

Trust registration number: SC003133



Annual Report and Financial Statements

for the Year Ended 30 June 2020

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 Dr. James H.F. Kynaston, retired 18 February 2020 Mr. Ian W. McMillan Mrs. Jane S. Mudd Mr. Stephen J. Hay Mr. Bruce N. Renfrew Mr. Roland A. Bean		
Senior Management Team	Ms. Carol Downie MBE, Chief Executive (until 30 April 2020) Mrs. Joanna McCreddie, Chief Executive (from 1 May 2020) 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 2020

The Trustees present their report and audited financial statements for the period ended 30 June 2020, 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)(Second edition - October 2019)

1. Our history

Arthur Kinmond Bell, known throughout his life as A K, successfully developed the Bell's Whisky business, was a fine cricketer, a loyal friend, and in his later years an outstanding philanthropist. Born in 1868, A K inherited Bell's Whisky when his father died in 1900. With great acumen he built the company, improving the quality of the product and steadily increasing sales. In 1899 he had married Camilla Bruce and lived in Perth together, purchasing Kincarrathie House as their main home. A K Bell is known to have read John Ruskin's work, whose philosophical ideas must have been deeply appealing to a man who had inherited his father's interest in giving generously and giving well to those who needed it.

After the first world war, national and local government was investing in new housing, and rapid house building was happening in Perth. In 1922 A K purchased land and property with the aim of building houses; work on the first houses began in 1923. Both the houses and the estate were distinctive. A K spent his funds to achieve quality and was closely involved in the construction, with those involved recognising his 'unfailing and generous kindness'. A believer in the health-giving properties of exercise, fresh air and the outdoors, every house had an ample garden outside and a plaque inside extolling the virtues of ventilation to the tenants.

In 1937, A K Bell established the Gannochy Trust and gifted part of his estate to the care of a small group of Trustees 'to be held by them for certain charitable and public purposes for the benefit of the community of Perth and district'. He transferred to the Gannochy Trust the newly built Gannochy housing estate; Doo'cot Park and the cricket pavilion; farms and farmland; Quarrymill woodland park; and other properties. A K Bell instructed that income should be used to maintain the housing, property and land, with any remaining funds being distributed to 'recreational clubs and institutions operating within the city of Perth as may be performing beneficial service to the youth of the community and as may be selected by the Trustees and as are in the opinion of the trustees in need of charitable aid'.

In April 1942 A K Bell died, leaving his wife Camilla and the now established board of trustees with responsibility for the Gannochy Trust. In January 1959 Camilla Bell died and bequeathed her wealth and marital home, Kincarrathie House, to the Trust. This was developed as a home for older people and the independent Kincarrathie Trust was established in 1960. Since then successive Trustees have striven to fulfil A K's wishes as they were expressed in the Trust Deed and his will. Interpreting his priorities in the context of present day challenges remains a key concern for the Gannochy Trust.

2. About us

The Gannochy Trust is a registered charity and has a wide range of interests and activities. These include: providing affordable rented housing; managing our estates, from woodlands to farms; and grant making. 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.

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Our rented housing is of a very high quality. A range of different types and sizes of houses provides for all kinds of households, including those who may need additional support to continue living independently. A range of supports and activities are available for tenants with the aim of creating a strong, vibrant community where people feel at home.

Our estates include 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 Park, built by A K Bell. 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 and buildings which are let to the Duke of Edinburgh Award scheme.

Our grant making has long provided charities with the funding they need to carry out their essential work. In 2019, we launched our new funding strategy which has been well received and includes opportunities for charities to apply for core, multi-year funding. We have continued to give both revenue and capital grants, supporting large and small projects with an increased focus on Perth and Kinross.

3. Governance

The charity's current structure is as an unincorporated trust, constituted by the Trust Deed of 1937. 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 which is responsible for the overall governance and strategic direction of the Trust. A list of the Trustees who served during the year ending the 30th of June 2020 is set out below.

Our trustees in 2019-20 were:

David Gray, Chair

Bruce Renfrew

Jane Mudd

Ian McMillan

Roland Bean

Stephen Hay

Dr James Kynaston (retired on 18th February 2020)

During the year Dr James Kynaston retired. He served as a Trustee for over 21 years and was chair between 2012 and 2019. Trustees and staff are grateful for his leadership and wise counsel over many years.

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Trustees' Report for the year ended 30 June 2020

Over the course of the year, Trustees held ten meetings and participated in a range of working and sub-groups, as constituted by the Board. 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.

There were no direct related party transactions during the year. Further details can be found in the notes to the financial statements.

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.

4. The Gannochy Trust Team

The Trustees were delighted to appoint Joanna McCreadie as the new Chief Executive for the Trust, following a wide-reaching recruitment campaign. Joanna started work on the 1st of May, shortly after lockdown was implemented across Scotland. Beginning a new role in such difficult circumstances has certainly not been straightforward, however Joanna has made good early impact and is working closely with Trustees and the staff team on strategic and operational developments.

The day-to-day running of the Trust is delegated to the Chief Executive, Joanna McCreadie and her 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 current senior team consists of:

Joanna McCreadie, Chief Executive

Andy Duncan, Estates Manager

Steven Greig, Development Manager

Fiona Russell, Grants Manager

The senior team meets regularly to discuss their work and take forward agreed strategic and operational aims and objectives. This is supported by clearly stated plans that have agreed progress measurements. The wider staff team has a range of responsibilities for finance, administration, estates and housing. To support their work there are regular staff meetings and structured meetings organised around work areas. This enables good communication and effective team working.

Carol Downie (former Chief Executive) retired in April 2020, following a lengthy and successful career. Her contribution to youth work was marked with an MBE and on her retiral she received a lifetime achievement award. The Trustees would like to thank Carol for all of her work and the special contribution she made to the Gannochy Trust.

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Trustees' Report for the year ended 30 June 2020

5. Housing

5.1. The estate expansion

The Gannochy Trust celebrated their 75th anniversary in 2012. In recognition of what mattered most to A K Bell, Trustees decided to expand the housing estate to include 48 new houses. These have been carefully designed to incorporate many features of the existing Gannochy houses as well as the benefits of more modern technology. The tradition of good ventilation, started by A K Bell in 1923 is a critical part of the design. All houses have natural woodfibre insulation to help them 'breathe'; enhanced natural ventilation with over window ventilators; a central ventilation stack with a distinctive chimney; and a generous utility room for laundry. The result is houses that combine the best of vernacular design with modern approaches – creating a home which is practical and comfortable.

