

# ANNUAL REPORT AND ACCOUNTS



for the year ended 31 December 2020

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**STANDARD LIFE FOUNDATION**

A company limited by guarantee  
Registered Scottish charity  
number SC040877  
Registered Scottish company  
number SC359717

**REGISTERED OFFICE**

1 George Street, Edinburgh,  
Scotland EH2 2LL

**ADMINISTRATIVE OFFICE**

5th floor, 6 St. Andrew Square,  
Edinburgh, EH2 2AH

**WEBSITE**

[www.standardlifefoundation.org.uk](http://www.standardlifefoundation.org.uk)

**BOARD OF TRUSTEES**

The Trustees of Standard Life Foundation are also its Directors for the purpose of the Companies Act 2006.

Trustee	Trustee Category <sup>1</sup>	Committees <sup>2</sup>
Alistair Darling (Chair)	Independent	Finance, Investment and Risk Nomination, Governance and Remuneration Research and Grants
James Daunt	Independent	Finance, Investment and Risk (Chair)
Naomi Eisenstadt	Independent	Research and Grants Nomination, Governance and Remuneration (from 5 November 2020)
Professor David Hall	Independent	Research and Grants (Chair from 1 November 2020)
Lucy Heller	Independent	Nomination, Governance and Remuneration (Chair)
Professor Elaine Kempson (resigned on 31 October 2020)	Independent	Research and Grants (Chair to 31 October 2020) Nomination, Governance and Remuneration (to 31 October 2020)
Professor Wendy Loretto	Independent	Research and Grants Finance, Investment and Risk (from 17 June 2020)
Graeme McEwan (Vice-Chair from 4 March 2020)	Independent	Nomination, Governance and Remuneration Research and Grants
Keith Skeoch	Standard Life Aberdeen plc	Research and Grants
Euan Stirling	Standard Life Aberdeen plc	Finance, Investment and Risk

<sup>1</sup> Refer to structure, governance and management on page 20 for trustees' appointment terms

<sup>2</sup> Refer to structure, governance and management on page 19 for committee remits.

## COMPANY SECRETARY

Mubin Haq

## CHIEF EXECUTIVE OFFICER

This post does not carry a directorship of Standard Life Foundation.

Mubin Haq

## PROFESSIONAL ADVISERS

### External Auditor

KPMG LLP  
Saltire Court, 20 Castle Terrace  
Edinburgh  
EH1 2EG

### Investment Managers

Aberdeen Standard Capital  
1 George Street  
Edinburgh  
EH2 2LL

### Solicitors

Burness Paul LLP  
50 Lothian Road  
Edinburgh  
EH3 9WJ

### Custodian

Platform Securities  
25 Canada Square  
London  
E14 5LQ

### Bankers

HSBC Bank plc  
31 Holborn, Holborn Circus  
London  
EC1N 2HR



Alistair Darling,  
Chair

**It has been an extraordinary year. Although pandemics have plagued humanity for centuries, we found ourselves ill-prepared for Covid-19. Society was plunged into unprecedented lockdowns, death tolls climbed, and parts of the economy were placed in suspended animation. All of us were affected in a variety of ways. However, as became clearer, some were more affected than others, compounding existing inequalities and insecurities faced by millions.**

At these critical junctures in time, the actions taken by governments are key, as was the case a decade ago with the financial crash. Billions were spent to help protect lives and jobs and this was the right approach. The public agreed too. Sentiment has shifted from an austerity mind-set to one more focussed on investment and building a better society. Whilst this is unlikely to lead to a change in public services of the scale and magnitude brought in by the Beveridge Report, there is potential for creating an improved safety net which would benefit all of us.

Along with many others, at the Foundation we tried to understand what impact the pandemic was having on people's finances, and what measures could be taken to mitigate the problems it created, including longer-term scarring effects. A key investment for us was the development of a financial impact tracker to assess the impact of Covid-19 on household finances. We funded a series of large-scale surveys by YouGov which were analysed by a team of researchers from the University of Bristol. This was led by our trustee Elaine Kempson, who stepped down from the Board towards the end of 2020 and my thanks to her for supporting this valuable initiative.

