

**The Saltire Society Trust**

**(Charity No: SC044731)**

**Report of the Trustees and Unaudited Financial Statements  
For the year ended 31 March 2019**

**THE SALTIRE SOCIETY TRUST**  
**For the year ended 31 March 2019**

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**THE SALTIRE SOCIETY TRUST**  
**REFERENCE AND ADMINISTRATIVE DETAILS**  
**For the year ended 31 March 2019**

**Registered Charity number**  
SC044731

**Principal address**  
9 Fountain Close  
22 High Street  
Edinburgh, EH1 1TF

**Trustees**

Magnus Linklater CBE, Convener  
Janet Archer (appointed 14 December 2018)  
Susan Garnsworthy  
Roger Kelly  
Andrew Kerr MBE  
Richard Martin  
David Ward

**Independent Examiner**

Emma Marshall, CA  
Geoghegans, Chartered Accountants  
6 St Colme Street  
Edinburgh  
EH3 6AD

**Advisers – Financial Management**

Helen Lowe Ltd, Chartered Accountants  
17 – 21 East Mayfield  
Edinburgh  
EH9 1SE

**Investment Managers**

Rathbones  
28 St Andrew Square  
Edinburgh  
EH2 1AF

**Patrons**

Mr Ian Alexander  
Professor Ian Brown  
Dr Jeff Justice  
Mr Lorimer Mackenzie  
Mr Bryan Rankin

**Solicitors**

CMS Cameron McKenna LLP  
Saltire Court,  
20 Castle Terrace  
Edinburgh  
EH1 2EN

**Bankers**

Bank of Scotland  
300 Lawnmarket  
Edinburgh

The Trust also receives support from the Saltire Society executive team who provide secretariat and strategic advice.

## **THE SALTIRE SOCIETY TRUST**

### **REPORT OF THE TRUSTEES**

**For the year ended 31 March 2019**

The Trustees present their report with the financial statements of the charity for the year ended 31 March 2019.

#### **OBJECTIVES AND ACTIVITIES**

The Trust was established following on from the Cullen Review of the Saltire Society, looking at the Society's role and relevance in Scotland today. Having concluded there remained an important place for an independent voice celebrating and supporting Scottish cultural achievement, Lord Cullen offered a series of recommendations as to how that might be achieved more effectively. One challenge was the need to ensure the financial resilience of the Society in the longer term and to do so in such a way as to ensure its independence of thought and action. The formation of the new Saltire Society Trust was a result; a means of creating a new venture which incorporated the bulk of the Society's investments and added to that through a more strategic approach to fundraising. These developments to date have been supported by the Saltire Society, notably through a grant from Creative Scotland.

#### **ACHIEVEMENTS AND PERFORMANCE**

A key feature of the Trust's fundraising strategy has been to explore the opportunities for consolidation with other trust funds whose objectives align to ours, whose concern is the vitality of Scottish cultural life now and for generations to come.

##### **Fundraising and Programme Development**

The original Fundraising Strategy was devised with expert input and resulted in a document that articulates a case for support. A part time fundraiser was employed in the year to 31 March 2018; the Trustees are currently developing a strategic plan for further fundraising.

During these developments the Trust continued to commit its funds in support of its objectives, channelled through the Saltire Society and focused on the Inspiring Scotland programme. The Inspiring Scotland Programme provides bursaries for young and emerging creatives, investing in ideas and innovations to help nurture and develop the next generation of Scottish creative talent. Each bursary was run in partnership with another arts organisation.

The Trust, through its support of the Saltire Society, made it possible for the Society to run the following activities:

- President inauguration and reception
- Housing Design Awards 2018
- Saltire Fringe Event – The Heretics
- Saltire Fringe Event – Hugh MacDiarmid play (2 showings)
- Saltire Fringe Event - David Francis' The Birds
- Annual General Meeting
- Fletcher of Saltoun Awards 2018
- Outstanding Women of Scotland 2018
- Literary Awards Shortlist announcement and reception
- Civil Engineering Awards 2018
- Book Week Scotland Event with Alex Boyd
- Saltire Literary Awards 2018 Ceremony

## **THE SALTIRE SOCIETY TRUST**

### **REPORT OF THE TRUSTEES**

**For the year ended 31 March 2019**

#### **FINANCIAL REVIEW**

The Statement of Financial Activities shows a net increase in funds over the year of £95,436 (2018: decrease of £38,868) of which £39,110 (2018: £21,402) related to a net deficit on operations, with net gain on investments of £134,546 (2018: net loss of £17,466).

Income for the year of £68,468 was lower than for the previous year with decreases in investment income.

Net assets have increased from £2,183,329 at 31 March 2018 to £2,278,765 at 31 March 2019 in line with the net increase in funds. Of these net assets, all were unrestricted.

#### **RESERVES POLICY**

The Reserves policy is to maintain the level of investment capital in the Trust. The Trustees have been advised that it is prudent to draw up to 4% of the total value of the portfolio annually as long as it is not seen to be significantly depleting capital.

