

**TRUSTEES' ANNUAL REPORT  
and  
FINANCIAL STATEMENTS  
FOR THE YEAR TO 31<sup>ST</sup> MARCH 2018**





# THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

## Trustees' Annual Report - For the Year to 31<sup>st</sup> March 2018

### Chairman's Introduction

On behalf of the General Committee I am pleased to present its report together with the financial statements of the Society for the year ended 31<sup>st</sup> March 2018.

The charity has enjoyed a financially successful year, with income significantly above expectations as a result of legacy income and special dividend payments on some of our investments. It is somewhat frustrating, however, to note that due to a matter of timing of events in the financial world our portfolio valuation at the end of March suffered a major reversal of last year's gains, resulting in our Statement of Financial Activities showing a net loss of over £2.5 million. This "bottom line" in no way reflects our true performance and is purely a consequence of the format of the SOFA. Within weeks of the new financial year commencing, the majority of these unrealised losses had been recovered and this remains the case at the date of signing. In any event, our investments are held for the long term and we must expect rises and falls in their value.

Once again, the Society is in the position of providing help to more women at the end of the year than it did at the outset, albeit that this growth is now managed so as not to over-extend the Society's commitments. Part of this management has been the imposition of strict equivalence between the financial criteria for new applicants and those for continuing beneficiaries. It was with heavy hearts that trustees agreed to a programmed phasing out of support to over one hundred, often longstanding, beneficiaries who do not meet the current admission criteria but with the designation of some reserve funds to help extend the phasing out of support to four years we hope it will help those affected to adjust. We will monitor each beneficiary's circumstances closely over the next few years to ensure that no one loses our support if they still qualify for it. The financial support withdrawn from these beneficiaries will immediately be used to support new individuals in much more challenging circumstances and the evolution in our Roll of Beneficiaries seen in recent years will continue.

It has been a year of change, with retirements and new recruitment to both the trustee and staff teams. The Society is very fortunate to have a talented Committee, whose members give freely of their time and expertise to guide its work, and a staff team, led by Dr Maurice Hankey, whose care and attention to detail is hugely appreciated by trustees and beneficiaries across Scotland. I would like to thank Annemieke Cunningham, who has retired as a trustee after 15 years, Allan Sturrock, after 11 years, and Reverend James Ferguson, after 3 years, for all their commitment and contributions. Our sincere thanks go to two Caseworkers who also retired during the year, Elizabeth McCue, after more than 8 years, and Bettie Thom after 4 years.

And finally, a warm welcome to the new arrivals... Dr Jonathan Cossar, Anna Buchanan and Margaret Moyes who joined the Society's General Committee during the year, and Helen Dalley and Lucy McRitchie who step into their new roles as Caseworkers for the East and North of Scotland respectively. Each bring fresh perspectives to what the charity seeks to do, and how it goes about it, to add to the dedication and expertise of those already involved.

Catriona Reynolds

14<sup>th</sup> September 2018

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*"Thank you so much – a hand outstretched in an hour of need can change our whole outlook and make the world bright."*

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### Objectives and activities

The primary object of the Society is *"To provide support and aid to women who are resident in Scotland and are of good character and are single and require assistance by reason of financial hardship, age or ill health in the interest of the general public benefit"*.

To achieve this, the Society provides periodic and occasional supplementary financial assistance to individuals who meet the criteria specified by the Society for admission to and retention on its Roll of Beneficiaries. These payments are intended to provide additional income to help meet recipients' needs and improve the quality of their lives.

Applications are considered from any single, widowed, divorced or formally separated woman, of 50 years or older, and who has been resident in Scotland for at least two years at the time of application. Applicants must have income and capital beneath ceilings set from time to time by the General Committee and show that they have lived a decent, responsible and respectable life.

The Society is able to fulfil its objective through income derived from its significant investment portfolio and from other donations. The Society does not actively fundraise other than through inclusion in charity and legacy directories. Legacy receipts, special dividends from investments and funds emanating from other charities are regarded as capital and remitted to the investment portfolio with the intention of growing the income base sustainably into the future.

The principal charitable payment made by the Society is the annual grant of £1,200 paid in quarterly instalments to beneficiaries. A number of beneficiaries receive grants of a proportion of this amount. The Society also makes some smaller payments to the beneficiaries of Funds historically absorbed into the Society. If income allows, after making regular charitable payments and operating the charity, further "supplementary grants" are disbursed to provide additional assistance to those beneficiaries having the lowest incomes and savings.

In 2016, the Society introduced a ceiling on the level of grant expenditure it was prepared to commit to on a long-term basis. This was set at a £1 million annual commitment on annual grants and equivalent to 833 "full" beneficiaries. This recognised that the Society has finite income and wishes to retain the ability to distribute additional payments to those on the lowest income and savings. This ceiling is subject to periodic review and was increased during the year to £1.05 million or 875 full beneficiaries.

The General Committee periodically reviews the criteria an applicant must meet for admission to the Roll of Beneficiaries. Ahead of each financial year income and capital ceilings are considered. New applicants come to the charity through a variety of sources, including personal reference and referral from other charities, but the Society advertises strategically to spread awareness of the support available.

The work of the Society is undertaken by a small staff team under the direction of a Chief Executive, as detailed on page 12. No volunteers are involved in the charity's activities.

A small team of Caseworkers is employed to maintain regular contact with existing beneficiaries and to undertake assessments of new applicants. The Society aims to visit each beneficiary every 15-18 months and during these visits records of the beneficiary's health, housing conditions and social contacts are updated, along with current financial details. Beneficiaries look forward to and enjoy these visits, providing personal contact with the Society. If, because of new information gathered at a visit it appears that a beneficiary's circumstances have changed to the extent of exceeding the prevailing ceilings, their eligibility for ongoing support is reviewed by the Chief Executive, with advice

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*"I dread the electricity bills and I do not know how I would manage without the Society's generosity."*

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Trustees' Annual Report to 31<sup>st</sup> March 2018 (continued)

from the relevant Caseworker, and this may lead to withdrawal from the Roll or temporary suspension of assistance.

The General Committee meets at regular quarterly intervals and considers applications for assistance at each of these meetings, along with other business. All applications are considered by trustees on a name-blind basis.

### Achievements and Performance

The Society's Roll of Beneficiaries continues to grow and at the close of the financial year stood at **876** ladies (2017 – 844). A further **10** women continue to receive "social" visits from Caseworkers but do not receive financial assistance (2017 – 21). A summary of the Roll, details of the age groups and the geographical distribution are shown on pages 30-31 of this Report. The size of the Roll is subject to continuous change with individuals leaving the Roll due to death or no longer meeting its financial or residential criteria and successful applicants being admitted at the quarterly meetings of Trustees.

During a particularly busy year, **221** application forms were sent out (2017 - 125) and **152** (2017 - 82) forms were returned and assessed. This is a rolling process, with some applicants returning forms quickly, others taking considerable time to do so, or perhaps not at all if they realise they do not meet the Society's criteria. Periodic reviews are undertaken of enquirers who have not returned their forms, and letters are sent asking enquirers if they need any assistance completing them. The Society now signposts applicants to where they can obtain copies of relevant documents as difficulties in demonstrating that they are divorced or formally separated are known to be a significant factor in delaying or not returning applications.

The General Committee admitted **97** ladies to the Roll during the year (2017 – 97). Withdrawals due to improved circumstances and deaths totalled **65** (2017 – 73)

During the year, Caseworkers undertook regular visits to existing beneficiaries, towards the goal of each beneficiary being visited in a 15-18-month cycle. A total of **562** visits were undertaken to existing beneficiaries during the year, slightly lower than the 612 made in the previous year as a result of a Caseworker's retirement. A further **95** (2017 - 108) visits were made to new applicants, but it should be noted that this may not correlate closely with the number of application forms received or new admissions as the application and admission processes for a number of applicants may span 31<sup>st</sup> March at each end of the year.

