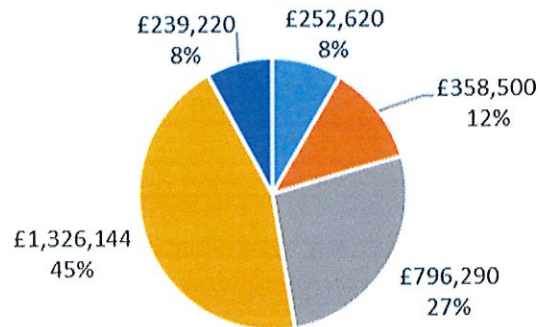
- Developing and rolling out the Trust's new Funding Strategy for 2019 to 2022 which will invest £15m in charitable organisations over the next 3 years.

Considering 132 funding applications of which 97 (73%) were successful and approving grants totalling £2,972,774. We had £5,418 grants returned and £48,256 commitments withdrawn due to projects not going during the year, giving a net grant-making figure of £2,919,100. In addition, £34,151 of re-invested income was paid out to the Kincarrathie Trust, per the terms of the Farquharson Bequest.

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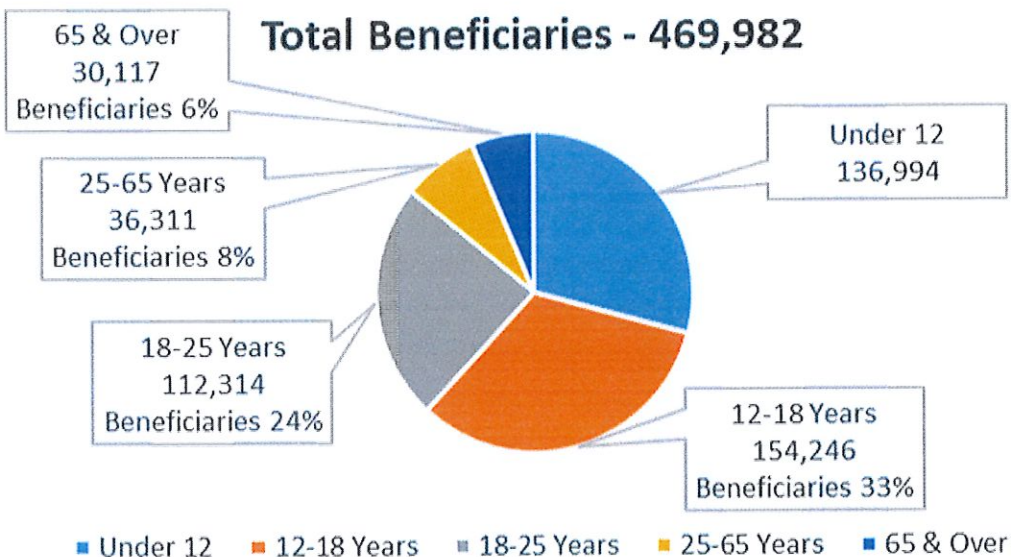
Trustees' Report for the year ended 30 June 2019

Grant-making by Theme - Amount £2,972,774



- Developing & Inspiring Young People - Perth & Kinross
- Developing & Inspiring Young People - Scotland-wide (including Perth & Kinross)
- Developing & Inspiring Young People - Rest of Scotland
- Improving the Quality of Life for People - Perth & Kinross
- Capital Project - Perth & Kinross

Total Beneficiaries - 469,982



- Under 12
- 12-18 Years
- 18-25 Years
- 25-65 Years
- 65 & Over

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Trustees' Report for the year ended 30 June 2019

Our People, Resources and Organisational Development – To strive for fairness, efficiency and effectiveness in the running of the Trust.

The Learning Distillery – a one day learning event was developed by the Trust in response to feedback from grant holders through grant reporting, consultation and Funding Strategy Review events. There was a clear desire for opportunities for third sector agencies to network; share experiences and learn from each other; and develop and create contacts. Attendance was by invitation only to grant recipients within Tayside. 126 delegates, facilitators, speakers, funders and market place stand holders attended. The event was opened by John Swinney, Deputy First Minister who spoke with passion and belief in the valuable work offered by the third sector.

The excitement and buzz on the day alongside the evaluation suggested that the event was valued; the format of the event was well received by everyone who attended; and the workshops were delivered to a very high standard.

"The event has been a very positive learning experience for the Trust and the challenge for us now will be how we fulfil the aspirations of delegates while considering our staffing capacity. Staff and Trustees will give this careful consideration over the next few months before deciding the next steps."

Dr James Kynaston, Former Chairman

Our achievements during the period have included:

- Developing the Trust's Communication Strategy and a prioritised Communication Plan which includes a redesign and build of the Trust's website.
- Reviewing staffing capacity and future requirements and recruiting the full-time posts of Tenancy Officer and Development Manager.
- Carrying out the five year valuation of the Estate's assets – farms; housing and property.

Plans for the year ahead

During the coming year, the Trust will:

- Recruit a new Chief Executive and two new Trustees
- Complete the estate expansion programme including landscaping
- Launch and open the new estate expansion
- Recruit and settle in new tenants including developing information packs and tenant training
- Hold a workshop with Cricket Scotland and the Perth Doo'cot Cricket Club to develop a strategy for cricket; develop a plan for the cricket pitches and recruit a new Cricket Groundsman
- Develop a Funding Plus offer to grant holders and articulate the offer to charities that are funded by the Trust including use of the Trust's facilities
- Implement the Communication Plan
- Support Live Active Leisure to consider a plan of transformational change for Bell's Sports Centre

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Trustees' Report for the year ended 30 June 2019

Financial Review

Financial Performance

Our funds increased by £22.0m (2018: £0.5m).