The 48 houses have been designed to provide for a mix of different people and households. There are 36 two-bedroom houses; six one-bedroom houses and four three-bedroom houses for families that have specific needs. A number of tenants were able to move into their new homes during the year. Each house has a good-sized garden and the tradition of enjoying the outdoors and fresh air is emphasised by every house having a 'sitooterie' – a covered area where there is shelter from the weather but the outdoors can be enjoyed. Many of the newly moved in tenants are already enjoying their gardens – pots of flowers are thriving across the estate, helped along by the conveniently installed outdoor water taps and the well-designed outdoor spaces.

Mindful of A K Bell's original investment in quality, the Trustees insisted that the new houses would have excellent ventilation, ample space and high-level finishing. In effect, the new houses provide an exemplar of an affordable rented housing estate, demonstrating how better-quality homes can improve people's lives. To ensure we are measuring impact, we have commenced a collaborative monitoring project with Kingdom Housing and Glasgow School of Art.

5.2. General and Sheltered housing

In the established housing estate, Steven Greig (Development Manager) and Carol Annand (Tenancy Officer) continue to support development of a strong vibrant community. A new Gannochy Events Group was established in 2019. Led by tenants, this group successfully ran twenty community events with 400 participants. Following improvements to promotional materials and the development of a letting system, the Community Hall and other facilities are increasingly well used for a range of activities. An estates newsletter is published quarterly and features the latest events and gardening tips from our resident expert Alastair Morgan (Assistant Estates Manager).

The green spaces on the estate, including the village green and the duck pond are well used and very regularly enjoyed by tenants and the wider community. One of the green spaces, known as the Curly, on the housing estate was reviewed with a group of young people with the support of greenspace Scotland. This led to us making a number of changes and improvements to develop much improved new facilities. The pupils of Kinnoull Primary School Eco Group worked with us to design and print community notices that promote responsible dog ownership. The children's artwork can be seen on posters across the housing estate. Beautiful Perth again worked in partnership with us on the Gannochy gardens and Patios Awards with the many wonderful gardens across the estate being recognised. This recognition includes the annual sunflower competition (ostensibly for children, but a lot of grown ups like to take part too).

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Across the estate we have houses that are suitable for tenants with a range of needs, from physical disability to requiring an alarm system in their home. In line with our commitment that the Gannochy Trust housing estate is a lifetime neighbourhood, we make sure that any needed adaptations and supports are installed and maintained. As well, we have established a contract with Caledonia Housing, which allows us to provide an enhanced supported housing service to tenants. As a landlord, we are determined to be inclusive of people and their needs, so readily make adaptations and additions to houses so that people with support needs and disabilities can be supported to be independent in their tenancy.

As the first houses were originally built in 1923, almost 100 years ago, we are investing in a programme of refurbishment. Following a tender process, we have appointed consultants and contractor for this programme. Two full refurbishments were completed within the year, however planned refurbishments were delayed by the Covid-19 pandemic lockdown and restrictions. This programme will be continued throughout 2020-21.

6. Estates

6.1. Our wider estates

The most well used part of our estates is Quarrymill Woodland Park. Purchased by A K Bell as 'a place of public resort' it has been maintained by the Gannochy Trust estates team with improvements continually being made. The most recent of these has been the repair and refurbishment of the bridges and footpaths, ensuring these are accessible to a wide range of people and groups. The picnicking and barbecue areas are well-used and the open spaces provide ideal opportunities for children to play.

Throughout 2019 we have continued to support the Royal Society for the Protection of Birds (RSPB) to deliver the Growing Up with Quarrymill project. The funding provided means that expert RSPB staff can deliver interesting and inspiring learning experiences for children. A favourite activity for local schools, these engaging sessions are introducing a generation of children to birds, wildlife and woodlands. Additionally, the RSPB installs bird boxes throughout the estate to provide shelter and nesting sites for a wide variety of birds.

Macmillan Cancer has continued to run their coffee and gift shop at Quarrymill Woodland Park with the support of the Trust. In 2019, funds raised reached a million pounds, and we are delighted to have played a part in this outstanding achievement by the dedicated group of volunteers. We look forward to continuing our partnership with Macmillan and supporting them to raise more funds to support cancer patients in Perth and Kinross.

Across our farms, we have continued to value our skilled and dedicated tenant farmers, who have continued to develop the use of the lands and buildings. This has included the steady growth of horse livery. We were also able to resolve longstanding issues within the agricultural estate and achieve improved alignment of lease arrangements with our strategic objectives of stewardship of the land and supporting local agricultural business.

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6.2. The importance of cricket

A K Bell was described as 'a sure catch in the long field' as a young man in 1885. This approbation of his skill in cricket was also a recognition of his passion for the game, which was lifelong. He played for the Perth county cricket team, was president of the Scottish Cricket Union and scored a century playing for Wolfhill at the age of 55. In later life A K Bell developed a friendship with the famous Australian cricketer, Don Bradman. Given his interest in cricket, it is not altogether surprising that he built Doo'cot Park - a cricket pavilion and double ground near to his home of Kincarrathie House.

Built in 1925, the Doo'cot cricket pavilion was designed by Perth architects Smart, Stewart and Mitchell. A distinctive and unusual building of two stories, the pavilion has a timber staircase and veranda which allows for full viewing of cricket matches. In his will A K Bell stipulated that the ground should be 'kept in proper condition for recreational purposes'.

Many cricket grounds were the first playing grounds for organised sport in Scotland and were where many young people learnt to play. A K Bell supported young people where he saw need - this included purchasing the right equipment for an aspiring cricket player. Today, the Gannochy Trust continues to manage Doo'cot Park and support the development of cricket across Perth and Kinross. We have continued to support Perth Doo'cot Cricket Club through our commitment to maintaining the grounds and pavilion to a high standard. At Doo'cot Park this year we were delighted to appoint a new cricket grounds person, Greg Denton, who has extensive experience in managing cricket grounds. The Perth Doo'cot Cricket Club has warmly welcomed his appointment and are looking forward to continued improvement of the grounds.

Live Active Leisure are funded by the Gannochy Trust to deliver a range of cricket development activities. These include: primary and secondary schools; club development; coach education; and no limits disability cricket. We have also supported a disability cricket programme which was delivered with Cricket Scotland. We expect to continue to support the development of cricket especially in Perth and Kinross over the coming year.

7. Grant making

7.1. Our new funding strategy

In January 2019, we launched our new funding strategy. This was developed with external stakeholders, the findings of a review that we commissioned and our understanding of the external operating environment for charities. Feedback from the charities we support highlighted their challenges with short term and project-based funding, resulting in increased difficulty in planning for the medium to long term. Across Scotland disadvantage and inequality have been deepening, negatively affecting the experiences of children and young people, families and communities. Taken together, this means that charities are experiencing increased demand for their support and activities, at the same time as funding is becoming less secure and more unpredictable. The new funding strategy seeks to address these issues.