Beneficiaries received an annual grant of £1,200 paid in quarterly instalments in June, September, December and March. A total of **£1,035,450** was distributed as Principal Grants (2017 - £999,600).

Once again, the Society's income exceeded expectations and enabled trustees to make additional payments to those beneficiaries on the lowest levels of income and savings. A total of **£139,050** was distributed to 468 women in two rounds of Supplementary Grant awards, in January and March, in amounts ranging between £40 and £300 according to their individual income and savings (2017 - £167,235). The General Committee cannot guarantee to provide this level of additional assistance every year and aims to vary the size and timing of these additional payments so as not to create a dependency upon their receipt. In December, qualifying beneficiaries received a £50 Christmas bonus and a number of smaller grants were also paid, totalling **£5,740** (2017 - £4,940).

Altogether, a total of **£1,217,040** was disbursed during the year (2017 - £1,280,145), through **5,047** (2017 - **5,805**) individual payments. The year-on-year reduction in grants disbursed and number of payments made is explained by the exceptional £90 grant paid to all beneficiaries in 2016-2017 to mark the 90<sup>th</sup> Birthday of the Society's Patron, Her Majesty The Queen, using funds carried forward for this

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*"Thank you to all the wonderful staff. The grant means that I am able to buy essentials which means so much to me."*

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## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### Trustees' Annual Report to 31<sup>st</sup> March 2018 (continued)

purpose from the previous financial year. Allowing for the timing of new admissions and withdrawals, a total of **924** ladies (2017 - 903) actually received payments from the Society during the year.

The performance of the Society's investments, under discretionary management provided by Brewin Dolphin, is described under Financial Review on page 5.

Alongside the work of delivering financial assistance, efforts continued to progress and refine the way this takes place. The Society's Grant Policy Sub-Committee oversaw arrangements for the "Transition" process referred to below and has tackled a number of issues around how financial assessments are undertaken in a fair and equitable way without judging beneficiaries on how they choose to utilise their income and capital. With ongoing changes to the State Benefits system such refinements are a necessary and ongoing process.

The Society continued to apply a ceiling on expenditure on Principal Grants, and thereby on the number of beneficiaries it was willing to support in the long term. The initial ceiling of £1 million of Principal Grants (833 "full" beneficiaries) introduced in 2016 was raised to £1.05 million (875 "full" beneficiaries), but this higher threshold was not triggered during the year.

As indicated in last year's Trustees Report, the Society implemented plans to bring the financial criteria for continuing financial assistance to existing beneficiaries into line with those applying to new applicants. When, in the past, the Society has revised its admission criteria these have been applied only to subsequent applicants, and not to those individuals already on the Roll of Beneficiaries. Over time this had resulted in a proportion of the Roll comprising individuals who would not qualify for admission if they were to apply now, against the current admission criteria. This matter came into focus when the ceiling on beneficiary numbers came into effect, as the Society was in the position of not being able to help individuals in significantly poorer financial circumstances than many of those it was continuing to assist.

In June 2017, the Society identified 148 beneficiaries whose income or capital exceeded the prevailing admission criteria at that time, and the Trustees took the difficult decision to advise them that support would be phased out over a number of years. The initial intention was to achieve this over 3 years, but Trustees expressed a preference for a gentler run-out of grants to these women recognising that the changes were caused by the Society changing its rules, and not through the individuals experiencing any improvement in their circumstances. Trustees agreed to allocate £200,000 of reserves (*"The Transition 2017 Fund"*) to extend the phasing out of support from 3 years to 4 years, and using these funds annual grant payments were maintained to March 2018, and will then reduce to £900 (2018-19), £600 (2019-20), £300 (2020-21) and cease after March 2021.

In July, these "Transition Ladies" were written to, advising them of the planned reduction in support, but also giving assurances that their individual circumstances would be reviewed at each subsequent Caseworker visit, and that they would be restored to full grant status if they were found to fall within the prevailing admission criteria. For a variety of reasons, 38 of these women had been reinstated by the end of the year.

Withdrawing support to these individuals enables the charity to admit others in less fortunate circumstances. As each reduction in grant frees up a number of places within the ceiling calculation, it is unlikely that the ceiling limit will need to apply before 2021, given current levels of application

The Society receives a steady stream of referrals from other sources, including agencies, other charities and word of mouth from existing beneficiaries, and during the year this maintained a sufficient flow of new applicants without the need for advertising. The Society did however place advertisements in the north and west of Scotland in an attempt to strengthen the representation of these areas on the Roll.

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*"I cannot express how much the grant means to me."*

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## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### Trustees' Annual Report to 31<sup>st</sup> March 2018 (continued)

In June 2017, the General Committee approved the first amendments to the Society's Byelaws since they were revised at the time of the new Supplementary Charter. These included some tidying up of definitions, business to be conducted at Annual General Meetings and clarification of admission rules. The amendments were all approved by OSCR.

The Society maintained support to the informal networking group of staff from charities with similar remits to its own. Meeting approximately bi-monthly under the direction of the Society's Senior Caseworker, Anne Metcalfe, members exchange news and updates on activities and issues being encountered and this has led to better understanding of each charity's work. This in turn has resulted in an increase in the number of formal referrals made between the charities involved.

The charity continues to develop its website, [www.igf.org](http://www.igf.org), providing detailed information about the Society's background, its current work and how help can be found. It is hoped that this will also provide a platform for future work to attract donations and legacies. All beneficiaries received Christmas cards and an annual edition of Beneficiary News.

#### Financial Review

##### a) Overview

The Society has benefitted once again from higher than expected income from dividends on its substantial investment portfolio, further details of which are provided below. The charity does not actively fundraise, but welcomes donations and legacies from supporters. Expenditure has remained under close control and there have been no significant events during the year which have impacted financially on the charity's operations. In almost all aspects, financial performance against budgets has shown variances favourable to the charity. Unfortunately, the timing of turbulence in stock markets impacted negatively on the capital value of the Society's investment portfolio and net worth at the end of the year.

During the year, the Society received donations of £13,807 and recognised legacies of £114,079. (2017 - £8,563 and £130,687, respectively). These are shown under *Income and endowments* in the Statement of Financial Activities and detailed in Note 4 to the Accounts. Legacy receipts are considered by the Society to be capital and have been transferred to the investment portfolio.

Dividends paid on the Society's substantial investment portfolio remains the principal source of income to the charity and over the year increased to £1,959,742 (2017 - £1,774,256). This income included £184,128 of Special Dividends, which have also been remitted to the investment portfolio.

Office accommodation within 14 Rutland Square which is not used by the Society for its own purposes remains subject to a contractual agreement with two long-term tenants and provided rental income of £19,800 (2017 - £19,800). This part of the Society's property is recognised as investment property on the Balance Sheet.

Turning to expenditure, Note 6 to the Accounts, on page 24 shows that the cost to the Society of *Raising Funds* fell from £119,160 in the previous year to £106,205. This arose from a significant reduction in investment management fees to £104,059 (2017 - £117,713), a consequence of the portfolio valuation and the number of transactions undertaken. Advertising costs showed a modest increase (£2,146 vs £1,447). The Society undertook no specific fund-raising activity during the year.

The heading *Charitable Activities* detailed in Note 6 shows an increase in the principal grant payments to £1,035,450 (2017 - £999,600), almost fully expending the £1.05 million ceiling currently set by trustees. Supplementary Grants amounting to £139,050 were distributed to women on the lowest

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*"It is a great comfort to know that there is some money put aside from the Society for any emergencies."*

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## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### Trustees' Annual Report to 31<sup>st</sup> March 2018 (continued)

income and savings (2017 - £167,325). In addition, a £50 Christmas "bonus" was paid to all qualifying beneficiaries with their December 2017 quarterly payment, and a number of other variable grants made amounting to £5,740 (2017 £4,940). There was however no repeat of the distribution of the Patron's Birthday Fund, which was made with £75,000 designated for this purpose in 2015-2016, resulting in a fall in Extra Grant distribution, from £108,280 to £36,800, and an overall reduction in the total grant disbursement to £1,217,040 (2017 - £1,280,145). Adjusting for the Patron's Birthday Grant, however, the total grant distribution to beneficiaries in 2017-2018 showed a small increase of £8,375.