Net expenditure before gains on investments was £2.1m (2018: £3.8m). Total gains on investments were £5.9m (2018: £4.2m), giving net income of £3.8m (2018: £0.5m).

Our income from charitable activities (primarily rent from housing) was £1.4m (2018: £1.3m) and our investment income (primarily dividends) was £2.7m (2018: £2.5m).

Our total expenditure was £6.2m (2018: £7.5m). Included in this were £3.2m of grants awarded and related costs (2018: £5.2m) and £1.2m of housing and related costs (2018: £1.4m). Also included in our expenditure on charitable activities was £1.0m relating to the expansion of the Trust's housing estate (2018: £0.4m), where construction continued during the year.

A quinquennial valuation of our land and buildings has been carried out this year, including an estimate of the new houses' value on completion. This has resulted in a substantial uplift of our asset base by £18.2m. The valuation envisages that the housing extension, on completion, will be below cost, due to the exemplar nature of the development. Consequently 30% of the costs to date have been charged to revenue as a charitable activity.

Total funds at the year-end were £208.5m (2018: £186.5m). Details of these funds are set out in Note 19 to the accounts. Of the total funds of the Trust, £185m are expendable endowment funds, of which £23.3m 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. The Trust's unrestricted funds were £22.6m. These are represented by £15.2m of tangible fixed assets, £7.0m of investments, £4.2m of cash and debtors, offset by liabilities of £3.8m. Of the total unrestricted funds, £4.8m was designated for remaining expenditure on the housing estate extension.

Unrestricted general funds available for the general use of the Trust, in line with its objectives, are primarily represented by the Trust's fixed assets including investments, but are supplemented by income 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.

Policy on reserves

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.

The Trust manages the investment portfolio with significant cash of up to £20 million held with Royal London Asset Management and placed under administration by Brewin Dolphin to ensure it can continue its charitable activities and meet foreseeable medium-term commitments over the next 4 or 5 years. Since grants are at the discretion of Trustees, unforeseeable and unavoidable significant financial obligations are very improbable.

The Trustees may vary this cash balance if they believe that it could be better invested.

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Trustees' Report for the year ended 30 June 2019

Financial Management

Work to control expenditure throughout the Trust has continued, through the prudent phasing of work, tight budgetary controls, and efficiencies being achieved through tendering and managing contractors. In particular, day to day and planned maintenance expenditure have been closely analysed and monitored to ensure the efficient use of resources, while maintaining levels of service to our tenants. This work is ongoing with the aim being that expenditure on maintenance, refurbishment and renovation of the Trust's housing is contained within the income derived from rents, ensuring that the Trust can maximise the amount that can be allocated to grant-making activity.

Major risks and management of those risks

The principal risks currently faced by the Trust lie in the construction of the new housing estate expansion and the operational risks arising from the diverse activities of the Trust, including the estate.

A Programme Board for the Housing Estate Expansion Project, with a membership of Trustees, Senior Staff and external advisers, was put in place to oversee the implementation of the entire project, monitor costs, progress and quality, monitor key strategic risks and sign-off key design stages.

A programme of upgrading fire detection systems has been implemented and regular reviews of legislative compliance policies and procedures have been carried out. The Trust engages external support where appropriate to supplement in-house staff and where necessary to carry out independent audits of procedures and contractors, including external gas and electrical safety inspections and an audit of internal financial controls.

The Trust continues to engage Law at Work to provide Health and Safety and Human Resources advice and support to ensure that risks within these areas are appropriately managed. A detailed review of Health and Safety processes and procedures has recently been undertaken, and an action plan produced which is being progressed on a prioritised basis. The Trust's external Health and Safety Adviser indicated that the Trust was 95% compliant against the Action Plan in 2017 and 99% in 2018 which indicated significant progress and a strong health and safety culture within the staff team. The Policy Organisations and Arrangements for Health and Safety were also put in place. An audit is held annually and reported to the Board by the Trust's external Health and Safety Adviser.

No investment is without risk. The way investment risk is managed is set out in the Investment Review below.

During the year, the Trust reviewed its Risk Management Policy and Framework to assess the trade-off between risk and opportunity. A revised risk register with mitigating actions was reviewed and approved by the Board and will be reviewed at least twice a year.

Investment Review

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 Trust's investment portfolio is managed with the aim of generating a surplus that will both meet the needs of the housing estate and maintain in real terms the underlying value of the portfolio. The portfolio is managed with a total return objective.

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Trustees' Report for the year ended 30 June 2019

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 an Investment Manager – Brewin Dolphin – to manage the larger part of the Trust's investment portfolio, on a discretionary basis.
employs an Investment Adviser – Jagger and Associates – 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 Manager by providing independent valuations of portfolio assets and produces detailed six-monthly reports on the performance of all the managers employed by the Trust which are reviewed at board meetings.
- receives quarterly performance reports from Brewin Dolphin which are reviewed at Board meetings, physically meets the investment adviser and the non-discretionary managers at least once a year and with Brewin Dolphin twice a year.

Asset Allocation

The Trust's Strategic Asset Allocation has not changed over the course of the year. The unrestricted portfolio is managed on a total return basis, which necessitates capital withdrawals. During the year £9.1million of capital was withdrawn to meet Trust expenses and commitments including the housing expansion.