Charities can apply for funding for their core operating costs, employing staff and for projects. Funding is available for up to five years. Applications are accepted from a wide range of organisations, with the medium of their work less important than their ability to deliver positive change and meaningful outcomes. The new funding strategy has brought an increase in funding for Perth and Kinross, aligned with A K Bell's wishes in the Trust Deed. In the first year of the new funding strategy we have successfully implemented this change. The Gannochy Trust encourages charities to work together to deliver shared positive outcomes, and this is expected to be an area of increased activity over time in Perth and Kinross.

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An important part of the new funding strategy is enhanced support for charities that have been awarded grants. In 2020, we delivered our first funding roadshows with six events across five locations in Perth and Kinross. More than 80 different organisations attended the roadshows and gave very positive feedback. We offered a series of workshops from Evaluation Support Scotland that will continue in 2021 as there has been high demand. We have also developed a new partnership with the Cranfield Trust, and their volunteers will provide expert support for a small group of charities that we fund. Feedback on enhanced support will inform how we further develop our approach.

7.2. Awards of grants

In 2019-20, the Gannochy Trust made grant awards which totalled £4.9 million. Of this, £2.8 million was to develop and inspire young people across Scotland; £650,000 was to improve the quality of life for people in Perth and Kinross and £1.4 million was for capital projects. A number of larger grants were made in the year to support a range of projects. These included a new grant award to MCR Pathways of £285,000 over three years to support their mentoring programme in secondary schools in Perth and Kinross. Continuing our long-term funding relationship with Scouts Scotland, an award was made of £210,000 for their development grants programme between 2019 to 2022. The Guide Association Scotland was awarded £150,172 for their developing guiding fund; this included employment of a new growth development officer. Our strategic partnership with Sistema Scotland for their Big Noise Dundee project continued, with a £200,000 award for this and their core operating costs.

7.3. The strategic youth work partnership

In 2019 the Gannochy Trust and Perth and Kinross Council developed and established a unique and ground-breaking approach to universal youth work. The Strategic Youth Work Partnership will jointly invest £920,000 over three years in local charities to deliver universal youth work. Our aim is to increase the accessibility and reach of high-quality youth work throughout Perth and Kinross. This should provide a range of opportunities and support for children and young people in their local communities. In the first year of the partnership, we have seen charities make considerable progress: they have increased the numbers of children and young people they are engaging with and are offering a wide range of life enhancing experiences.

Often, youth work charities struggle to secure funding and have to invest a great deal of time and effort applying for grants. The Strategic Youth Work Partnership reduces the burden of seeking funding for the charities involved. With funds secured for three years (and potentially for a further two) all of the charities have been more able to focus on expanding their work. They have been able to offer greater security to employees, and recruit and train volunteers with increased confidence. An independent evaluation of the partnership is being led by Catch the Light and includes the views and experiences of children and young people. The final evaluation report will be published in 2022.

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7.4. The Covid-19 Recovery and Renewal Fund

In June 2020 we launched our new Covid-19 Recovery and Renewal Fund to support people and communities affected by the pandemic in Perth and Kinross. This £500,000 fund was designed to support charities whose financial sustainability was affected by the pandemic and provide funds to enable charities to adapt and deliver new services. Immediately following the launch of the fund applications were received from charities throughout Perth and Kinross. A number of applications highlighted the impact of the pandemic on their income, with fundraising events cancelled and a severe reduction in funds raised through trading activities. Yet more charities applied for funds to support their adaptation to the pandemic and development of new services. The fund is expected to close in 2020, at which time the Gannochy Trust will consider how to best support charities continuing to be affected by the pandemic.

8. Financial review

8.1. 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. This supported establishing a new contract for house refurbishments.

In 2019-20, the Covid-19 pandemic had an impact on budgets for the expansion of our housing estate, causing substantial delays to building works and incurring some additional costs. As staff moved to working remotely, additional equipment was purchased to support business continuity. These unexpected and unpredictable costs have largely been met within existing budgets, although the final cost implications of the pandemic are not yet known.

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.

8.2. Financial Performance

Our funds decreased by £6.9m (2019: increased by £22.0m, of which £18.2m was due to a revaluation of assets).

Our income from charitable activities (primarily rent from housing) was £1.4m (2019: £1.4m) and our investment income (primarily dividends) was £1.9m (2019: £2.7m).

Our total expenditure was £8.1m (2019: £6.2m). Included in this were £5.1m of grants awarded and related costs (2019: £3.2m) and £0.9m of housing and related costs (2019: £1.2m). Also included in our expenditure on charitable activities was £1.4m relating to the expansion of the Trust's housing estate (2019: £1.1m), where construction continued during the year

Net expenditure before gains on investments was £4.7m (2019: £2.2m). Total losses on investments were £2.2m (2019: a gain of £5.9m), giving net expenditure of £6.9m (2019: a net income of £3.8m).

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During the year, 23 new homes were completed and occupied. Consequently £3.3m was transferred from assets under construction to Land and Buildings. Also included in Land and Buildings is £1.7m, representing the Kincarrathie Care Home and buildings, which was bought and leased back to the Kincarrathie Trust during the year. This change is expected to benefit both The Kincarrathie Trust and The Gannochy Trust.

The recent valuation of the new houses envisages that the value of 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 £201.5m (2019: £208.5m). Details of these funds are set out in Note 20 to the accounts. Of the total funds of the Trust, £183.8m are expendable endowment funds, of which £43.2m 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 £16.7m. These are represented by £18.7m of OEIC Cash funds, £3.1m of cash and debtors, offset by liabilities of £5.1m. Of the total unrestricted funds, £0.5m was designated for remaining expenditure on the housing estate extension.

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.

8.3. 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. 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 four or five 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 it could be better invested.

Having taken into account reserves at the year end, planned commitments and financial risks, including the impact of Covid 19, the Trustees remain satisfied that the Trust is on a firm financial footing and remains a going concern.

8.4. Investments

8.4.1. Investment Policy

The principal objective of the Trust is the maintenance and development of the housing and wider 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.

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8.4.2. 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 and produces detailed six-monthly reports on the performance of all the managers employed by the Trust which are reviewed at board meetings; and
- 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, Covid permitting.

8.4.3. Asset Allocation

The Trust's current investment strategy was implemented in December 2016. 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 quarterly capital withdrawals. During the year £9 million of capital was withdrawn to meet Trust expenses and commitments.