*Support Costs* are detailed in Note 6 on page 24 and increased to £276,679 (2017 - £239,678). As the Society only provides financial support, and has no other activities, all support costs are assigned to charitable activities. Office staff costs are allocated 75% to *Support Costs* and 25% to *Governance Costs* based on estimates of time spent, although under FRS 102 *Governance* costs are now included within *Charitable Activities*. The increase over the previous year relates to expenditure on property repairs to 14 Rutland Square, with renewal of fire and security systems and window replacements on the rear of the building.

Expenditure incurred under *Governance Costs* rose to £47,397 (2017 - £41,867), mainly due to increased expenditure on legal and professional fees in connection with the "Transition" and application processes referred to above and compliance with the General Data Protection Regulation.

*Total expenditure on charitable activities* fell to £1,547,716 (2017 - £1,592,890), but again after adjustment for the exceptional Patron's Birthday Fund distribution in 2016, this represented an increase of £26,306 on a comparable basis.

*Net income before gains and losses on investments* amounted to £457,558 (2017 - £223,694). This resulted from the combination of significantly increased income and reduction in the level of charitable activity costs compared with 2016-2017. Of this net income, £298,207 derives from receipts deemed to be of a capital nature and subsequently invested.

Note 7, on page 25, shows realised investment gains of £229,142 (2017: £60,703) and realised losses of £372,142 (2017: £24,432). More significantly, at 31<sup>st</sup> March 2018 the investment portfolio showed an unrealised loss of £2,940,815 compared with an unrealised gain of £4,421,391 at the previous year-end. Overall, the Society's funds fell to a total of £42,590,376 at 31<sup>st</sup> March 2018 (2017 - £45,216,633).

Turning to the *Balance Sheet*, the Society's assets comprise tangible fixed assets of £521,692 (Note 8) and investment assets valued at £42,020,909 (Note 9), giving Total Fixed Assets of £42,542,601 (2017 - £45,349,470). Debtors increased from £74,854 to £89,933 (Note 10) and along with cash resources of £1,004,958 contributed to current assets of £1,094,891 (2017 - £914,671). Current liabilities of £1,047,116 (Note 11) include the significant creditor provision of £1,016,400 for grant payments expected to be made in the coming year.

#### **b) Investment Policy and Performance**

The Society has a significant investment portfolio, built up over many years, and this provides the majority of the income upon which the charity relies to make payments to its beneficiaries and meet its running costs. This portfolio is augmented from time to time with legacy receipts, special dividends and transfers from other charities. Proceeds of investment disposals are re-invested with the object of achieving a satisfactory level of income for the Society. The aim is to provide not only to meet current needs but also achieve growth in income and, over the years, in capital values. The trustees are aware of their obligation to provide for future beneficiaries as well as for the current ones, and of the likelihood that, in future, management and administrative costs will be higher than at present. The

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*"To my Caseworker – thank you so much for travelling through the snow to visit me. As usual, your visit left me feeling uplifted."*

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## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### Trustees' Annual Report to 31<sup>st</sup> March 2018 (continued)

foregoing objectives have not changed.

The Society has granted discretionary management over its investment portfolio to investment advisers, Brewin Dolphin. Their performance is monitored by the Investment Sub-Committee comprising five members of the General Committee who have the necessary financial acumen for this purpose. The Sub-Committee meets with Brewin Dolphin managers every six months to review performance. The portfolio is managed for "Income and Growth Return", under "Diversified Risk" classified as "Moderate Investment Risk (Brewin Dolphin Risk Category 6)".

The Trustees of the Society do not currently restrict investment policy to take account of social or economic factors but have instructed that the existing holding of tobacco shares should not be increased. The possibility of introducing further ethical constraints is kept under periodic review.

The portfolio provided dividend income well ahead of expectations and at £1,959,742 this represents a yield of 4.7%. However, turbulence in financial markets towards the end of the year resulted in the significant reduction in capital values referred to above, and, as a result, the Total Return on the portfolio was minus 1.87%.

The Investment Sub-Committee sets a target income for the investment managers as part of their contract and regularly reviews the appropriateness of this target. Members had been aware for some time of the extent to which realised income continued to exceed the target, but recognised that raising the target progressively constrained the spectrum of holdings from which the investment managers could choose to reliably meet the target. The income target, however, has a direct relationship with the ceiling on the number of beneficiaries which the Society is prepared to support in the long term. In May 2017, it was agreed that the income target be raised from £1.45 million to £1.50 million, and this allowed Trustees to raise the expenditure ceiling on Principal Grants by the same amount, equivalent to an additional 42 beneficiaries.

The Investment Sub-Committee reviewed the position again at the turn of the year when it was felt that, although realised income remained high, beneficiary numbers were being constrained by an unnecessarily low target income, while significant supplementary grant payments were being made from "surplus" income. Trustees were advised that expectations of income would be reduced as fixed interest bonds matured over the next few years and were unlikely to be replaced with similar yielding ones. Alongside changes to the Society's Reserves Policy (see below) it was agreed that the target income should remain at £1.5 million, but that the investment managers be allowed to make future investment decisions with a greater focus towards capital growth. This was reflected in a number of investment transactions late in the year.

Brewin Dolphin have indicated that they anticipate net investment income of £1,714,712 for the year to 31<sup>st</sup> March 2019. Forward budgeting using this estimate shows that this will allow the Society to continue to meet its programme of grants for existing and future beneficiaries of the Society in the year ahead.

#### c) Reserves Policy

The charity's reserves are entirely unrestricted. Trustees have been mindful that the structure of the Society's designated Funds was not sufficiently clear, either for the purpose of their sound management or for the benefit of transparency to the public and regulators. A number of changes have been agreed by Trustees to address this and the new fund structure is summarised in Note 13 to the Accounts, on page 27 This Note also explains the composition of each fund at 31<sup>st</sup> March 2018.

- The long-term assets of the Society continue to be *represented* by the **Designated Investment**

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*"Thank you so much for the grant. My car had to be repaired and my dog was very ill so it has helped me get back on track."*

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## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### Trustees' Annual Report to 31<sup>st</sup> March 2018 (continued)

**Fund**, comprising the aggregate of the Society's investment portfolio, cash held by the stockbroker and the value of its heritable property. Through long-standing policies of investing legacies and funds transferred from other charities, and reinvesting special dividends and the proceeds of investment sales, the Society has accumulated considerable reserves. In the opinion of the Trustees these funds provide the foundation or "seed-corn" of current and future income generation and it is therefore necessary to maintain and build upon them, so that the Society can fulfil its objectives into the future. The investment portfolio is managed with a long-term perspective, and no withdrawals are expected to be made from it. However, in so far as these investments generate the income the Society requires to make grant payments to its beneficiaries, it is now considered that the liability of over £1 million for the regular grant payments expected to be made over the following 12 months should fall against this Fund, rather than the General Fund. An inter-fund transfer of £1,016,400 has been made to effect this.