The unrestricted portfolio was divided into 4 distinct segments, with differing risk and return profiles. The restricted funds are invested for income and capital growth and managed to a different mandate by Brewin Dolphin. Table 1 shows the value of the portfolio and the returns that each segment generated.

Table 1 Portfolio Value

Asset (£m)	Value 30 June 2019	Value 30 June 2018	Return
Cash	17.5	20.2	1.22%
Capital Reserve	-	3.6	-1.63%
Execution Only	59.6	57.4	3.80%
Growth Portfolio	91.3	88.0	6.80%
Sub-Total	168.4	169.2	4.91%
Farquharson Restricted Fund	1.1	1.1	5.30%
Total	169.5	170.3	

Cash:

The target range for cash is 5-15% of assets. The Trustees currently intend to maintain a cash balance of approximately £20 million in order to cover anticipated expenditure over the subsequent 4 or 5 years regardless of asset market conditions. This is currently held with Royal London Asset Management in two funds.

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Trustees' Report for the year ended 30 June 2019

Capital Reserve Fund:

This fund had been raised in order to underwrite part of the housing estate expansion and was spent by the end of the 2018-19 financial year. The fund was invested in three low risk funds.

Execution Only Portfolio:

This portfolio is invested in pooled funds managed by three different investment managers with different return targets. All the funds are diversified growth funds, characterised by low volatility targets. No withdrawals were made from the execution only portfolio.

Table 2: Execution Only Fund Performance

Fund £m	2019	2018	Change	Target Return	Relative Return
Baillie Gifford Multi-asset Growth	27.9	26.9	3.79%	4.30%	-0.51%
Ruffer Absolute Return	14.8	15.0	-1.60%	0.90%	-2.50%
Newton Real Return	16.8	15.4	9.06%	4.70%	4.36%
Total	59.5	57.3	3.80%		

Growth Portfolio:

Brewin Dolphin manages the growth portfolio on a discretionary basis with a target of returning inflation as measured by CPI (consumer price index) plus 3.5%. The CPI was 2%. During the year £2.5m was withdrawn from the growth portfolio.

Investment Performance

The Trust's investment portfolio, excluding the restricted Farquharson Fund, is positioned cautiously with 46% of assets in cash and low risk funds. The value of the portfolio at the end of June 2019 is shown in table 1 with the prior year value, percentage change and returns. The portfolio generated a return of 4.91% which exceeded inflation by 2.91%. The growth portfolio returned 6.8% beating its target by 1.3%. The return on the Cash portfolio was 1.22%. The return on the capital reserve fund was a negative 1.63%. The Execution Only portfolio returned 3.8% overall. Within the portfolio, Newton delivered a strong return of 9.06% beating its benchmark by 4.36%. Baillie Gifford and Ruffer both underperformed their benchmarks by 0.51% and 2.5% respectively. The three funds have different objectives and styles and some variation in performance between them is expected. The purpose of the Execution Only portfolio is to act as a diversifier to the Growth portfolio, which has a significant allocation to equities, thereby reducing overall portfolio volatility.

As the portfolio is managed on a total return basis the Trustees need to raise funds on a quarterly basis. The Trustees therefore review the performance of the portfolio and expected returns with the investment adviser before deciding from which sub-portfolio to make withdrawals.

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Responsible Investment

The Trust regularly discusses socially responsible investment (SRI) issues with its Investment Adviser, Jagger and Associates, and its Investment Manager, Brewin Dolphin. A significant proportion of the Trust's assets are invested in pooled funds, which do not have explicit SRI overlays. Brewin Dolphin also manage direct investments into UK companies and are a signatory to the UK Stewardship Code and the UN Principles for Responsible Investing, which means that their analysis of companies includes an assessment of corporate environmental, social and governance performance. With regard to voting the Trust's shares, Brewin Dolphin generally follow the guidance issued by Institutional Shareholder Services, a leading provider of corporate governance and responsible investments solutions.

Structure, Governance and Management

Governing Document

The Trust is an unincorporated trust, constituted under a Trust Deed dated September 1937 and is a registered Scottish charity. A K Bell's lifetime work combined concern for others with far-reaching vision and purpose. This is reflected clearly in the Gannochy Trust Deed which guides the Trust's investment in the organisations, clubs, groups and communities that it supports. Following preliminary specialist legal advice, the Trust set up a Governance Sub Group during 2018. The Sub Group will regularly review the Trust's legal structure to ensure its appropriateness.

Governance and Management

Seven Trustees, from a variety of backgrounds and experience, form the Trustee Board which is responsible for the overall governance and strategic direction of the Trust, developing the organisation's goals in accordance with the Trust Deed. The Trustees who served during the financial period which ended on 30 June 2019 are listed on Page 1 of the Annual Accounts.

Specialist legal and financial support and advice is made available to trustees when required. A Schedule of Delegated Authority to the Chief Executive is clearly defined.

The Trustee Board met 10 times during the period for the purpose of the strategic management of the Trust, its assets and funding requests from charities. A number of short and long-term sub groups were set up including: Strategic Risk Management; Governance; Audit and Accounts, Funding Strategy and Strategic Partnerships.

There were no direct related party transactions during the year. Further details can be found in Note 22 of the financial statements.

Key Management Personnel

The day to day management of the Trust, including the estate, grant administration, personnel management and staff development, is the responsibility of Ms Carol Downie, Chief Executive, who is assisted by Mr Andy Duncan, Estates Manager, Mrs Fiona Russell, Grants Manager and Mr Steven Greig, Development Manager, and the rest of the Trust's small staff team.