The unrestricted portfolio is divided into 3 distinct segments, with differing risk and return profiles; cash, multi-asset portfolios (collectively referred to as execution only) and a growth portfolio, which is heavily weighted to equities. The restricted funds are invested for income and capital growth and managed to a different mandate by Brewin Dolphin. This mandate has a focus on income and the portfolio is managed to generate a yield of about 3% p.a. Since the end of the financial year this target has been adjusted to 2.5%, which we believe is a more realistic objective in the current environment. Table 1 shows the value of the portfolio and the net time weighted returns that each segment generated.

Table 1: Portfolio value and performance

Asset	Value	Value	Return
(£m)	30 June 2020	30 June 2019	(net)
Cash	18,668,223	17,465,523	1.10%
Execution Only	57,186,854	59,575,001	1.00%
Growth Portfolio	83,404,154	91,321,043	-1.20%
Total Unrestricted	159,259,231	168,361,567	-0.15%
Farquharson Restricted Fund	1,071,190	1,145,125	-3.60%
Total	160,330,421	169,506,692	

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8.4.4. 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. During the year £1m was added to the cash portfolio.

8.4.5. Execution only portfolio

The target range for this segment of the portfolio is 30-40% of assets. This portfolio is invested in pooled funds managed by three different investment managers with different return targets: Baillie Gifford targets a net return of UK base rate plus 3.5% over a rolling five year period, Newton targets a gross return of Libor plus 4% over a rolling period and Ruffer targets a consistent net return above the bank of England base rate and not to lose money over any rolling 12 month period. All the funds are diversified growth funds, characterised by low volatility targets and modest expected returns. During the year £3m was withdrawn from the execution only portfolio.

Table 2: Execution only portfolio value and performance

Fund	Value	Value	Return
(£m)	30 June 2020	30 June 2019	
Baillie Gifford Multi-asset Growth	26,283,710	27,919,370	-2.5%
Ruffer Absolute Return	14,872,669	14,797,614	7.7%
Newton Real Return	16,027,836	16,853,333	1.04%
Cash	2,639	4,684	
Total	57,186,854	59,575,001	1.0%

8.4.6. Growth Portfolio

The target range for the growth portfolio is 50-60% of assets. 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%. CPI was 0.6%, meaning the benchmark target was 4.1%. During the year £7m was withdrawn from the growth portfolio.

8.4.7. Investment Performance

From an investment perspective the year was dominated by the Covid-19 pandemic. This caused financial market volatility to increase significantly and resulted in a significant contraction in dividend payments. In addition, the continuing political uncertainty in the UK appeared to cause UK equities to underperform major overseas markets. The Trust's unrestricted investment portfolio remained cautiously positioned throughout the year and while it modestly underperformed its benchmark objectives it proved relatively resilient under these very challenging conditions. The value of the portfolio at the end of June 2020 is shown in table 1 with the prior year value and net returns. Overall, the portfolio did not achieve its objective of maintaining its real value with a negative nominal return of -0.15% when CPI inflation was 0.6%.

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The cash portfolio produced the best returns within the overall portfolio. The Execution Only portfolio's performance was mixed; Ruffer's more defensive stance produced a positive return of 7.7% while Baillie Gifford undershot its benchmark (UK base rate +3.5% net of fees) as did Newton (1-month LIBOR +4% gross of fees). The last year's performance has impacted the three year returns of the portfolio as shown in table 3. With the exception of Ruffer all the portfolios have underperformed their benchmarks over one and three years, although collectively they have beaten inflation as measured by the CPI. While these outcomes are disappointing and are partly the result of market conditions the current strategy has only been in place for three and a half years and trustees are assessing performance over rolling five year periods.

Table 3: One and Three-Year Portfolio Returns

Fund	One Year Return	Three Year Return
		(annualised)
Baillie Gifford Multi-asset Growth	-2.50%	1.01%
Ruffer Absolute Return	7.70%	2.33%
Newton Real Return	1.04%	2.90%
Execution Only	1.0%	1.86%
Growth Portfolio	-1.20%	4.13%
CPI	0.60%	1.68%
Farquharson Restricted Fund	-3.6%	2.10%

8.4.8. Responsible Investment

The Trust regularly discusses socially responsible investment (SRI) issues with its Investment Adviser, Jagger and Associates, and its principal Investment Manager, Brewin Dolphin. A significant proportion of the Trust's assets are invested in pooled funds, which do not have explicit SRI overlays. All our managers are signatories to the UN Principles for Responsible Investing. Brewin Dolphin also manage direct investments into UK and some overseas companies and are also a signatory to the UK Stewardship Code. They have continued to strengthen their capabilities in the SRI area and have made their first CDP disclosure in 2020. 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.

8.5. Risk management

The major risks identified by the Trust include the construction of the new houses on the Gannochy Trust estate and the risks arising from the diverse and varied operations of the Trust. A strategic risk register has been implemented and 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. With the onset of the Covid-19 pandemic, a review of the risk register was undertaken and this specific major risk added.

The Gannochy Trust

Trustees' Report for the year ended 30 June 2020

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. Law at Work 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.

9. Our impact

In housing we have almost completed the construction of 48 new homes, all built to an exceptionally high standard and provided as affordable rented housing. Where needed, the new houses have been further adapted to take account of tenants' disabilities. Our housing, both old and new, continues to have a substantial positive impact on people's health and wellbeing as well as giving the security of a home for life.

Across our estates we have continued to manage our buildings and facilities to give the wider community positive experiences. This includes supporting Perth Doo'cot Cricket Club; Perth Archery Club; Macmillan Coffee and Gift Shop; and the Duke of Edinburgh Award Scheme within our buildings. Quarrymill Woodland Park gives many different people the opportunity of access to well-maintained open grounds and woodland. Our farms are managed well, meeting A K Bell's wishes for the creation of green spaces at the edges of Perth City.

In grant making we have made funding awards to 121 charities. All of the charities we fund report on the impact and outcomes that they achieve, providing detailed information on what they have done and what has been achieved. This includes reflection on how they can continue to improve. Through the strategic youth work partnership we have seen increased partnership working and collaboration between partners, with the evaluation providing valuable insight for all involved.

10. Our future plans

The Covid-19 pandemic has brought new challenges for us as an organisation, and for almost all of the work we do. We have seen that the new restrictions are affecting not just how we can work, but how we can live in families and in communities. This means that we anticipate having to develop and adapt our plans over the next year as the consequences and implications of the pandemic become clearer.