#### **RISK MANAGEMENT**

The Trustees have a duty to identify and review the risks to which the Trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The key risk is a substantial reduction in the value of the portfolio held arising from poor investment performance. The Trustees regularly review performance with the Trust's advisers with a view to restricting the risk to an acceptable level.

#### **INVESTMENT POLICY AND OBJECTIVES**

The Trust continued to engage Rathbones as investment managers. The Trust's investment policy is geared towards a balanced return between capital growth and income.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

The Trust was registered as a Scottish Charitable Incorporated Organisation on 11 March 2014 and is governed by its Constitution.

The Saltire Society Trust is established for charitable purposes only to support the purposes or objectives of the Saltire Society. In particular, the objects of the Trust are to:

- increase public awareness of Scotland's distinct natural and cultural heritage in all its richness and diversity and foster the cherishing and enrichment of all aspects of that heritage, including the Scots and Gaelic languages;
- enhance the quality of Scotland's contribution to all the arts and sciences by encouraging creativity, inventiveness and the achievement of the highest standards of excellence in these fields;
- build on achievements of the past to advance Scotland's standing as a vibrant creative force;
- improve all aspects of Scottish culture and strengthen Scotland's links with other countries and peoples; and
- from time to time as may be required, participate in the establishment of other charitable bodies with purposes substantially the same as or connected to those of the Trust.

## **THE SALTIRE SOCIETY TRUST**

### **REPORT OF THE TRUSTEES**

**For the year ended 31 March 2019**

Any income generated, or held, by the Trust may be passed to the Saltire Society to achieve the objectives set out above. The Trust may co-operate with other organisations on matters which are in accord with its objectives.

#### **Recruitment and appointment of new trustees**

Trustees are appointed throughout the year through a nomination and election process in accordance with our Constitution. Once appointed, trustees are invited to meet with the Convener of the Trust and the Programme Director of the Saltire Society in the first instance, to receive an induction and briefing on an individual basis.

#### **TRUSTEES' RESPONSIBILITIES STATEMENT**

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

The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the 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 Charity SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Trust's constitution. They 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.

On behalf of the Board of Trustees



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**Andrew Kerr, Trustee**

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE SALTIRE SOCIETY TRUST**  
**For the year ended 31 March 2019**

I report on the financial statements of the charity for the year ended 31 March 2019 which are set out on pages 6 to 11.

**Respective responsibilities of Trustees and Examiner**

The Trustees are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The Trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the financial statements as required under section 44(1)(c) of the Act and to state whether matters have come to my attention.

**Basis of independent examiner's statement**

My examination is carried out in accordance with Regulation 11 of the 2006 Regulations. An examination includes a review of the accounting records kept by the Trust and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

**Independent examiner's statement**

In the course of my examination, no matter has come to my attention.

1. which gives me reasonable cause to believe that in any material respect the requirements:
  - to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
  - to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations;have not been met; or
  
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Emma Marshall, CA  
Geoghegans  
Chartered Accountants  
6 St Colme Street  
Edinburgh  
EH3 6AD



THE SALTIRE SOCIETY TRUST

STATEMENT OF FINANCIAL ACTIVITIES  
For the Year Ended 31 March 2019

	Note	Unrestricted Income Fund £	Unrestricted Capital Funds £	2019 Total Funds £	2018 Total Funds £
<b>INCOME FROM:</b>					
Investments	2	68,468	-	68,468	73,400
<b>Total income</b>		<b>68,468</b>	<b>-</b>	<b>68,468</b>	<b>73,400</b>
<b>EXPENDITURE ON:</b>					
Raising funds	3	3,350	14,956	18,306	15,642
Charitable activities	4	89,272	-	89,272	79,160
<b>Total expenditure</b>		<b>92,622</b>	<b>14,956</b>	<b>107,578</b>	<b>94,802</b>
<b>Net Expenditure before Gains/(Losses) on Investments</b>		<b>(24,154)</b>	<b>(14,956)</b>	<b>(39,110)</b>	<b>(21,402)</b>
Transfers between funds		(1,646)	1,646	-	-
Gains/(Losses) on Investments	5	-	134,546	134,546	(17,466)
<b>Net Income/ (Expenditure) and Movement in Funds</b>		<b>(25,800)</b>	<b>121,236</b>	<b>95,436</b>	<b>(38,868)</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<b>40,795</b>	<b>2,142,534</b>	<b>2,183,329</b>	<b>2,222,197</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	7	<b>14,995</b>	<b>2,263,770</b>	<b>2,278,765</b>	<b>2,183,329</b>