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 of broadly comparable organisations in order to inform a clear pay and conditions policy around salary points and relativity between jobs.

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Trustees' Report for the year ended 30 June 2019

Induction and training of Trustees

Following initial induction training and receipt of a detailed Trustee Pack, new Trustees undertake a programme of induction. The Trust continues to keep abreast of current issues and priorities by inviting charities to make presentations to the Board as part of our listening and learning programme. Trustees also meet with the Trust's advisers on a regular basis. Opportunities are given to Trustees to attend external training events on charity governance and on other specific areas such as charity finance.

As part of the Trust's board development programme, Trustees held two Away Days with members of the Senior Staff Team.

Individual Trustee appraisals are conducted by the Chair on an annual basis. These appraisals give an opportunity for confidential discussion on the performance of the Board, the Chair and of each Trustee.

Disclosure of information to auditor

Trustees understand their individual and collective responsibilities. Trustees 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.

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 business.

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 Gannochy Trust

Trustees' Report for the year ended 30 June 2019

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.

In conclusion

It has been another busy year for the Trust, particularly with the exciting development of our new housing. It has also been an extremely successful year with much achieved, as set out above.

I would like to thank our Chief Executive and her staff for their unfailing commitment to the Trust and all their hard work.

I would also like to thank our Trustees for their significant contribution and, in particular, for their and (the former chair) James Kynaston's support to me in taking over the chairmanship of the Board.

Approved by the Trustees on 12 December 2019 and signed on their behalf by:



Mr David Gray (Chair on behalf of the Trustees)

The Gannochy Trust

Independent Auditor's Report to the Members of The Gannochy Trust

Opinion on financial statements

We have audited the financial statements of The Gannochy Trust for the year ended 30 June 2019, 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 Trust's affairs as at 30 June 2019 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 Trust 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Members 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

We have nothing to report in respect of the following matters where the Charities 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 14 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 Trust'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 Trust 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 auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you 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 Members of The Gannochy Trust

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

Use of our report

This report is made solely to the Trust'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 Trust'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 Trust and the Trust'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

16 January 2020
.....

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 2019

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £	Total 2018 £
Income and Endowments from:						
Charitable activities	3	1,351,190	-	-	1,351,190	1,294,756
Investment income	4	2,657,202	34,151	-	2,691,353	2,463,637
Other income		693	-	-	693	461
Total Income		<u>4,009,085</u>	<u>34,151</u>	<u>-</u>	<u>4,043,236</u>	<u>3,758,854</u>
Expenditure on:						
Raising funds	5	(3,540)	(2,640)	(206,653)	(212,833)	(220,288)
Charitable activities	6, 7	<u>(5,855,495)</u>	<u>(34,151)</u>	<u>(99,838)</u>	<u>(5,989,484)</u>	<u>(7,271,501)</u>
Total Expenditure		<u>(5,859,035)</u>	<u>(36,791)</u>	<u>(306,491)</u>	<u>(6,202,317)</u>	<u>(7,491,789)</u>
Net expenditure before (losses)/gains on investments		<u>(1,849,950)</u>	<u>(2,640)</u>	<u>(306,491)</u>	<u>(2,159,081)</u>	<u>(3,732,935)</u>
Realised (losses)/gains on investment assets		(52,311)	(102)	(258,876)	(311,289)	129,261
Unrealised gains on investment assets	14	<u>-</u>	<u>24,260</u>	<u>6,231,528</u>	<u>6,255,788</u>	<u>4,062,780</u>
Total (losses)/gains on investment assets		<u>(52,311)</u>	<u>24,158</u>	<u>5,972,652</u>	<u>5,944,499</u>	<u>4,192,041</u>
Net (expenditure)/income		(1,902,261)	21,518	5,666,161	3,785,418	459,106
Gross transfers between funds	19	5,493,961	-	(5,493,961)	-	-
Gains on revaluation of fixed assets	13	<u>-</u>	<u>-</u>	<u>18,211,443</u>	<u>18,211,443</u>	<u>-</u>
Net movement in funds		3,591,700	21,518	18,383,643	21,996,861	459,106
Reconciliation of funds						
Total funds brought forward	19	<u>18,948,738</u>	<u>1,123,607</u>	<u>166,397,884</u>	<u>186,470,229</u>	<u>186,011,123</u>
Total funds carried forward	19	<u>22,540,438</u>	<u>1,145,125</u>	<u>184,781,527</u>	<u>208,467,090</u>	<u>186,470,229</u>

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

The funds breakdown for 2019 and 2018 are shown in note 19.

The notes on pages 23 to 45 form part of these financial statements.

The Gannochy Trust
(Registration number: SC003133)
Balance Sheet as at 30 June 2019


	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	38,539,768	17,653,212
Investments	14	<u>169,506,692</u>	<u>170,379,198</u>
		<u>208,046,460</u>	<u>188,032,410</u>
Current assets			
Debtors	15	1,169,919	668,592
Cash at bank and in hand	21	<u>3,039,010</u>	<u>2,315,332</u>
		4,208,929	2,983,924
Creditors: Amounts falling due within one year	16	<u>(2,691,867)</u>	<u>(2,943,894)</u>
Net current assets		<u>1,517,062</u>	<u>40,030</u>
Total assets less current liabilities		209,563,522	188,072,440
Creditors: Amounts falling due after more than one year	17	<u>(1,096,432)</u>	<u>(1,602,211)</u>
Net assets		<u>208,467,090</u>	<u>186,470,229</u>
Funds of the Trust:			
Endowment funds			
Capital fund		162,085,684	161,813,646
Revaluation reserve		<u>22,695,843</u>	<u>4,584,238</u>
Total endowment funds	19	<u>184,781,527</u>	<u>166,397,884</u>
Restricted funds	19	<u>1,145,125</u>	<u>1,123,607</u>
Unrestricted income funds			
General funds	19	17,572,413	11,354,186
Designated funds	19	<u>4,968,025</u>	<u>7,594,552</u>
Total unrestricted funds	19	<u>22,540,438</u>	<u>18,948,738</u>
Total funds		<u>208,467,090</u>	<u>186,470,229</u>