In times of challenge, strong governance becomes ever more important, and this is especially true for the Gannochy Trust, where so many charities are reliant on the funds we provide to deliver support and services. In 2020-21 we will recruit two new Trustees. Our aim is to increase the range of skills and expertise on the Board, further strengthening our ability to manage our wide range of responsibilities. We will further consider the wishes of A K Bell, and the interpretation of these in the context of the challenges of the 21st Century. This will help us as we begin to review the current Trust Deed with the support of expert legal advisors.

In 2020-21 we will complete a review of our organisational strategy, working closely with the senior team of the Trust. This will include careful consideration of a new strategy for our estates, taking into account our responsibility to future generations. In our housing, we will continue to work to improve A K Bell's original houses with a planned refurbishment programme. We will also consult with tenants on the use of current and new green spaces with the aim of supporting a vibrant, thriving community. In grant making, we will begin a review of the current funding strategy, with a particular focus on participation of people and communities.

The Gannochy Trust

Trustees' Report for the year ended 30 June 2020

We are also mindful that our effectiveness is dependent on our staff team. In 2020-21, we will continue to invest in their development, ensuring that we have the skills and expertise needed to meet challenges and opportunities. In particular, we plan to increase our collaborative and partnership work with other charities.

11. Conclusion

Throughout the last year the Trust has continued to develop across all our areas of work, as we endeavour to honour and bring to life the vision of our founder, A K Bell.

In a successful year, a highlight has been the expansion of the Gannochy Trust housing estate. We are looking forward to completing the housing expansion and welcoming all of our new tenants into their homes. Our new grant making strategy was widely welcomed, including increasing the proportion of funding awarded to Perth and Kinross. In our wider estate, Quarrymill Woodland Park continues to be a valued amenity for local people and we have been pleased to see increased use of all our buildings by local groups and the wider community.

The impact of the Covid-19 pandemic has been significant for the Trust, and we do expect this highly significant event to continue to affect us, and the people and communities we support as we move forward. We will continue to adapt to change and are confident that we have the resources in place to manage risks and meet expectations placed upon us. We expect to continue to develop our strategy and operations over the coming year, paying particular attention to the major challenges which lie ahead.

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 (FRS102) (Second edition – October 2019);
- 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 Gannochy Trust

Trustees' Report for the year ended 30 June 2020

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 17 December 2020 and signed on its behalf by:


.....

Mr. David M. Gray
Trustee

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 2020, 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 2020 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 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 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

7 January 2021

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 2020

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £	Total 2019 £
Income and Endowments from:						
Charitable activities	3	1,442,235	-	-	1,442,235	1,351,190
Investment income	4	20,312	32,963	1,892,096	1,945,371	2,691,353
Other income		<u>1,017</u>	-	-	<u>1,017</u>	<u>693</u>
Total Income		<u>1,463,564</u>	<u>32,963</u>	<u>1,892,096</u>	<u>3,388,623</u>	<u>4,043,236</u>
Expenditure on:						
Raising funds	5	(1,200)	(2,683)	(206,463)	(210,346)	(212,833)
Charitable activities	6, 7	<u>(7,685,561)</u>	<u>(32,963)</u>	<u>(162,301)</u>	<u>(7,880,825)</u>	<u>(5,989,484)</u>
Total Expenditure		<u>(7,686,761)</u>	<u>(35,646)</u>	<u>(368,764)</u>	<u>(8,091,171)</u>	<u>(6,202,317)</u>
Net expenditure before gains/(losses) on investments		<u>(6,223,197)</u>	<u>(2,683)</u>	<u>1,523,332</u>	<u>(4,702,548)</u>	<u>(2,159,081)</u>
Realised gains/(losses) on investment assets		11,488	(16,445)	(3,412,640)	(3,417,597)	(311,289)
Unrealised gains/(losses) on investment assets	14	<u>191,164</u>	<u>(54,807)</u>	<u>1,046,439</u>	<u>1,182,796</u>	<u>6,255,788</u>
Total gains/(losses) on investment assets		<u>202,652</u>	<u>(71,252)</u>	<u>(2,366,201)</u>	<u>(2,234,801)</u>	<u>5,944,499</u>
Net (expenditure)/income		(6,020,545)	(73,935)	(842,869)	(6,937,349)	3,785,418
Gross transfers between funds	20	163,966	-	(163,966)	-	-
Gains on revaluation of fixed assets	13	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,211,443</u>
Net movement in funds		(5,856,579)	(73,935)	(1,006,835)	(6,937,349)	21,996,861
Reconciliation of funds						
Total funds brought forward	20	<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>
Total funds carried forward	20	<u>16,683,859</u>	<u>1,071,190</u>	<u>183,774,692</u>	<u>201,529,741</u>	<u>208,467,090</u>

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

The funds breakdown for 2020 and 2019 are shown in note 20.

The notes on pages 24 to 46 form part of these financial statements.

The Gannochy Trust
(Registration number: SC003133)
Balance Sheet as at 30 June 2020


	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	43,258,920	38,539,768
Investments	14	<u>160,330,421</u>	<u>169,506,692</u>
		<u>203,589,341</u>	<u>208,046,460</u>
Current assets			
Debtors	15	792,129	1,169,919
Cash at bank and in hand	22	<u>2,331,756</u>	<u>3,039,010</u>
		3,123,885	4,208,929
Creditors: Amounts falling due within one year	17	<u>(3,480,795)</u>	<u>(2,691,867)</u>
Net current (liabilities)/assets		<u>(356,910)</u>	<u>1,517,062</u>
Total assets less current liabilities		203,232,431	209,563,522
Creditors: Amounts falling due after more than one year	18	<u>(1,702,690)</u>	<u>(1,096,432)</u>
Net assets		<u>201,529,741</u>	<u>208,467,090</u>
Funds of the Trust:			
Endowment funds			
Capital fund		161,171,662	162,085,684
Revaluation reserve		<u>22,603,030</u>	<u>22,695,843</u>
Total endowment funds	20	<u>183,774,692</u>	<u>184,781,527</u>
Restricted funds	20	<u>1,071,190</u>	<u>1,145,125</u>
Unrestricted income funds			
General funds	20	16,230,386	17,572,413
Designated funds	20	<u>453,473</u>	<u>4,968,025</u>
Total unrestricted funds	20	<u>16,683,859</u>	<u>22,540,438</u>
Total funds		<u>201,529,741</u>	<u>208,467,090</u>

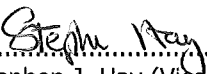
The Gannochy Trust

(Registration number: SC003133)

Balance Sheet as at 30 June 2020

The financial statements on pages 20 to 46 were approved by the Trustees, and authorised for issue on 17 December 2020 and signed on their behalf by:


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


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

The notes on pages 24 to 46 form part of these financial statements.