These surveys provided timely evidence of the income losses experienced by many and the benefits of government income support and payment holidays by lenders. However, they also highlighted three million families excluded from support, especially the self-employed, and the fragility and inadequacy of the existing safety net and personal savings, so much so that we identified millions struggling to pay for food and everyday essentials. Whilst we were pleased to see some support for the newly self-employed in the Chancellor's most recent budget, this was insufficient to plug the significant gaps in support and more urgent action is needed, which the Foundation will continue to advocate for.

Similar findings on personal and household finances were highlighted in other research we funded including by the IFS and the Resolution Foundation. We also supported specific work examining the impacts on women and key workers and we remain committed to highlighting inequalities faced by other populations including those relating to age (especially young people), disability and ethnicity. The Black Lives Matter movement in particular has focussed attention on deep-seated structural inequalities which continue to impact on many black and minority ethnic communities.

Our focus is not just on highlighting problems and gaps but also on providing solutions government and employers could take up. One, which emerged from our partnership with the Resolution Foundation, was the creation of a new health and social care levy, as part of a £40 billion tax plan to repair the public finances post-Covid and meet the wider challenges facing Britain over the next decade. Our work with Demos highlighted strong public support for a more progressive tax system, with all contributing but those with the deepest pockets paying the most. Polling showed this was endorsed by voters across the political spectrum.

2020 was the first year in which a number of our grants came to fruition. This was despite the pandemic having a significant impact on the delivery of work, with face-to-face activity having to move online. The situation was challenging for a number of our partners, moving focus groups, interviews, deliberative inquiries and citizen's juries to electronic platforms. We worked closely with our partners to help them adapt and provided them with the flexibility to iterate their projects so they were relevant to the rapidly changing environment.

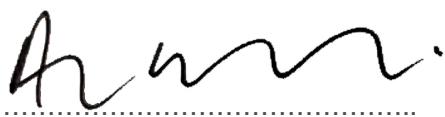
During the year we published with our partners 25 reports on a range of topics related to financial well-being, including research on rural hardship, young adults living with their parents, new pay ratio reporting by FTSE 350 companies, and on impacts to the working conditions of low-paid employees. The work was widely covered across mainstream media and there was strong engagement with many key stakeholders, including within government.

We also awarded a number of new grants during the year, highlighted on page 12. This included a programme of research on problem gambling, a comprehensive assessment of work incentives in the UK's tax and benefit system, and the piloting of a living pensions initiative which we hope will eventually mirror the success of the living wage campaign.

On the financial side, our investments, like many others, were affected by movements in the market at the start of the pandemic before recovering. Our financial position is a healthy one enabling us to continue our funding activities with confidence.

It has been a challenging year, adapting to new working methods and supporting new additional activities we had not anticipated. Whilst the vaccine programme is being rapidly rolled out and having much success, we still face difficulties ahead and many unknowns. Our mission remains more important than ever, ensuring that financial problems are addressed and living standards improve for those living on low-to-middle incomes in the UK.

My huge thanks to all involved, particularly my fellow Trustees and co-opted committee members, to Standard Life Aberdeen for its continued support, to the organisations we are funding, and to the Foundation's staff for their work.



**Alistair Darling**, Chair  
Standard Life Foundation

The Board of Trustees, who are also the Directors for the purposes of company law, present the audited annual report and accounts of the Standard Life Foundation (the "Foundation") for the year ended 31 December 2020.

Reference and administrative details are provided on page three.

### Objectives and activities

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We are an independent charitable foundation. Our mission is to contribute towards strategic change which improves financial well-being in the UK. We want everyone to have a decent standard of living and feel in control of their finances. The overall objectives of the Foundation relate to the prevention or relief of poverty; advancement of education; and relief of those in need due to age, ill-health, disability, financial hardship or other disadvantage.

#### Our key objectives are to:

- Fund strategic work, including policy work, campaigning and research, which has the potential to improve financial well-being at a national scale;
- Develop partnerships, encouraging collaborative working and a more joined-up approach, convening where we can add value;
- Share learning, knowledge and evidence widely, becoming a key organisation working in the field.

#### More specifically, the work we support examines and promotes measures to:

- Increase incomes for those on low-to-middle incomes;
- Ensure people have an adequate safety net, building savings and assets;
- Reduce the cost of living, making sure those on lower incomes are not paying more;
- Address issues related to spending and borrowing, particularly where it becomes problematic.