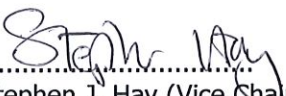
The Gannochy Trust

(Registration number: SC003133)

Balance Sheet as at 30 June 2019

The financial statements on pages 19 to 45 were approved by the Trustees, and authorised for issue on 12 December 2019 and signed on their behalf by:


.....
Mr. David M. Gray (Chairman)
Trustee


.....
Mr. Stephen J. Hay (Vice Chairman)
Trustee

The notes on pages 23 to 45 form part of these financial statements.

The Gannochy Trust

Statement of Cash Flows for the Year Ended 30 June 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net income		21,996,861	459,106
Adjustments to cash flows from non-cash items			
Depreciation	13	461,897	458,753
Gain on disposal of fixed assets held for the charity's own use		(171)	(3,470)
Income from investments	4	(2,691,353)	(2,463,637)
Unrealised gain on investments	14	(6,255,788)	(4,062,780)
Realised loss/(gain) on investments		311,289	(129,261)
Gain on revaluation of fixed assets	13	(18,211,443)	-
Cash movement in investments	14	<u>(1,583,669)</u>	<u>1,816,382</u>
		(5,972,377)	(3,924,907)
Working capital adjustments			
(Increase)/decrease in debtors	15	(501,327)	11,067
(Decrease)/increase in creditors	16, 17	<u>(757,806)</u>	<u>152,775</u>
Net cash flows from operating activities		<u>(7,231,510)</u>	<u>(3,761,065)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets	13	(3,137,010)	(423,021)
Sale of tangible fixed assets		171	3,470
Purchase of investments	14	(11,601,471)	(12,645,336)
Proceeds from the sale of investments	14	20,002,145	14,631,880
Income from investments	4	<u>2,691,353</u>	<u>2,463,637</u>
Net cash flows from investing activities		<u>7,955,188</u>	<u>4,030,630</u>
Net increase in cash and cash equivalents		723,678	269,565
Cash and cash equivalents at 1 July 2018	21	<u>2,315,332</u>	<u>2,045,767</u>
Cash and cash equivalents at 30 June 2019	21	<u><u>3,039,010</u></u>	<u><u>2,315,332</u></u>

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

These notes on pages 23 to 45 form part of these financial statements.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

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 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (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.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

2 Accounting policies (continued)

Assets under construction

As detailed at Note 13 assets under construction represent development works related to Estate Expansion. The total anticipated costs are expected to exceed valuation on completion, and therefore a proportion of costs are expensed as they are incurred in order to recognise the related impairment. The level of impairment is based on a comparison of projected market values to projected development costs.

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.

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.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

2 Accounting policies (continued)

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.

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 2019

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 on the basis of market value, existing use value and existing use value - social housing and depreciated replacement cost where appropriate. 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 2019. 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:

Asset class

Business and charitable property

Assets under construction

Fixtures, fittings and equipment

Depreciation method and rate

Straight line over fifty years

No depreciation charged until development work is complete

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 2019

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.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the Trustees.

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 19.

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 2019

3 Income from charitable activities

	Unrestricted funds		
	General	Total	Total
	£	2019	2018
		£	£
Housing	1,276,125	1,276,125	1,222,774
Charitable Buildings Other	22,050	22,050	21,680
Farms & Fields	53,015	53,015	50,302
	<u>1,351,190</u>	<u>1,351,190</u>	<u>1,294,756</u>

Housing includes affordable rents, pensioner's housing and other properties. All income from charitable activities was unrestricted in 2018.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

4 Investment income

	Unrestricted funds		Endowment funds		
	General £	Restricted funds £	Expendable £	Total 2019 £	Total 2018 £
Dividends receivable from listed investments	2,632,158	34,151	-	2,666,309	2,450,211
Interest received	<u>25,044</u>	<u>-</u>	<u>-</u>	<u>25,044</u>	<u>13,426</u>
	<u>2,657,202</u>	<u>34,151</u>	<u>-</u>	<u>2,691,353</u>	<u>2,463,637</u>

Of the total investment income for the year to 30 June 2018, £2,427,649 was Unrestricted, £35,988 Restricted and £nil related to Expendable Endowment funds.