The removal of the liability for future grant payments allows closer monitoring of the General Fund, which can be viewed as comprising accumulated undistributed income. Trustees agreed that the General Fund should be sub-divided into defined funds for future use and for immediate working capital, as follows: -

- The **Transition 2017 Fund** was designated with a transfer of £200,000 from the General Fund in July 2017. It is used to augment payments of the reducing Principal Grants payable to those beneficiaries from whom support is being progressively withdrawn by the Society in the Transition process described on page 4. This Fund will conclude on 31<sup>st</sup> March 2021.
- The **Undistributed Income Fund** was designated with the transfer of £650,000 from the General Fund at the end of the year. This represents a recognition of historically undistributed surplus income and its purpose is primarily to provide a supply of cash to meet immediate grant payments in the event of any collapse in regular income from investments. For this reason, the first £500,000 of the Fund is only to be used as a reserve to meet existing grant obligations, representing 6 months security for beneficiaries. This Fund has a significant additional role to hold surplus monies for future distribution to beneficiaries. As part of a "full distribution" policy any undistributed surplus at the end of a financial year will be transferred to this Fund and will be available for Trustees to distribute in a form and at a time of their choosing. The Fund has a maximum size of £1 million, above which any accumulated funds will revert to the Designated Investment Fund unless identified for immediate distribution. It is intended that this Fund will be held as a mixture of cash deposits and medium-term investments to provide the necessary liquidity.
- The remaining **General Fund** provides the day to day operating capital of the Society. The size of this Fund will be refined over time against the background of cash flow patterns to ensure smooth financial management without excessive holding of cash.

#### d) Risk Management

The General Committee undertook a major review of its Risk Management Register in 2015-2016 and have reviewed this annually against the background of additional mitigation measures which have been implemented during the year.

Of 38 potential areas of risk considered by the Committee, the most significant are considered to be, in declining order, as follows:

- *Dependency on / collapse of income streams.* As discussed above, the Society relies almost

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*"Thank you for your wonderful help. I am eternally grateful."*

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Trustees' Annual Report to 31<sup>st</sup> March 2018 (continued)

exclusively on dividend income to fund its charitable activities and operating costs. While the probability of decline in income is significant in turbulent economic times, and the impact on the Society could be serious, the General Committee consider that adequate measures are in place to allow the charity to continue. The investment portfolio is well diversified across asset classes and sectors, and income forecasts are updated by Brewin Dolphin on a monthly basis, providing early notice of any fall in anticipated income.

The Society holds significant cash reserves within the new Undistributed Income Fund to protect grant payments to beneficiaries, and in the General Fund to maintain operations, in the event of a short or medium-term fall in income. Albeit reluctant to do so, the Society could, in any longer-term crisis, realise investments. In the interim, current income levels remain in excess of commitments and the Society retains the ability to restrict additional grant payments and freeze new admissions. The managed risk remains therefore considerably lower than the theoretical one, but against the background of Brexit there are significant issues which are beyond the Society's ability to control or mitigate further.

- *Staff safety.* A significant part of the Society's charitable activities involves Caseworkers visiting new applicants and existing beneficiaries in their homes, with considerable time travelling in between. Particularly when visiting new applicants, there is an element of risk surrounding what they might encounter inside and outside of any property, or from others associated with the individuals they are visiting. A Lone Worker policy is in place and under constant review. While staff at the Society's offices always know who a Caseworker is visiting at any time, they are equipped with mobile alarms including GPS-capability and connected to a dedicated call centre. This equipment allows the user to raise amber or red alerts and to speak to the call centre if in difficulty, and thereby initiate appropriate responses. Where a previous visit to an individual has caused concern to the Caseworker, subsequent visits are undertaken with a second Caseworker present.
- *Disaster Recovery.* The Society has in place structured back up procedures for all its important data, with copies held offsite, and believes it could re-establish operations quickly in the event of problems at its offices. Trustees intend that a formal Disaster Recovery plan is developed to document how this would be undertaken.

### Plans for Future Periods

While the General Committee intends to continue the programme of grant payments on a similar basis to the reporting year, two significant changes have been agreed from April 2018. The first of these is a 10% increase in the rate of the Principal Grant to £1,320 per year, restoring the purchasing power of the grant when it was increased to £1,200 in 2014. Trustees considered that maintaining the value of the Society's core grant to its existing beneficiaries should take priority over seeking to increase the number of women supported. Furthermore, from April 2018, the Principal Grant is to be paid monthly rather than in quarterly tranches. With an increasing proportion of the Society's beneficiaries on low incomes and dependent upon the Society's support to meet daily living costs rather than "luxuries", making grant payments on a more frequent basis should help beneficiaries cope better with the challenges they face without expensive short-term borrowing.

Budgets prepared for 18 months after the end of the reporting year indicate that the Society will be able to do this, without any concern over its ability as a going concern. In respect of both capital values and income forecasts, the Trustees will continue to monitor emerging information and take such

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*"The Society's grant is going to make a truly significant impact for the good, on my life. It immediately has offered me a great sense of relief."*

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## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### Trustees' Annual Report to 31<sup>st</sup> March 2018 (continued)

actions as may be necessitated in the interests of the charity.

The Society's Caseworkers will continue regular visits to beneficiaries to ensure that their eligibility for continuing financial assistance is maintained using up to date information. In particular, the circumstances of the "Transition" beneficiaries will be closely examined to review that status and to restore full grant entitlement if appropriate.

Building upon its earlier work developing a new Data Protection and Retention Policy, the Society will maintain efforts to help ensure that all its policies and procedures are compliant with the General Data Protection Regulation and subsequent legislation.

#### **Structure, governance and management**

The Society is a registered charity with the Office of the Scottish Charity Regulator with Scottish Charity Number SC016095.

Established in 1847, with a formal Deed of Constitution executed in 1865 and a Royal Charter granted in 1930, the Society operated until recently under the name of The Royal Society for the Relief of Indigent Gentlewomen of Scotland, generally known as the "Indigent Gentlewomen's Fund" or "IGF".

On 1<sup>st</sup> May 2015, a new Supplementary Charter came into effect changing the name of the Society, introducing new eligibility criteria for applicants and new Byelaws governing the charity's operations and practices.

The General Committee of the Society consists of a Chairman and up to 17 voluntary Members. The Committee meets in March, June, September and November each year to consider new applications for assistance from the Society, and to consider other business matters. The Annual General Meeting is conducted in September each year. Each meeting of the General Committee reviews management accounts for the previous quarter, prepared by the Chief Executive under the guidance of the Treasurer.

The General Committee appoints a number of Sub-Committees and working groups to address specific matters in detail. The Investment Sub-Committee meets at six-monthly intervals to review investment policy and decisions. It is authorised to monitor the performance of the Society's nominated investment managers and stockbrokers, to whom discretionary powers of management have been granted, and reports periodically to the General Committee. The Grant Policy Sub-Committee meets periodically to consider possible changes to the Society's application and grant-making processes, with recommendations to the General Committee as appropriate.

All routine management decisions are taken by the Chief Executive. The welfare of all the Society's beneficiaries is promoted by the Caseworker team, who report to the Chief Executive.

Staff salaries are reviewed in June each year by the General Committee in private session, using economic indicators to benchmark changes. The Chief Executive's salary was set at the time of his appointment in August 2014, as part of a process involving input from professional recruitment advisers.

In March each year the General Committee reviews the major risks to the Society in achieving its objectives and confirms that systems have been established to mitigate those risks. These matters have been reported on in an earlier section.

Under the Society's Bye-laws the three Trustees who are longest serving since their last election retire by rotation at the Annual General Meeting, and are eligible for re-election or may demit office. At the 2017 AGM, Mr Graeme Whyte and Mr Walter Reid retired by rotation and were re-elected. Mr Allan

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*"I am saving money towards the repairs in my home and the grant will help enormously."*

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# THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

## Trustees' Annual Report to 31<sup>st</sup> March 2018 (continued)

Sturrock retired after 11 years and did not seek reappointment. The Reverend James Ferguson retired in May 2017 after 3 years and Mrs Annemieke Cunningham retired in March 2018 after almost 15 years.