#### Overall our aim is to tackle financial problems and improve living standards.

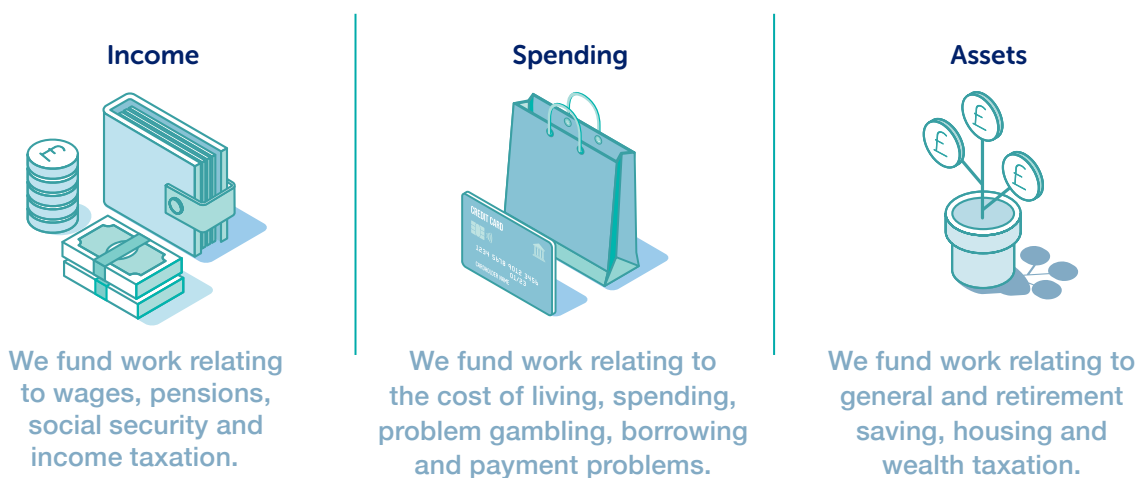
The Foundation aims to improve the lives of those living on low-to-middle incomes in the UK, who are struggling to make ends meet, and who are moving in and out of hardship. Whilst it is vital to ensure that those facing financial hardship are supported, the Foundation also believes it is important to prevent people falling into financial difficulties. There is strong evidence on how people cycle in and out of poverty and the work of the Foundation aims to address the dynamics of poverty.

The Foundation's work is UK wide, and whilst the majority of our funding is of benefit to all those living and working in the UK, some of our work has a particular focus on Scotland – including UK-wide work which has a Scottish dimension to it. We are also aware that there are specific issues relating to geography – some regions of the UK faring better than others – which we aim to address through the work we fund.

## Activities

Grant-making is the main means by which the Foundation aims to contribute to the achievement of its aims and objectives. The grant-making activities carried out in the year are listed on pages 9 - 13.

Our funding activities are primarily delivered through our 'open' grants programme, which covers three inter-related funding programmes that influence financial well-being: income, spending and assets.



In addition, we commission specific activities that fit within our funding programmes.

The Foundation funds a range of strategic work including research, policy work, campaigning, public attitudinal work, and activities improving practice and design. We are particularly interested in work that has the capacity to create a step change in policy, practice, public attitudes and/or behaviour. Full details of the Foundation's funding programmes and priorities are outlined in its funding guidelines, which are available on our website at [www.standardlifefoundation.org.uk](http://www.standardlifefoundation.org.uk) and regularly updated.

We aim to be an engaged funder. This entails a more strategic approach, with a greater focus on learning and sharing knowledge, and more engagement with the organisations we support, as well as key stakeholders. A number of different approaches and activities are needed to achieve our mission and aims, and often support is needed over the long-term. The people who we are ultimately supporting are central to securing change, and it is vital they are engaged.

Measuring our success is difficult, particularly in the infancy of the Foundation. This is often the case for funders, who are one step removed from the delivery of the activities, and more so given the long-term strategic aims of the Foundation. Many projects funded by the Foundation do not come to fruition for some time after the funding is initially awarded. All projects report to us on a regular basis on their activities set against the outcomes which are outlined in their funding application. Further information is set out below on the Foundation's activities and performance in these areas.



## Achievements and performance

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2020 has been a turbulent year for defining world events, from Brexit to the Black Lives Matter protests, with Covid-19 subsequently dominating global headlines for the majority of the year. The ongoing effects of the pandemic have had, and continue to have, significant implications for living standards and financial well-being. The UK measured consistently high mortality rates during 2020 in comparison with other countries, with some communities hit harder than others, including the most deprived areas. Although we were - and continue to be - all affected, we are not all affected equally. The pandemic has highlighted the existing social and economic inequalities that the Foundation is focused on.