5 Expenditure on raising funds

Investment management costs

	Unrestricted funds		Endowment funds		
	General £	Restricted funds £	Expendable £	Total 2019 £	Total 2018 £
Administration of the investments	<u>3,540</u>	<u>2,640</u>	<u>206,653</u>	<u>212,833</u>	<u>220,288</u>

Of the total investment management costs for the year to 30 June 2018, £8,905 was Unrestricted, £2,672 was Restricted and £208,711 related to Expendable Endowment funds.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

6 Expenditure on charitable activities

	Activity undertaken directly £	Grant funding of activity £	Activity support costs £	Total 2019 £	Total 2018 £
Grant-Making	-	2,953,251	198,395	3,151,646	5,227,687
Housing	519,749	-	705,999	1,225,748	1,350,208
Estate Extension	1,039,342	-	37,846	1,077,188	371,118
Charitable Buildings Other	23,641	-	75,059	98,700	100,326
Gardens, Grounds & Plantation	151,646	-	47,596	199,242	103,718
Estate Buildings	5,089	-	1,284	6,373	5,136
Farms & Fields	73,322	-	117,472	190,794	113,308
Community	-	-	39,793	39,793	-
	<u>1,812,789</u>	<u>2,953,251</u>	<u>1,223,444</u>	<u>5,989,484</u>	<u>7,271,501</u>

Of the total expenditure for the year to 30 June 2018, £7,135,675 was Unrestricted, £35,988 Restricted and £99,838 related to Expendable Endowment funds.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

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 2019	Total 2018
	£	£	£	£	£	£
Grant-Making	46,911	99,705	38,293	13,486	198,395	242,019
Housing	32,838	246,786	46,235	380,140	705,999	672,970
Estate Extension	-	37,740	106	-	37,846	20,007
Charitable Buildings Other	4,691	56,377	10,896	3,095	75,059	71,372
Gardens, Grounds & Plantation	4,691	30,367	9,443	3,095	47,596	44,711
Estate Buildings	-	1,276	8	-	1,284	1,263
Farms & Fields	4,691	25,698	25,173	61,910	117,472	98,122
Community	-	38,029	1,764	-	39,793	-
	<u>93,822</u>	<u>535,978</u>	<u>131,918</u>	<u>461,726</u>	<u>1,223,444</u>	<u>1,150,464</u>

The basis of allocation is staff time and usage.

Governance costs

	Total 2019	Total 2018
	£	£
Staff costs		
Wages and salaries	47,320	44,614
Other staff costs	457	709
Audit fees		
Audit of the financial statements	6,204	8,193
Accountancy fees	6,237	6,232
Legal fees & consultants	28,150	35,037
Allocated support costs	<u>5,454</u>	<u>7,337</u>
	<u>93,822</u>	<u>102,122</u>

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

8 Grant-making

Analysis of grants awarded

	Grants to organisations £
Analysis	
Inspiring Young People (Scotland-wide including Perth & Kinross)	1,360,154
Improving the Quality of Life for People (Perth & Kinross only)	1,243,726
Capital Projects	315,220
Other	<u>34,151</u>
	<u><u>2,953,251</u></u>

The support costs associated with grant-making are £198,395 (30 June 2018 - £242,019).

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

8 Grant-making (continued)

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

Name of organisation	2019 £
Perth and Kinross Association of Voluntary Service	108,762
Perth Autism Support	150,000
Rape and Sexual Abuse Centre Perth and Kinross	108,000
Scottish Chamber Orchestra	225,000
YMCA Perth & District	120,000
Other (all less than £100,000)	2,295,163
Commitments withdrawn	(48,256)
Donations returned	(5,418)
	<u>2,953,251</u>

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

The £108,762 grant to the Perth and Kinross Association of Voluntary Service is to support the salary costs of three full-time Adult Carer Support Workers.

The £150,000 grant to Perth Autism Support is to support their core running costs April 2019 to March 2022.

The £108,000 grant to the Rape and Sexual Abuse Centre Perth & Kinross is to support their RASAC Youth Initiative including the salary costs of a new full-time Young People's Prevention Worker.

The £225,000 grant to the Scottish Chamber Orchestra is to support the Perth Concert Series from 2019/20 to 2021/22.

The £120,000 grant to the YMCA Perth & District is to support their Youth Worker Churches Partnership Project.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

8 Grant-making (continued)

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

	Unrestricted funds £
Archie Foundation	120,000
Culture and Sports Glasgow - Burrell Project	250,000
Live Active Leisure	127,000
Perth and Kinross Council - Strategic Youth Work Partnership Project	153,402
Perth and Kinross Countryside Trust	100,000
Perth and Kinross Heritage Trust	100,000
Sistema Scotland	100,000
Wasps Trust	150,000
Other (all under £100,000)	1,378,813
	<u>2,479,215</u>

9 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2019 £	2018 £
Audit fees	6,204	8,193
Profit on disposal of tangible fixed assets	(171)	(3,470)
Depreciation of fixed assets	<u>461,897</u>	<u>458,753</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 (2018: no remuneration received).

No Trustees have received any reimbursed expenses from the charity during the year (2018: no reimbursement received).

Each of the Trustees received an honorarium of £50 less tax during the year as stated within the governing Trust Deed (2018: £50 each less tax) and £989 was paid for Directors and Officers insurance cover for the Trustees (2018: £433).

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

12 Staff costs

The aggregate payroll costs were as follows:

	2019 £	2018 £
Staff costs during the year were:		
Wages and salaries	468,858	398,647
Social security costs	40,626	35,033
Pension costs	45,358	40,025
Cost of staff seconded from other organisations	22,519	52,758
Other staff costs	6,394	6,318
	<u>583,755</u>	<u>532,781</u>

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

	2019 No	2018 No
Estate upkeep (7 full-time)	7	6
Management and administration (6 full-time/3 part-time)	9	7
	<u>16</u>	<u>13</u>

The total employee benefits of the key management personnel of the Trust were £231,435 (2018 - £204,262).

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

	2019 No	2018 No
£60,001 - £70,000	-	1
£70,001 - £80,000	1	1

Pensions

All employees participated in the Defined Contribution Pension Scheme.