During the year a formal "Skills Matrix" was used to monitor the composition of the Committee for skills and expertise in key areas. This allowed the Society to target advertising to fill emerging vacancies in a strategic way. Dr Jonathan Cossar was appointed to the Committee with effect from September 2017 to bring medical expertise to the Committee's deliberations. A further round of advertising to fill other vacancies led to the appointment in March 2018 of Mrs Anna Buchanan and Mrs Margaret Moyes, each currently involved in other charities delivering support to beneficiaries.

On appointment, new Trustees are provided with information regarding the Society's aims and objectives, previous accounts, minutes, the Risk Management Register and other policy documents. Existing Trustees are routinely provided with updated information regarding new legislation in order that they remain aware of their responsibilities.

### Reference and administration details of the charity, its trustees and advisors

The Royal Society for the Support of Women of Scotland, (Scottish Charity Number: SC016095) is represented by all individuals and organisations shown below. The members of the General Committee fulfil the role of charitable trustees.

#### General Committee of Management

**Chairman:** Ms Catriona Reynolds

#### East

Mr John I. Hume CA  
Mr Adrian M. Johnston ACII, AFPS  
The Very Rev. Dr Sheilagh Kesting, BA, BD  
Mrs Margaret Moyes (Appointed March 2018)  
Mrs Maureen O'Neill  
Mr J. Allan Sturrock (Retired September 2017)  
Mr Walter N.J. Thomson, WS (Vice-Chairman)  
Mr Graeme A. Whyte

#### West

Mrs Anna Buchanan (Appointed March 2018)  
Mr John M. Chapman DL, CEng  
Dr Jonathan H. Cossar (Appointed September 2017)  
Mrs Annemieke Cunningham (Retired March 2018)  
Rev. James B Ferguson (Retired May 2017)  
Mr Stewart MacKay  
Mr Walter M. Reid WS  
Mrs May Storrie CBE.

#### Investment Sub-Committee:

Ms Catriona Reynolds (Chairman)  
Mr John M. Chapman  
Mr Adrian M. Johnston  
Mr John I. Hume  
Mr Stewart MacKay

#### Treasurer:

Mr John I. Hume

#### Chief Executive:

Dr Maurice S. Hankey

#### Registered Office:

14 Rutland Square, Edinburgh, EH1 2BD

#### Case Workers:

Mrs Anne Metcalfe, RGN, DN  
Mrs Elizabeth McCue (Retired March 2018)

## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### Trustees' Annual Report to 31<sup>st</sup> March 2018 (continued)

	Mrs Bettie Thom, RGN, SCM (Retired January 2018) Mrs Helen Dalley LLB (Appointed March 2018) Mrs Lucy McRitchie RGN, BSc (Appointed May 2018)
<b>Secretary /Administrator:</b>	Mrs Sharon Moffat
<b>Auditor:</b>	Scott-Moncrieff CA Exchange Place 3, Semple Street, Edinburgh, EH3 8BL
<b>Bankers:</b>	Bank of Scotland 38 St. Andrew Square, Edinburgh, EH2 2YR
<b>Solicitors:</b>	Anderson Strathern 1 Rutland Court, Edinburgh, EH3 8EY
<b>Investment Managers and Stockbrokers:</b>	Brewin Dolphin Sixth Floor, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX
<b>Information Technology Adviser:</b>	Mr Graeme A. Whyte, J7 (MIS) Ltd. Tigh Sgioport, 4 Farnell Way, Dunfermline, KY12 0SR

Trustees' Annual Report to 31<sup>st</sup> March 2018 (continued)

**The General Committee's responsibilities**

Legislation applicable to charities in Scotland requires the General Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of the relative balance of income and expenditure for that period.

In preparing those financial statements the General Committee is required to: -

- select suitable accounting policies and then apply them consistently;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue its activities

The General Committee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the Society and to enable it to ensure that the financial statements comply with applicable accounting standards and relevant legislation.

The Committee has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

**Statement as to disclosure of information to the auditor:**

To the best of the knowledge and belief of each of the individuals who are General Committee members, at the time the report is approved:

- so far as the General Committee member is aware, there is no relevant information of which the Society's auditor is unaware; and
- he or she has taken all steps that ought to have been taken as a General Committee member in order to become aware of any relevant audit information and to confirm that the Society's auditor is aware of that information.

Approved by the General Committee on 14<sup>th</sup> September 2018 and signed on its behalf by:

Ms Catriona Reynolds

Chairman

**Independent Auditor's Report to the Trustees for the year ended 31<sup>st</sup> March 2018**

**Opinion**

We have audited the financial statements of The Royal Society for the Support of Women of Scotland (the Society) for the year ended 31<sup>st</sup> March 2018 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31<sup>st</sup> March 2018 and of its income and expenditure 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).

This report is made solely to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charity's trustees, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our 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 audit opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in 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 charity's ability to continue to adopt the going concern basis of



**Independent Auditor's Report to the Trustees for the year ended 31<sup>st</sup> March 2018** (continued)

accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of the trustees**

As explained more fully in the General Committee's responsibilities statement set out on page 13 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**Independent Auditor's Report to the Trustees for the year ended 31<sup>st</sup> March 2018** (continued)

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.

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

**Scott-Moncrieff, Statutory Auditor**

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Chartered Accountants

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

Date:

THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

STATEMENT OF FINANCIAL ACTIVITIES

for the year to 31 March 2018

	Notes	Unrestricted Funds	
		2018	2017
		£	£
<b>Income and endowments from:</b>			
Donations and legacies	4	127,886	139,250
Investments	5	1,983,593	1,796,494
<b>Total income</b>		<b>2,111,479</b>	<b>1,935,744</b>
<b>Expenditure on:</b>			
Raising funds	6	106,205	119,160
Charitable activities	6	1,547,716	1,592,890
<b>Total expenditure</b>		<b>1,653,921</b>	<b>1,712,050</b>
Net income before gains and losses on investments		457,558	223,694
Net (losses) / gains on investments	7	(3,083,815)	4,457,662
<b>Net (expenditure) /income</b>		<b>(2,626,257)</b>	<b>4,681,356</b>
<b>Net movement in funds</b>		<b>(2,626,257)</b>	<b>4,681,356</b>
Reconciliation:			
Total funds brought forward		45,216,633	40,535,277
<b>Total funds carried forward</b>		<b>42,590,376</b>	<b>45,216,633</b>

All results relate to continuing activities.

The notes on pages 20 to 29 form part of these financial statements.

THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

BALANCE SHEET as at 31 March 2018

	Notes	Unrestricted Funds	
		2018	2017
		£	£
<b>Fixed assets:</b>			
Tangible assets	8	521,692	536,434
Investments	9	42,020,909	44,813,036
<b>Total fixed assets:</b>		<b>42,542,601</b>	<b>45,349,470</b>
<b>Current assets:</b>			
Debtors	10	89,933	74,854
Cash at bank and in hand		1,004,958	839,818
<b>Total current assets:</b>		<b>1,094,891</b>	<b>914,672</b>
<b>Liabilities:</b>			
Creditors Amounts falling due within one year	11	1,047,116	1,047,509
<b>Total net assets:</b>		<b>42,590,376</b>	<b>45,216,633</b>
<b>The funds of the charity:</b>			
Unrestricted income funds	13	<b>42,590,376</b>	<b>45,216,633</b>

The financial statements were approved by the Society's trustees on 14th September 2018 and signed on their behalf by

Ms Catriona Reynolds

The notes on pages 20 to 29 form part of these financial statements.

**THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND**

**Statement of cash flows for the year ended 31 March 2018**

	<b>Note</b>	<b>2018</b>	<b>2017</b>
		£	£
Cash flows from operating activities:			
<b>Net cash used in operating activities</b>	<b>1(a)</b>	<b>(1,526,765)</b>	<b>(1,513,510)</b>
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,983,593	1,796,494
Proceeds from sale of investments		3,801,992	2,832,044
Purchase of investments		(4,114,215)	(2,993,878)
Proceeds from sale of vehicle		-	10,750
Purchase of new vehicle		-	(23,167)
<b>Net cash provided by investing activities</b>		<b>1,671,370</b>	<b>1,622,243</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>144,605</b>	<b>108,733</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>947,757</b>	<b>839,024</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1(b)</b>	<b>1,092,362</b>	<b>947,757</b>
<b>Note 1(a)</b>			
Net (expenditure)/ income for the year		(2,626,257)	4,681,356
Adjustments for:			
Depreciation charges		14,742	14,263
Losses /(Gains) on investments		3,083,815	(4,457,662)
Dividends, interest and rents from investments		(1,983,593)	(1,796,494)
(Increase) /decrease in debtors		(15,079)	19,770
(Decrease)/ increase in creditors		(393)	25,257
<b>Net cash provided by operating activities</b>		<b>(1,526,765)</b>	<b>(1,513,510)</b>
<b>Note 1(b)</b>			
Cash in hand		1,004,958	839,818
Cash held within investments		87,404	107,939
<b>Total cash and cash equivalents</b>		<b>1,092,362</b>	<b>947,757</b>

# THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

## Notes forming part of the Financial Statements for the year to 31<sup>st</sup> March 2018

### 1. General Information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated. They comprise the financial statements of The Royal Society for the Support of Women of Scotland.

The objective of The Royal Society for the Support of Women of Scotland is *“to provide support and aid to women who are resident in Scotland and are of good character and are single and require assistance by reason of financial hardship, age or ill health in the interest of the general public benefit”*.

The Royal Society for the Support of Women of Scotland is an unincorporated charity, recognised as a charity for tax purposes by HMRC and registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC016095. Details of the principal address can be found on page 11 of these financial statements.

### 2. Accounting policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial reporting standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102) (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102), Update Bulletin 1 to the SORP published in February 2016, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Society meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material to the Society's financial statements unless otherwise stated.

#### (b) Going concern

The trustees are of the opinion that the charity can continue to meet its obligations as they fall due for the foreseeable future. The Society has significant cash reserves, a substantial investment portfolio generating regular income and is able to restrict further admissions to the Roll of Beneficiaries. As a consequence, the trustees have prepared the financial statements on a going concern basis.

#### (c) Recognition and allocation of income

Income is recognised when the Society becomes entitled to the income, receipt is probable and the amount can be measured reliably.

## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### Notes forming part of the Financial Statements for the year to 31<sup>st</sup> March 2018

#### Donation and legacy income:

Donation and legacy income is recognised when the charity becomes entitled to the income, it is probable that it will be received and the amount can be measured reliably. Entitlement to a legacy exists when the charity has sufficient evidence that a gift has been left to the charity and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. A receipt is normally probable when there has been a grant of probate, the executors have established that there are sufficient net assets in the estate, and any conditions are within the control of the charity or have been met.

Where a legacy is subject to the interest of a life tenant, the legacy is not recognised until the death of the life tenant. Legacy income is measured at fair value (generally the cash amount receivable) and is discounted if deferred for more than 12 months. The unwinding of the discount is recognised as interest receivable.

#### Investment Income:

Interest is recognised using the effective interest rate applicable to the asset. Dividend income is recognised when the right to receipt is established and is measured at fair value.

#### *(d) Recognition and allocation of expenditure*

Expenditure is recognised on an accruals basis when the Society has entered into a legal or constructive obligation. Where possible, expenditure is allocated directly to the function to which it relates.

#### Grants payable:

Grants authorised by the Society to beneficiaries are recognised in the financial statements when payable. Other grants for specific needs are payable to beneficiaries at the discretion of the Society.

#### Other resources expended:

Costs of raising funds represents the costs of promoting the Society and of managing its investments. Support costs represent the costs of the Society's caseworkers and administrative costs to support grant-making with 25% being allocated to governance costs which are those incurred in connection with the management of the Society's assets, organisational administration and compliance with constitutional and statutory requirements.

#### *(e) Taxation*

The Society is recognised by HM Revenue and Customs as a charity for the purposes of Section 478 of the Income and Corporation Taxes Act 2010 and is entitled under Section 7 of the Charities & Trustee Investment (Scotland) Act 2005 to describe itself as a Scottish charity. As a result, the Society is exempt from taxation on its charitable activities. As the Society is not registered for Value Added Tax, the V.A.T. element is included with the related expense.

#### *(f) Funds*

Unrestricted funds are income sources which are receivable for the objects of the charity without further specified purposes and are available as general funds.

All the Society's funds are unrestricted. The General Committee consider the aggregate of the Society's investment portfolio, the value of the Heritable Property and cash held by the stockbroker for reinvestment should be highlighted in a Designated Investment Fund. The liability for future Principal Grant payments falls upon this Fund, but otherwise these funds are not available for distribution.

The General Committee may, from time to time, designate further funds which have been earmarked for a specific future purpose.

## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### Notes forming part of the Financial Statements for the year to 31<sup>st</sup> March 2018

#### *(g) Fixed assets and depreciation*

Fixed assets, other than heritable property, are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged on the motor car so as to write off the anticipated reduction in value over the expected three-year period of ownership. Equipment is included within resources expended in the year of acquisition. Heritable property is stated at deemed cost at 1 April 2014. Depreciation is charged on heritable property used by the Society at 2% per annum reducing balance.

#### *(h) Impairment of non-financial assets*

At each reporting date, the Society reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### *(i) Fixed asset investments*

Fixed asset investments include the Society's investment portfolio, cash held by the stockbroker and the portion of heritable property held and let as investment property. Investments are included in the financial statements at fair value. Gains and losses on investment assets are included either as unrealised gains and losses, representing the difference between the market value at the beginning and end of the financial year or from the date of acquisition if purchased during the year, or realised gains/losses, representing the difference between the market value at the beginning of the year or from the date of acquisition if purchased during the year, and the disposal proceeds. The investment property is held at its fair value at the reporting date. Gains or losses arising from changes in the fair value are included in the statement of financial activities for the period in which they arise. Fair values of quoted investments are based on market values at 31 March 2018. The fair value of the investment property is based on the last external independent valuation being carried out at 31 March 2014, the General Committee has considered the fair value at 31 March 2018 and deemed there to be no material difference from the most recent external valuation.

#### *(j) Debtors*

Debtors are amounts identified as due to the Society arising as prepayments, as recognising legacies and donations notified but not yet received, and as dividend income due but not yet received at year end. Debtors are recognised at the undiscounted amount of cash receivable, less any allowances for doubtful debts.

#### *(k) Creditors*

Sundry creditors are either a) outstanding amounts due to suppliers, which are recognised at the undiscounted amount owed to the supplier, normally the invoice price or b) provision for grants payable to beneficiaries in the following twelve months, based on the number of beneficiaries on the Society's Roll at the end of the reporting year.



## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### Notes forming part of the Financial Statements for the year to 31<sup>st</sup> March 2018

#### *(l) Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand and balances with banks and are measured at fair value.

#### *(m) Financial assets and financial liabilities*

Financial instruments are recognised in the statements of financial activities when the Society becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Society has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

#### *(n) Pensions*

The Society contributes to money purchase pension plans on behalf of all employees. The assets of these plans are held separately from those of the Society in separately administered funds. The amount charged to resources expended represents the contributions payable to these plans in respect of the financial year.

### **3. Critical judgements and estimates**

In preparing the financial statements trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The estimates and assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Legacy income is measured at fair value, but where part of a legacy left to the charity includes property or shares to be sold, judgement is used to estimate the amount receivable.