**THE SALTIRE SOCIETY TRUST**

**BALANCE SHEET**  
At 31 March 2019

	Note	Unrestricted Income Fund £	Unrestricted Capital Fund £	2019 Total Funds £	2018 Total Funds £
<b>FIXED ASSETS</b>					
Investments	5	-	2,199,194	2,199,194	2,080,054
		-	2,199,194	2,199,194	2,080,054
<b>CURRENT ASSETS</b>					
Cash deposits held with broker		-	68,076	68,076	34,610
Cash at bank and in hand		18,175	-	18,175	75,797
		18,175	68,076	86,251	110,407
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	6	(3,180)	(3,500)	(6,680)	(7,132)
<b>NET CURRENT ASSETS</b>		14,995	64,576	79,571	103,275
<b>NET ASSETS</b>		14,995	2,263,770	2,278,765	2,183,329
<b>FUNDS</b>					
Unrestricted Capital fund	7			2,263,770	2,142,534
Unrestricted Income fund	7			14,995	40,795
				2,278,765	2,183,329

The financial statements were approved by the Trustees on 30 Sept 2019 and were signed on their behalf by:



**Andrew Kerr**  
Trustee

**THE SALTIRE SOCIETY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2019**

**1. ACCOUNTING POLICIES**

**Basis of preparation and assessment of going concern**

The financial statements have been prepared under the historical cost convention, modified by the revaluation of its investment assets, with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these financial statements. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Report Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014, (as read with the update bulletin entitled 'Charities SORP FRS102 Update Bulletin' published on 2 February 2016) the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Charities and Trustee Investment (Scotland) Act 2005.

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

**Income recognition**

All incoming resources are included in the Statement of Financial Activities (SoFA) when the Trust is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the Trust will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Trust and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably, and the Trust has control over the item. Fair value is determined based on the value of the gift to the Trust. For example the amount the Trust would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Income from government and other grants are recognised at fair value when the Trust has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes and is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the Trust's right to receive payment is established.

**Expenditure recognition**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

**THE SALTIRE SOCIETY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Expenditure recognition (continued)**

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the Trust.

Support costs are those that assist the work of the Trust but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

**Fixed asset investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The main form of financial risk faced by the Trust is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

**Cash at Bank**

Cash at bank and in hand on the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

**Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Creditors**

Creditors and provisions 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**THE SALTIRE SOCIETY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Taxation**

The Trust is exempt from tax on its charitable activities.

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Trustees.

Restricted funds can only be used for the particular restricted purpose within the object of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

<b>2. INVESTMENT INCOME</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Dividends	66,742	70,276
Interest	1,726	3,124
	<u>68,468</u>	<u>73,400</u>
<b>3. RAISING FUNDS</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Investment management costs	14,956	15,642
Fundraiser	3,350	6,900
	<u>18,306</u>	<u>22,542</u>
<b>4. CHARITABLE ACTIVITIES</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Grants Payable</b>		
Saltire Society	85,000	65,000
Other	1,050	4,500
	<u>86,050</u>	<u>69,500</u>
Accountancy	1,140	1,140
Independent examination fees	2,040	1,620
Bank charges	42	-
	<u>89,272</u>	<u>72,260</u>

**THE SALTIRE SOCIETY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2019

	2019 £	2018 £
<b>5. FIXED ASSET INVESTMENTS</b>		
At 1 April 2018	2,080,054	2,112,709
Additions	163,333	208,013
Disposals	(244,013)	(215,325)
Increase in cash held by broker	65,274	(7,877)
Net gains on revaluation	134,546	(17,466)
Fair value at 31 March 2019	<u>2,199,194</u>	<u>2,080,054</u>
Historical cost value at 31 March 2019	<u>1,879,449</u>	<u>1,837,522</u>

	2019 £	2018 £
<b>6. LIABILITIES: Creditors falling due within one year</b>		
Accountancy	1,140	1,140
Independent examiner fee	2,040	2,040
Investment management fee	3,500	3,952
	<u>6,680</u>	<u>7,132</u>

**7. MOVEMENT IN FUNDS**

	At 1 April 2018 £	Income £	Expenditure £	Transfers £	Gains on investments £	At 31 March 2019 £
<b>Unrestricted Funds</b>						
Income Fund	40,795	68,468	(92,622)	(1,646)	-	14,995
Capital Fund	2,142,534	-	(14,956)	1,646	134,546	2,263,770
	<u>2,183,329</u>	<u>68,468</u>	<u>(107,578)</u>	<u>-</u>	<u>134,546</u>	<u>2,278,765</u>

	At 1 April 2017 £	Income £	Expenditure £	(Losses) on investments £	At 31 March 2018 £
<b>Unrestricted Funds</b>					
Income Fund	46,555	73,400	(79,160)	-	40,795
Capital Fund	2,175,642	-	(15,642)	(17,466)	2,142,534
	<u>2,222,197</u>	<u>73,400</u>	<u>(94,802)</u>	<u>(17,466)</u>	<u>2,183,329</u>

**8. RELATED PARTY TRANSACTIONS**

During the year the Trust paid grants of £85,000 (2018: £65,000) to the Saltire Society. Magnus Linklater was a Trustee of both charities in 2018.