Contributions to the employee pension scheme for the year totalled £45,358 (2018 - £40,025).

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 2019

13 Tangible fixed assets

	Land and buildings £	Assets under construction £	Furniture and equipment £	Total £
Cost or valuation				
At 1 July 2018	21,985,215	234,075	404,113	22,623,403
Revaluations	13,494,267	-	-	13,494,267
Additions	<u>120,000</u>	<u>3,010,315</u>	<u>6,695</u>	<u>3,137,010</u>
At 30 June 2019	<u>35,599,482</u>	<u>3,244,390</u>	<u>410,808</u>	<u>39,254,680</u>
Depreciation				
At 1 July 2018	4,637,792	-	332,399	4,970,191
Charge for the year	442,104	-	19,793	461,897
Eliminated on revaluation	<u>(4,717,176)</u>	<u>-</u>	<u>-</u>	<u>(4,717,176)</u>
At 30 June 2019	<u>362,720</u>	<u>-</u>	<u>352,192</u>	<u>714,912</u>
Net book value				
At 30 June 2019	<u>35,236,762</u>	<u>3,244,390</u>	<u>58,616</u>	<u>38,539,768</u>
At 30 June 2018	<u>17,347,423</u>	<u>234,075</u>	<u>71,714</u>	<u>17,653,212</u>

Assets under construction represent development works in connection to the Estate Expansion which commenced during the previous year but is not yet complete.

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 £16,203,816 with depreciation applied to these assets of £4,209,659 giving a net book value of £11,994,157.

Land and buildings not subject to a revaluation have a net book value of £546,765 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 2019.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

14 Fixed asset investments

Other investments

	Listed investments £	Other investments £	Total £
Cost or Valuation			
At 1 July 2018	150,175,651	20,203,547	170,379,198
Additions	9,601,471	2,000,000	11,601,471
Disposals	(15,313,434)	(5,000,000)	(20,313,434)
Unrealised gain	5,993,812	261,976	6,255,788
Cash movement	<u>1,583,669</u>	<u>-</u>	<u>1,583,669</u>
At 30 June 2019	<u>152,041,169</u>	<u>17,465,523</u>	<u>169,506,692</u>
Net book value			
At 30 June 2019	<u>152,041,169</u>	<u>17,465,523</u>	<u>169,506,692</u>
At 30 June 2018	<u>150,175,651</u>	<u>20,203,547</u>	<u>170,379,198</u>

The historical cost of the listed investments at 30 June 2019 was £138,450,308 (2018: £144,116,088).

Included in listed investments is cash held by Brewin Dolphin totalling £2,059,877 (2018: £476,207).

Other investments comprise wholly of OEIC cash funds.

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 2019

14 Fixed asset investments (continued)

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

	Total £
Baillie Gifford Multi Asset Growth	27,919,370
BNY Mellon Fund Manager Real Return	16,853,333
Capita Financial CF Ruffer Absolute Return	14,797,614
Vanguard Funds S&P 500 ETF	11,644,150
Royal London Enhanced Cash Plus	12,312,038
JP Morgan US Equity Income Fund	9,920,781
	<u>93,447,286</u>
Other (investments less than 5%)	76,059,406
	<u><u>169,506,692</u></u>

15 Debtors

	2019 £	2018 £
Kincarrathie Trust	482	2,954
Loan - Hope Park Trust	70,000	80,000
Loan - William Simpson's Home	101,250	116,250
Rent Debtors	19,178	30,947
Accrued income	589,009	438,441
Other debtors - Bond Payment	390,000	-
	<u><u>1,169,919</u></u>	<u><u>668,592</u></u>

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

15 Debtors (continued)

Debtors includes £536,250 (2018: £171,250) receivable after more than one year.

This can be analysed as follows:

	30 June 2019	30 June 2018
	£	£
Loan - Hope Park Trust	60,000	70,000
Loan - William Simpson's Home	86,250	101,250
Other debtors - Bond Payment	390,000	-
	<u>536,250</u>	<u>171,250</u>

The above loans are made in furtherance of the Trust's charitable objectives and accordingly no interest is charged on the capital. The loans are repayable at between £10,000 and £15,000 a year and are unsecured.

Other debtors relates to a bond payment made in connection with a new road for the estate extension. Once the extension is complete this will be repaid.

16 Creditors: amounts falling due within one year

	2019 £	2018 £
Charitable commitments - grants payable	2,538,682	2,900,875
Accruals	<u>153,185</u>	<u>43,019</u>
	<u>2,691,867</u>	<u>2,943,894</u>

17 Creditors: amounts falling due after one year

	2019 £	2018 £
Charitable commitments - grants payable	<u>1,096,432</u>	<u>1,602,211</u>

18 Capital commitments

Expenditure in respect of the estate housing expansion contracted for, but not incurred or provided for in the financial statements at 30 June 2019, amounted to £4,968,025 (2018: £8,532,858).