The Gannochy Trust

Statement of Cash Flows for the Year Ended 30 June 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net (expenditure)/income		(6,937,349)	21,996,861
Adjustments to cash flows from non-cash items			
Depreciation	13	189,983	461,897
Gain on disposal of fixed assets held for the charity's own use		(1,201)	(171)
Income from investments	4	(1,945,371)	(2,691,353)
Unrealised gain on investments	14	(1,182,796)	(6,255,788)
Realised loss on investments		3,417,597	311,289
Gain on revaluation of fixed assets	13	-	(18,211,443)
Cash movement in investments	14	<u>275,309</u>	<u>(1,583,669)</u>
		(6,183,828)	(5,972,377)
Working capital adjustments			
Decrease/(increase) in debtors	15	377,790	(501,327)
Increase/(decrease) in creditors	17, 18	<u>1,395,186</u>	<u>(757,806)</u>
Net cash flows from operating activities		<u>(4,410,852)</u>	<u>(7,231,510)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets	13	(4,909,134)	(3,137,010)
Sale of tangible fixed assets		1,200	171
Purchase of investments	14	(15,904,094)	(11,601,471)
Proceeds from the sale of investments	14	22,570,255	20,002,145
Income from investments	4	<u>1,945,371</u>	<u>2,691,353</u>
Net cash flows from investing activities		<u>3,703,598</u>	<u>7,955,188</u>
Net (decrease)/increase in cash and cash equivalents		(707,254)	723,678
Cash and cash equivalents at 1 July 2019	22	<u>3,039,010</u>	<u>2,315,332</u>
Cash and cash equivalents at 30 June 2020	22	<u><u>2,331,756</u></u>	<u><u>3,039,010</u></u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash		(707,254)	723,678
Net funds at 1 July 2019		<u>3,039,010</u>	<u>2,315,332</u>
Net funds at 30 June 2020		<u><u>2,331,756</u></u>	<u><u>3,039,010</u></u>

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

These notes on pages 24 to 46 form part of these financial statements.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

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.

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.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

2 Accounting policies (continued)

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, including the impact this year of COVID 19. 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 2020

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 2020

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 2020. 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	Depreciation method and rate
Business and charitable property	Straight line over fifty years
Assets under construction	No depreciation charged until development work is complete
Fixtures, fittings and equipment	10% to 33% straight line basis

During the year the Trustees reviewed the residual value of the Trust's land and buildings in light of the valuation undertaken in 2019, high standards of maintenance carried out, and ongoing cyclical refurbishment programme. This indicated that the land and buildings would be expected to retain a high residual value of around 80% of the external valuation in 2019, and therefore depreciation should only be applied to the remaining 20% from July 2019. Had a residual value of 80% not been applied and the whole value at June 2019 depreciated over 50 years, the depreciation charge for the year to 30 June 2020 would have been £811,507, and the net book value of completed land and buildings at 30 June 2020 been £39,401,130.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

2 Accounting policies (continued)

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.

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.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

2 Accounting policies (continued)

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.

3 Income from charitable activities

	Unrestricted funds	Total 2020	Total 2019
	General £	£	£
Housing	1,359,348	1,359,348	1,276,125
Charitable Buildings Other	47,679	47,679	22,050
Farms & Fields	35,208	35,208	53,015
	1,442,235	1,442,235	1,351,190

Housing includes affordable rents, pensioner's housing and other properties. All income from charitable activities was unrestricted in 2019.

4 Investment income

	Unrestricted funds	Restricted funds	Endowment funds	Total 2020	Total 2019
	General £		Expendable £		
Dividends receivable from listed investments	48	32,963	1,892,096	1,925,107	2,666,309
Interest received	20,264	-	-	20,264	25,044
	20,312	32,963	1,892,096	1,945,371	2,691,353

Of the total investment income for the year to 30 June 2019, £2,657,202 was Unrestricted, £34,151 Restricted and £nil related to Expendable Endowment funds.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

5 Expenditure on raising funds

Investment management costs

	Unrestricted funds	Restricted funds	Endowment funds	Total 2020	Total 2019
	General £	£	Expendable £	£	£
Administration of the investments	1,200	2,683	206,463	210,346	212,833

Of the total investment management costs for the year to 30 June 2019, £3,540 was Unrestricted, £2,640 was Restricted and £206,653 related to Expendable Endowment funds.

6 Expenditure on charitable activities

	Activity undertaken directly	Grant funding of activity	Activity support costs	Total 2020	Total 2019
	£	£	£	£	£
Grant-Making	12,009	4,887,790	249,342	5,149,141	3,151,646
Housing	387,845	-	521,244	909,089	1,225,748
Estate Extension	1,366,642	-	58,443	1,425,085	1,077,188
Charitable Buildings Other	32,066	-	89,925	121,991	98,700
Gardens, Grounds & Plantation	64,381	-	57,619	122,000	199,242
Estate Buildings	4,029	-	1,608	5,637	6,373
Farms & Fields	45,726	-	69,333	115,059	190,794
Community	-	-	32,823	32,823	39,793
	<u>1,912,698</u>	<u>4,887,790</u>	<u>1,080,337</u>	<u>7,880,825</u>	<u>5,989,484</u>

Of the total expenditure for the year to 30 June 2019, £5,855,495 was Unrestricted, £34,151 Restricted and £99,838 related to Expendable Endowment funds.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

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 2020 £	Total 2019 £
Grant-Making	62,213	121,683	58,999	6,447	249,342	198,395
Housing	43,550	265,724	67,864	144,106	521,244	705,999
Estate						
Extension	-	41,861	3,383	13,199	58,443	37,846
Charitable						
Buildings Other	6,221	54,421	17,311	11,972	89,925	75,059
Gardens, Grounds & Plantation	6,221	33,957	14,021	3,420	57,619	47,596
Estate Buildings	-	1,368	240	-	1,608	1,284
Farms & Fields	6,221	28,420	25,054	9,638	69,333	117,472
Community	-	28,219	4,604	-	32,823	39,793
	<u>124,426</u>	<u>575,653</u>	<u>191,476</u>	<u>188,782</u>	<u>1,080,337</u>	<u>1,223,444</u>

The basis of allocation is staff time and usage.

Governance costs

	Total 2020 £	Total 2019 £
Staff costs		
Wages and salaries	47,988	47,320
Other staff costs	7,441	457
Audit fees		
Audit of the financial statements	6,456	6,204
Accountancy fees	6,641	6,237
Legal fees & consultants	37,671	28,150
Allocated support costs	<u>18,229</u>	<u>5,454</u>
	<u>124,426</u>	<u>93,822</u>

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

8 Grant-making

Analysis of grants awarded

	Grants to organisations £
Analysis	
To Develop and Inspire Young People (Scotland-wide including Perth & Kinross)	2,782,551
To Improve the Quality of Life for People (Perth & Kinross only)	595,113
Capital Projects (Perth & Kinross only)	1,423,037
COVID-19 Recovery & Renewal Fund (Perth & Kinross only)	54,126
Other	<u>32,963</u>
	<u><u>4,887,790</u></u>

The support costs associated with grant-making are £249,342 (30 June 2019 - £198,395).