The Society's provisions for future grants to beneficiaries, relies on the Roll at the end of the current year. The actual level will depend on the number of deaths and withdrawals and the number of new admissions. New admissions are under the control of trustees, and the Society now operates a cap on the number of beneficiaries it will support.

THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

Notes forming part of the Financial Statements for the year to 31<sup>st</sup> March 2018

4. Donations and legacies

	2018	2017
	£	£
Donations	13,807	8,563
Legacies	114,079	130,687
	<u>127,886</u>	<u>139,250</u>

5. Investment income

	2018	2017
	£	£
UK listed investments:-		
Fixed interest and convertible stocks	295,764	277,187
Equities	1,663,978	1,497,069
	1,959,742	1,774,256
Bank interest and rental income	23,851	22,238
	<u>1,983,593</u>	<u>1,796,494</u>

6. Total expenditure

	2018	2017
	£	£
<b>Raising funds</b>		
Advertising	2,146	1,447
Investment portfolio management fee	104,059	117,713
	<u>106,205</u>	<u>119,160</u>
<b>Charitable activities</b>		
<b>Grants payable to individuals:-</b>		
Principal grant (£1,200 p.a.)	1,035,450	999,600
Other grants (variable)	5,740	4,940
Supplementary grants (variable)	139,050	167,325
Extra grants (£50)	36,800	108,280
	1,217,040	1,280,145
Provision for future grants	6,600	31,200
	<u>1,223,640</u>	<u>1,311,345</u>
<b>Support costs: grants payable</b>		
Salaries, fees, travel and pension costs of caseworkers	111,593	112,636
Salaries, fees and pension costs of office staff	60,080	58,232
Property and computer maintenance costs	74,054	38,712
Postage, stationery and telephone	13,415	13,577
Depreciation of motor car and property	14,742	14,263
Other	2,795	2,258
	<u>276,679</u>	<u>239,678</u>

## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### Notes forming part of the Financial Statements for the year to 31<sup>st</sup> March 2018

<b>Governance costs</b>	2018	2017
	£	£
Salaries, fees and pension costs of office staff	20,027	19,411
Legal and professional fees	14,606	8,272
Audit fee	9,495	9,225
Trustee indemnity insurance	660	707
Committee expenses	<u>2,609</u>	<u>4,252</u>
	<b><u>47,397</u></b>	<b><u>41,867</u></b>
<b>Total expenditure on charitable activities</b>	<b><u>1,547,716</u></b>	<b><u>1,592,890</u></b>
<b>Total expenditure</b>	<b><u>1,653,921</u></b>	<b><u>1,712,050</u></b>
<b>Staff costs</b>	2018	2017
	£	£
Salaries	142,725	141,157
Employers' national insurance	12,232	11,919
Pension costs	16,450	16,307
Recruitment costs	<u>1,519</u>	<u>-</u>
	<b><u>172,926</u></b>	<b><u>169,383</u></b>

Average number of staff employed: 1 full-time, 5 part-time (2017 -1 full-time, 5 part-time).

The Society considers its key management personnel to comprise the trustees and the Chief Executive. The total employment benefits including employer pension contributions of the key management personnel were £56,345 (2017 - £55,049). No employee received remuneration of more than £60,000 (2017 - None).

Members of the General Committee are not remunerated for their services, but 6 members (2017 - 6) received travelling expenses totalling £131 (2017 - £174). A further £242 of travel expenses are estimated to have been waived (2017 - £383). In addition, there was trustee indemnity insurance of £660 (2017 - £707) paid in the year.

<b>Auditor costs</b>	2018	2017
	£	£
Audit	9,495	9,225
GDPR /Data protection work	<u>3,000</u>	<u>2,546</u>
	<b><u>12,495</u></b>	<b><u>11,771</u></b>

#### 7. Gain/(loss) on investment assets

	2018	2017
	£	£
Realised investment gains	229,142	60,703
Realised investment losses	(372,142)	(24,432)
Net gain /(loss) on revaluation	<u>(2,940,815)</u>	<u>4,421,391</u>
	<b><u>(3,083,815)</u></b>	<b><u>4,457,662</u></b>

**THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND**

**Notes forming part of the Financial Statements for the year to 31<sup>st</sup> March 2018**

**8. Tangible fixed assets**

	Heritable Property £	Motor Car £	Total £
Cost or deemed cost At 1 April 2017 and at 31 March 2018	550,000	23,167	573,167
Depreciation			
At 1 April 2017	32,344	4,389	36,733
Charge for Year	10,353	4,389	14,742
At 31 March 2018	42,697	8,778	51,475
<b>Net Book Value at 31 March 2018</b>	<b>507,303</b>	<b>14,389</b>	<b>521,692</b>
<b>Net Book Value at 31 March 2017</b>	<b>517,656</b>	<b>18,778</b>	<b>536,434</b>

**9. Fixed asset investments**

	2018 £	2017 £
Investment property	350,000	350,000
Listed investments	41,583,505	44,355,097
Cash held by stockbroker	87,404	107,939
<b>Total</b>	<b>42,020,909</b>	<b>44,813,036</b>
<b>Listed investments</b>	<b>2018</b>	<b>2017</b>
	£	£
Market value at 1 April 2017	44,355,097	39,735,601
Additions	4,114,215	2,993,878
Disposals	(3,944,991)	(2,795,773)
Net (loss)/ gain on revaluation	(2,940,816)	4,421,391
<b>Market value at 31 March 2018</b>	<b>41,583,505</b>	<b>44,355,097</b>
<b>Historical cost at 31 March 2018</b>	<b>30,286,539</b>	<b>29,154,192</b>

The Government Securities, Fixed Interest and Convertible Stocks have been valued including accrued interest.

**10. Debtors**

	2018 £	2017 £
Tax recoverable	210	142
Other debtors	89,723	74,712
	<b>89,933</b>	<b>74,854</b>

**THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND**

**Notes forming part of the Financial Statements for the year to 31<sup>st</sup> March 2018**

**11. Creditors: amounts falling due within one year**

	2018	2017
	£	£
Sundry creditors and accruals	1,045,432	1,045,843
Pension contributions	1,684	1,666
	<b>1,047,116</b>	<b>1,047,509</b>

The Trustees recognise a constructive obligation to maintain grant payments to the beneficiaries on the Roll and approve future commitments where funds are in place to meet the cost. These commitments are payable in under one year.

**12. Financial assets and liabilities**

	2018	2017
	£	£
Financial assets at amortised cost	1,179,312	1,017,186
Financial assets at fair value through Statement of Financial Activities	41,583,505	44,355,097
Financial liabilities at amortised cost	(1,047,116)	(1,047,509)
	<b>41,715,701</b>	<b>44,324,774</b>

Financial assets at amortised cost comprise of other debtors, bank and cash.

Financial assets at fair value comprise of quoted investments which are measured at market value at the year end.

Financial liabilities comprise of sundry creditors and accruals and pension contributions.

**13. Unrestricted funds**

	Designated funds			General Fund	Total 2018	Total 2017
	Designated Investment Fund	Undistributed Income Fund	Transition 2017 Fund			
	£	£	£	£	£	£
At 1 April 2017	<b>45,330,692</b>	-	-	(114,059)	<b>45,216,633</b>	<b>40,535,277</b>
Net Incoming Resources	287,854	-	-	169,704	457,558	223,694
Gains on Investment Assets	(3,083,815)	-	-	-	(3,083,815)	4,457,662
Transfers	(1,022,919)	650,000	167,000	205,919	-	-
<b>At 31 March 2018</b>	<b>41,511,812</b>	<b>650,000</b>	<b>167,000</b>	<b>261,564</b>	<b>42,590,376</b>	<b>45,216,633</b>

THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

Notes forming part of the Financial Statements for the year to 31<sup>st</sup> March 2018

Previous Year	Designated funds			Total 2017 £
	Designated Investment £	Patron's Birthday £	General Fund £	
At 1 April 2016	40,628,720	75,000	(168,443)	40,535,277
Net Incoming Resources	167,241	-	56,453	223,694
Gains on Investment Assets	4,457,662	-	-	4,457,662
Transfers	77,069	(75,000)	(2,069)	-
At 31 March 2017	45,330,692	-	(114,059)	45,216,633

All of the Society's funds are unrestricted. The following Funds are designated for the purposes indicated, and their composition at 31<sup>st</sup> March 2018 is shown in the table below.