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

19 Funds

	Balance at 1 July 2018 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 30 June 2019 £
Unrestricted funds						
<i>Unrestricted general funds</i>						
Unrestricted income fund	11,354,186	4,009,085	(5,855,495)	8,064,637	-	17,572,413
<i>Unrestricted designated funds</i>						
Estate extension	7,594,552	-	(3,540)	(2,570,676)	(52,311)	4,968,025
Total unrestricted funds	<u>18,948,738</u>	<u>4,009,085</u>	<u>(5,859,035)</u>	<u>5,493,961</u>	<u>(52,311)</u>	<u>22,540,438</u>
Restricted funds						
W.G. Farquharson Bequest	1,123,607	34,151	(36,791)	-	24,158	1,145,125
Endowment funds						
<i>Expendable endowment funds</i>						
Capital fund	161,813,646	-	(206,653)	(5,493,961)	5,972,652	162,085,684
Revaluation reserve	4,584,238	-	(99,838)	-	18,211,443	22,695,843
	<u>166,397,884</u>	<u>-</u>	<u>(306,491)</u>	<u>(5,493,961)</u>	<u>24,184,095</u>	<u>184,781,527</u>
Total funds	<u>186,470,229</u>	<u>4,043,236</u>	<u>(6,202,317)</u>	<u>-</u>	<u>24,155,942</u>	<u>208,467,090</u>

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

19 Funds (continued)

	Balance at 1 July 2017 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 30 June 2018 £
Unrestricted funds						
<i>Unrestricted general funds</i>						
Unrestricted income fund	11,281,995	3,722,866	(5,650,675)	2,000,000	-	11,354,186
<i>Unrestricted designated funds</i>						
Horsecross Arts Limited	1,485,000	-	(1,485,000)	-	-	-
Estate extension	7,652,528	-	(8,905)	-	(49,071)	7,594,552
	9,137,528	-	(1,493,905)	-	(49,071)	7,594,552
Total unrestricted funds	<u>20,419,523</u>	<u>3,722,866</u>	<u>(7,144,580)</u>	<u>2,000,000</u>	<u>(49,071)</u>	<u>18,948,738</u>
Restricted funds						
W.G. Farquharson Bequest	1,103,286	35,988	(38,660)	-	22,993	1,123,607
Endowment funds						
<i>Expendable endowment funds</i>						
Capital fund	159,804,238	-	(208,711)	(2,000,000)	4,218,119	161,813,646
Revaluation reserve	4,684,076	-	(99,838)	-	-	4,584,238
	164,488,314	-	(308,549)	(2,000,000)	4,218,119	166,397,884
Total funds	<u>186,011,123</u>	<u>3,758,854</u>	<u>(7,491,789)</u>	<u>-</u>	<u>4,192,041</u>	<u>186,470,229</u>

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

19 Funds (continued)

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

Designated Funds - This represents funds set aside for the estate expansion, currently under construction.

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. £34,151 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 funds were transferred from the Trust's discretionary portfolio held within Endowment funds to Unrestricted Funds.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

20 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Endowment funds Expendable £	2019 Total £
Tangible fixed assets	15,177,637	-	23,362,131	38,539,768
Fixed asset investments	6,942,171	1,145,125	161,419,396	169,506,692
Current assets	4,208,929	-	-	4,208,929
Current liabilities	(2,691,867)	-	-	(2,691,867)
Creditors over 1 year	(1,096,432)	-	-	(1,096,432)
Total net assets	<u>22,540,438</u>	<u>1,145,125</u>	<u>184,781,527</u>	<u>208,467,090</u>

	Unrestricted funds £	Restricted funds £	Endowment funds Expendable £	2018 Total £
Tangible fixed assets	12,402,686	-	5,250,526	17,653,212
Fixed asset investments	8,108,233	1,123,607	161,147,358	170,379,198
Current assets	2,983,924	-	-	2,983,924
Current liabilities	(2,943,894)	-	-	(2,943,894)
Creditors over 1 year	(1,602,211)	-	-	(1,602,211)
Total net assets	<u>18,948,738</u>	<u>1,123,607</u>	<u>166,397,884</u>	<u>186,470,229</u>

21 Analysis of net funds

	At 1 July 2018 £	Cash flow £	At 30 June 2019 £
Cash at bank and in hand	2,315,332	723,678	3,039,010
	<u>2,315,332</u>	<u>723,678</u>	<u>3,039,010</u>

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

22 Related party transactions

The following relations exist between the Trustees who have served at any time during the year and related parties, being 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:

Dr. James H.F. Kynaston

Church of Scotland – North Church, Perth (Trustee)

A grant of £10,000 was paid during the year to support the core running costs of their outreach project, Tulloch Net.

Mr. Ian W. McMillan

St. Leonard's-in-the-Fields (Trustee) and (Session Clerk until 31.03.2019)

There was no application for funding received during the year.

Mr. Stephen J. Hay

Archie Foundation (Chair of Project Board representing NHS Tayside until 09.09.2018)

A grant of £120,000 was paid out during the year to support their Tayside Children's Hospital Capital Appeal.

NHS Tayside Health Board (Non-Executive Member, Vice-Chair until 09.09.2018)

Perth & Kinross IJB (Non-Executive Member representing NHS Tayside until 09.09.2018)

Perth & Kinross Children and Young People's Strategy Board (Non-Executive Member representing NHS Tayside until 09.09.2018)

NHS Tayside Endowment Fund (Informal Investment Adviser from 09.09.2018)

There were no applications for funding received during the year.

Mr. Bruce N. Renfrew

Thorntons Law LLP (Member)

Thorntons Trustees Limited (Director)

Kinnoull Primary School Parent Council (Chairman until 28.06.2019)

Kinnoull Parish Church (Elder from 27.01.2019)

There were no applications for funding received during the year.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2019

22 Related party transactions (continued)

Mr. Roland A. Bean

Friends of St John's Kirk (Board Member)

There was no application for funding received during the year.

Ms. Carol M. Downie (Chief Executive)

Young Scot (Board Member)

There was no application for funding received during the year.