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

	2020 £
Name of organisation	
Culture Perth and Kinross Limited	150,000
Corbenic Camphill Community	100,000
Guide Association Scotland	150,172
Scouts Scotland	210,000
MCR Pathways	285,000
Scotland Yard Adventure Centre	100,000
Sistema Scotland	200,000
The Y Centre Limited	877,437
Other (all less than £100,000)	2,944,299
Commitments withdrawn	<u>(129,118)</u>
	<u><u>4,887,790</u></u>

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

8 Grant-making (continued)

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

The £150,000 grant to Culture Perth and Kinross Limited is to support their Living Communities Participation Fund and a Heritage & Culture Pathways programme.

The £100,000 grant to the Corbenic Camphill Community is to support their Community Hub capital project.

The £150,172 grant to the Guide Association Scotland is to support their Developing Guiding Fund 2020-2023, including the salary costs of a Growth Development Officer.

The £210,000 grant to Scouts Scotland is to support their Development Grants Programme 2019/20 to 2021/22.

The £285,000 grant to MCR Pathways is to support their mentoring and talent programme in 3 secondary schools within Perth and Kinross.

The £100,000 grant to the Scotland Yard Adventure Centre is to support professional team fees and capital construction costs for The Yard Dundee capital project.

The £200,000 grant to Sistema Scotland is to support their Big Noise Dundee programme and core operating costs 2020-2022.

The £877,437 grant and £122,563 loan to the Y Centre Limited is to support the transformation of the former St Andrew's & St Stephen's Church into a youth and community hub. The grant is conditional on funding being in place, contract let and work commencing on site.

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

	Unrestricted funds
	£
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
Other (all under £100,000)	1,450,085
	<u>2,030,487</u>

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

9 Net (incoming)/outgoing resources

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

	2020	2019
	£	£
Audit fees	6,456	6,204
Profit on disposal of tangible fixed assets	(1,200)	(171)
Depreciation of fixed assets	<u>189,983</u>	<u>461,897</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 (2019: no remuneration received).

3 Trustees received reimbursement for retirement gifts and stationery purchased on behalf of the Trust amounting to £584.70 (2019: no reimbursement received).

Each of the Trustees received an honorarium of £50 less tax during the year as stated within the governing Trust Deed (2019: £50 each less tax) and £1,062 was paid for Directors and Officers insurance cover for the Trustees (2019: £989).

12 Staff costs

The aggregate payroll costs were as follows:

	2020	2019
	£	£
Staff costs during the year were:		
Wages and salaries	518,398	468,858
Social security costs	44,907	40,626
Pension costs	47,274	45,358
Cost of staff seconded from other organisations	-	22,519
Other staff costs	<u>20,939</u>	<u>6,394</u>
	<u>631,518</u>	<u>583,755</u>

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

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:

	2020 No	2019 No
Estate upkeep (7 full-time)	7	7
Management and administration (6 full-time/2 part-time)	<u>8</u>	<u>9</u>
	<u>15</u>	<u>16</u>

The total employee benefits of the key management personnel of the Trust were £260,959 (2019 - £231,435).

No employee received emoluments of more than £60,000 during the year.

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

	2020 No	2019 No
£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 £47,274 (2019 - £45,358).

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 2020

13 Tangible fixed assets

	Land and buildings £	Assets under construction £	Furniture and equipment £	Total £
Cost or valuation				
At 1 July 2019	35,599,483	3,244,390	410,808	39,254,681
Additions	1,676,000	3,188,832	44,302	4,909,134
Transfers	<u>3,299,874</u>	<u>(3,299,874)</u>	-	-
At 30 June 2020	<u>40,575,357</u>	<u>3,133,348</u>	<u>455,110</u>	<u>44,163,815</u>
Depreciation				
At 1 July 2019	362,720	-	352,192	714,912
Charge for the year	<u>162,301</u>	-	<u>27,682</u>	<u>189,983</u>
At 30 June 2020	<u>525,021</u>	-	<u>379,874</u>	<u>904,895</u>
Net book value				
At 30 June 2020	<u>40,050,336</u>	<u>3,133,348</u>	<u>75,236</u>	<u>43,258,920</u>
At 30 June 2019	<u>35,236,763</u>	<u>3,244,390</u>	<u>58,616</u>	<u>38,539,769</u>

Assets under construction represent development works in connection to the Estate Expansion which commenced during the previous year but is not yet complete. 23 of the 48 properties were completed at the year end and transferred from assets under construction to land and buildings.

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 £21,179,690 with depreciation applied to these assets of £4,294,378 giving a net book value of £16,885,312.

Land and buildings not subject to a revaluation have a net book value of £543,126 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 2020.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

14 Fixed asset investments

Other investments

	Listed investments £	Other investments £	Total £
Cost or Valuation			
At 1 July 2019	152,041,169	17,465,523	169,506,692
Additions	13,404,094	2,500,000	15,904,094
Disposals	(24,499,340)	(1,488,512)	(25,987,852)
Unrealised gain	991,632	191,164	1,182,796
Cash movement	<u>(275,357)</u>	<u>48</u>	<u>(275,309)</u>
At 30 June 2020	<u>141,662,198</u>	<u>18,668,223</u>	<u>160,330,421</u>
Net book value			
At 30 June 2020	<u>141,662,198</u>	<u>18,668,223</u>	<u>160,330,421</u>
At 30 June 2019	<u>152,041,169</u>	<u>17,465,523</u>	<u>169,506,692</u>

The historical cost of the listed investments at 30 June 2020 was £133,989,200 (2019: £138,450,308).

Included in listed investments is cash held by Brewin Dolphin totalling £1,784,568 (2019: £2,059,877).

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 2020

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	26,283,710
BNY Mellon Fund Manager Real Return	16,027,836
Royal London Enhanced Cash Plus	14,970,144
Link Fund Solutions Limited (Ruffer Absolute Return)	14,872,669
Vanguard Funds S&P 500 ETF	10,655,900
	82,810,259
Other (investments less than 5%)	77,520,162
	160,330,421

15 Debtors

	2020 £	2019 £
Kincarrathie Trust	11,826	482
Loan - Hope Park Trust	60,000	70,000
Loan - William Simpson's Home	86,250	101,250
Loan - The Y Centre	16,000	-
Rent Debtors	15,776	19,178
Accrued income	212,277	589,009
Other debtors - Bond Payment	390,000	390,000
	792,129	1,169,919

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

15 Debtors (continued)

Debtors includes £527,250 (2019: £536,250) receivable after more than one year.