*The Designated Investment Fund* comprises the aggregate of the Society's investment portfolio, the value of the Heritable Property and cash held by the stockbroker for reinvestment. These funds are not available for distribution, but the General Committee considers that the liability for future grants should fall upon this Fund as it is the source from which incomes derives to meet this obligation. A transfer of £1,016,400 has been made from the Designated Investment Fund to reflect this.

*The Undistributed Income Fund* has been created by transfer of cash from the General Fund. It represents historically undistributed surplus income, now identified as available for future distribution to beneficiaries at a time of the General Committee's choosing, as described in the charity's Reserves Policy. (See page 7)

*The Transition 2017 Fund* was created in July 2017 from surplus cash reserves in the General Fund and will be used over the period up until 31<sup>st</sup> March 2021 to augment payments of grants to beneficiaries from whom support by the charity is being phased out over this period. Trustees determined that the impact of withdrawing support from those beneficiaries be softened by the used of these defined funds.

*The General Fund* comprises the charity's working funds.

	Designated Investment Fund £	Undistributed Income Fund £	Transition 2017 Fund £	General Fund £	Total £
<b>Assets</b>					
Investment portfolio	41,583,505	-	-	-	41,583,505
Cash held by investment managers	87,404	-	-	-	87,404
Heritable property (Investment)	350,000	-	-	-	350,000
Heritable property (Own use)	507,303	-	-	-	507,303
Cash at bank	-	650,000	167,000	187,958	1,004,958
Vehicle	-	-	-	14,389	14,389
Debtors	-	-	-	89,933	89,933
<b>Total Assets</b>	<b>42,528,212</b>	<b>650,000</b>	<b>167,000</b>	<b>292,280</b>	<b>43,637,492</b>
<b>Liabilities</b>					
12 month Grant provision	(1,016,400)	-	-	-	(1,016,400)
Other Creditors falling due < 12mth	-	-	-	(30,716)	(30,716)
<b>Total Liabilities</b>	<b>(1,016,400)</b>	<b>0</b>	<b>0</b>	<b>(30,716)</b>	<b>(1,047,116)</b>
<b>Net Assets</b>	<b>41,511,812</b>	<b>650,000</b>	<b>167,000</b>	<b>261,564</b>	<b>42,590,376</b>

## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### Notes forming part of the Financial Statements for the year to 31<sup>st</sup> March 2018

#### 14. Related party transactions

During the year the Society hired the Meeting Room in The Merchants House, West George Street, Glasgow on two occasions at a cost of £306 (2017 - £336) The trustees Mr Stewart Mackay and Mrs May Storrie are Directors of The Merchants House of Glasgow.

A formal remuneration agreement is in place under the terms of the S67 of the Charities and Investments (Scotland) Act 2005, with Mr. Graeme A. Whyte, a trustee and a director of J7 (MIS) Ltd. who act as computer consultants to the Society. Fees of £13,777 were paid in respect of his services (2017- £14,546). In addition, a further £896 was expended in respect of hardware, software and necessary printing materials purchased advantageously through his company (2017 - £77). At the year-end there were unused units to the value of £983 (2017- £2,520).

The sister of a trustee was admitted to the Roll of Beneficiaries in November 2015. The application was considered in the same way as all other applications, on a name-blind basis, and the trustee took no part in consideration of this applicant. Four Principal Grant payments of £300 each were made in the year, and Supplementary and Extra Grants amounting to £225. (2017- Four payments of £300, and others amounting to £385 respectively.)

#### 15. Contingent assets and liabilities

The Society will ultimately benefit from a deceased's estate which is the subject of a life-rent to a third party. This may not be received for many years but was valued in 2018 at approximately £1.964 million.

The Society will also benefit in time from two other estates currently subject to liferentrix clauses. The size of these estates is not known but are not understood to be large.

## THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

### SUMMARY OF BENEFICIARIES ROLL 2017 – 2018

The definition of beneficiaries who are described as “on the Roll” only includes those receiving financial assistance. Ladies who receive social visits only are no longer included.

	<b>Total</b>
Number on Roll to begin	844
Admitted during year	<u>97</u>
	941
Deaths, Withdrawals or Improved Circumstances, etc.	<u>65</u>
<b>Number on Roll to end</b>	<b><u>876</u></b>

Note: At 31st March 2018, a further **10** ladies continued to receive periodic social visits from Caseworkers.

### AGE DISTRIBUTION OF BENEFICIARIES

at Year End

100 years of age and over	0	0.00%
Between 90 and 99 years of age	50	5.71%
Between 80 and 90 years of age	237	27.05%
Between 70 and 80 years of age	296	33.79%
Between 60 and 70 years of age	204	23.29%
Between 50 and 60 years of age	<u>89</u>	<u>10.16%</u>
	<b><u>876</u></b>	<b><u>100.00%</u></b>

### BENEFICIARY ROLL 2006 – 2018

Year	Total	Spinsters	Widows/ Divorcees	Total £	Annuity £	Other Grants £
2006	788	196	592	969,042	757,061	211,981
2007	819	196	623	1,120,570	775,802	344,768
2008	819	193	626	1,219,169	873,015	346,154
2009	837	192	645	1,210,313	875,155	335,158
2010	823	188	635	1,099,003	868,325	230,678
2011	812	186	626	1,108,440	858,925	249,515
2012	827	190	637	1,101,801	852,550	249,251
2013	827	190	637	1,164,490	861,050	303,440
2014	792	175	617	1,144,661	841,665	302,996
2015	815	176	639	1,063,240	922,050	141,190
2016	819*	173	646	1,114,015	976,200	137,815
2017	844*	173	671	1,280,145	999,600	280,545
2018	876*	185	691	1,217,040	1,035,450	181,590

\*Receiving financial assistance. Prior to 2016, the Roll Total includes some beneficiaries receiving social visits only.



THE ROYAL SOCIETY FOR THE SUPPORT OF WOMEN OF SCOTLAND

GEOGRAPHICAL DISTRIBUTION OF BENEFICIARIES at 31st MARCH 2018

	Number of Beneficiaries at Year End	Total Principal Grant Paid 2017/2018 £
Aberdeen City	23	25,800
Aberdeenshire	33	36,300
Angus	21	22,800
Argyll & Bute	25	28,800
Arran	2	2,400
City of Edinburgh	122	147,300
City of Glasgow	82	90,900
Clackmannanshire	5	6,000
Dumfries & Galloway	50	60,600
Dundee City	24	28,200
East Ayrshire	12	14,100
East Dunbartonshire	22	27,900
East Lothian	32	38,100
East Renfrewshire	8	11,700
Fife	45	51,900
Highland	62	71,400
Highland West	8	9,600
Inverclyde	2	2,700
Midlothian	9	11,100
Moray	14	17,700
North Ayrshire	28	32,700
North Lanarkshire	27	31,800
Orkney	3	4,500
Perth & Kinross	35	41,700
Renfrewshire	25	27,600
Scottish Borders	22	26,700
Shetland	8	9,600
South Ayrshire	21	25,200
South Lanarkshire	24	28,950
Stirling	17	19,800
West Dunbartonshire	7	9,000
West Lothian	23	27,300
Western Isles	12	15,300
England	19	25,200
Overseas	4	4,800
<b>Total</b>	<b>876</b>	<b>1,035,450</b>