This can be analysed as follows:

	30 June 2020	30 June 2019
	£	£
Loan - Hope Park Trust	50,000	60,000
Loan - William Simpson's Home	71,250	86,250
Loan - The Y Centre	16,000	-
Other debtors - Bond Payment	390,000	390,000
	<u>527,250</u>	<u>536,250</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 Cash and cash equivalents

	2020	2019
	£	£
Cash on hand	200	100
Cash at bank	2,331,556	3,038,910
	<u>2,331,756</u>	<u>3,039,010</u>

17 Creditors: amounts falling due within one year

	2020	2019
	£	£
Charitable commitments - grants payable	3,254,958	2,538,682
Accruals	225,837	153,185
	<u>3,480,795</u>	<u>2,691,867</u>

18 Creditors: amounts falling due after one year

	2020	2019
	£	£
Charitable commitments - grants payable	1,702,690	1,096,432
	<u>1,702,690</u>	<u>1,096,432</u>

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

19 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 2020, amounted to £453,473 (2019: £4,968,025).

Expenditure in respect of the renovation of existing properties contracted for, but not incurred or provided for in the financial statements at 30 June 2020, amounted to £798,513 (2019: £nil).

As part of the purchase conditions attached to Kincarrathie House, the Trust have agreed to pay a contribution of £100,000 towards external works.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

20 Funds

	Balance at 1 July 2019 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 30 June 2020 £
Unrestricted funds						
<i>Unrestricted general funds</i>						
Unrestricted income fund	17,572,413	1,463,564	(7,685,561)	4,879,970	-	16,230,386
<i>Unrestricted designated funds</i>						
Estate extension	<u>4,968,025</u>	<u>-</u>	<u>(1,200)</u>	<u>(4,716,004)</u>	<u>202,652</u>	<u>453,473</u>
Total unrestricted funds	<u>22,540,438</u>	<u>1,463,564</u>	<u>(7,686,761)</u>	<u>163,966</u>	<u>202,652</u>	<u>16,683,859</u>
Restricted funds						
W.G. Farquharson Bequest	1,145,125	32,963	(35,646)	-	(71,252)	1,071,190
Endowment funds						
<i>Expendable endowment funds</i>						
Capital fund	162,085,684	1,892,096	(368,764)	(71,153)	(2,366,201)	161,171,662
Revaluation reserve	<u>22,695,843</u>	<u>-</u>	<u>-</u>	<u>(92,813)</u>	<u>-</u>	<u>22,603,030</u>
	<u>184,781,527</u>	<u>1,892,096</u>	<u>(368,764)</u>	<u>(163,966)</u>	<u>(2,366,201)</u>	<u>183,774,692</u>
Total funds	<u>208,467,090</u>	<u>3,388,623</u>	<u>(8,091,171)</u>	<u>-</u>	<u>(2,234,801)</u>	<u>201,529,741</u>

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

20 Funds (continued)

	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	<u>7,594,552</u>	-	<u>(3,540)</u>	<u>(2,570,676)</u>	<u>(52,311)</u>	<u>4,968,025</u>
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	<u>4,584,238</u>	-	<u>(99,838)</u>	-	<u>18,211,443</u>	<u>22,695,843</u>
	<u>166,397,884</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>24,155,942</u>	<u>208,467,090</u>

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

20 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. £32,963 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 £9,000,000 of investment funds were transferred from the Trust's discretionary portfolio held within endowment funds to unrestricted general income funds. £4,716,004 was released from the designated estate extension fund to unrestricted general income funds as the development work neared completion. The Trustees also took the decision to align the Trust's endowment fund balances at 30 June 2020 with the carrying value of the Trust's land and buildings and endowment investment portfolios, which resulted in a transfer of £8,836,034 to endowment funds from unrestricted funds.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

21 Analysis of net assets between funds

	Unrestricted funds General £	Restricted funds £	Endowment funds Expendable £	Total funds 2020 £
Tangible fixed assets	75,236	-	43,183,684	43,258,920
Fixed asset investments	18,668,223	1,071,190	140,591,008	160,330,421
Current assets	3,123,885	-	-	3,123,885
Current liabilities	(3,480,795)	-	-	(3,480,795)
Creditors over 1 year	(1,702,690)	-	-	(1,702,690)
Total net assets	<u>16,683,859</u>	<u>1,071,190</u>	<u>183,774,692</u>	<u>201,529,741</u>
	Unrestricted funds General £	Restricted funds £	Endowment funds Expendable £	Total funds 2019 £
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>

22 Analysis of net funds

	At 1 July 2019 £	Cash flow £	At 30 June 2020 £
Cash at bank and in hand	3,039,010	(707,254)	2,331,756
	<u>3,039,010</u>	<u>(707,254)</u>	<u>2,331,756</u>
	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 2020

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:

Dr. James H.F. Kynaston (retired from Trust on 18.02.2020)

Church of Scotland - North Church, Perth (Trustee)
The Goals of Care Charitable Trust (Trustee)

There were no applications for funding received during the year.

Mr. Ian W. McMillan

St. Leonard's-in-the-Fields (Trustee)

There was no application for funding received during the year.

Mr. Stephen J. Hay

Tayside Health Fund (Informal Investment Advisor)

There was no application for funding received during the year.

Mr. Bruce N. Renfrew

Thorntons Law LLP (Member)

Thorntons Trustees Limited (Director)

Kinnoull Parish Church (Elder)

There were no applications for funding received during the year.

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 retired on 30.04.2020)

Young Scot (Board Member)

There was no application for funding received during the year.

The Gannochy Trust

Notes to the Financial Statements for the Year Ended 30 June 2020

24 COVID 19

During the year to 30 June 2020 the economic impact of COVID 19 increased significantly, and continues to impact the operations of the Trust and the activities of its beneficiaries as set out in more detail in the Trustees' Report. The Trustees have taken appropriate action to mitigate the operational effects on its activities and continue to monitor this on a regular basis. The Trustees recognise the risk to the Trust's investment portfolio and this is regularly reviewed with the senior management team and support from investment managers and advisers. The Trustees remain satisfied that all financial risks associated with COVID 19 have been mitigated appropriately, and that the investment allocations do not expose the Trust to any significant risk to key income sources and investment carrying values such that its ability to meet grant commitments and continue planned activities is materially affected.