Against the backdrop of uncertainty, the Foundation moved forward and implemented the second year of its strategic plan.

### Grant-making

We continued our open grant programmes, in which nine grants were awarded during the year. This was in addition to an emergency fast-track Covid funding round to support work addressing the financial impact of the pandemic. Eight grants were awarded through this initiative with grants totalling £460,091. Seventeen grants were therefore awarded during 2020, compared to a total of thirteen in 2019.

When the first lockdown was initiated, we (and many other funders) wrote to all of the organisations we were currently funding. We acknowledged the challenging times they and their beneficiaries were experiencing and the need for us to adopt a flexible and supportive approach. For a number of organisations this meant delaying the work we were funding, changing the emphasis of their activities (often recalibrating to ensure the work was still relevant and captured the impact of the pandemic), and having to change the means by which they engaged with the public and key stakeholders – moving from face-to-face activities to electronic platforms.

This flexible approach was one which was implicit to the way we worked with organisations we funded, but made explicit as a result of the pandemic. We aim to continue working in a similar fashion going forwards, trying to provide support that will be helpful, understanding there are risks and work doesn't always go to plan, whilst ensuring our funds are put to good use.

The Foundation has continued to work closely with the organisations it funds, providing support, insight and connections where possible. A number of the projects established independent advisory groups and we are grateful for the engagement provided by a wide range of individuals and organisations.

We published a wide-range of evidence from the work we funded, with some of the key findings highlighted on page 13. In total, twenty-five research reports were produced during 2020, all of which are available to view on our website. These provide a valuable source of evidence, ideas, solutions and recommendations on a range of financial issues from social security, taxation, rural hardship, savings, debt, wealth, working conditions to pay levels.

Highlights include our first audit of household wealth with the Resolution Foundation; a series of reports with the IFS examining personal finances, especially changes to spending habits, using real time banking data; the influencing work of IPPR Scotland on financial security issues, working alongside a range of partners and allies; the first UK analysis of pay ratio gaps between high, low and middle earners in FTSE 350 companies; and detailed work on how the pandemic was affecting women by the Women's Budget Group, as well as Gingerbread and Surviving Economic Abuse.

We were also pleased to start new initiatives including piloting a living pensions product with the Living Wage Foundation; a multi-strand research programme examining problem gambling with the University of Bristol and the Behavioural Insights Team; and research by the University of York reviewing affordable housing schemes.

## Financial impact tracker

To try and capture the impact of the pandemic we commissioned YouGov to survey over 6,500 people on a regular basis to assess how personal and household finances were being affected by the pandemic. The data was analysed by our trustee Professor Elaine Kempson and a team of researchers, including colleagues from the Personal Finance Research Centre at the University of Bristol. The tracker pulled together data on incomes, payment of bills, borrowing, savings, access to advice and the ability to pay for essentials such as food. It used composite measures to gauge people's financial well-being and their risk of falling into financial difficulties in the near future. Four survey rounds have been undertaken and this work will continue into 2021.

The financial impact tracker provided detailed analysis, including a wide range of demographic data on which population groups and industries were most severely affected by the pandemic. A key finding from the work was that whilst many households were benefiting from the income measures introduced by the government, such as furlough and self-employment income support, around three million remained excluded from this support and were experiencing significant hardship. For example, we found half of those excluded had lost at least a third of their household income and 3 in 10 were struggling to pay for food and everyday essentials.

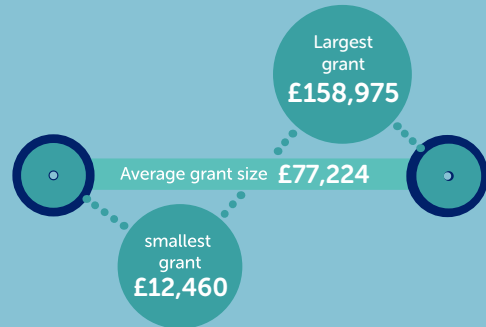
The tracker also found significant take up of 'payment holidays' on credit cards, bills and mortgages/rental costs. This was welcome relief, with 3.7 million households taking up at least one payment holiday by the end of July. However, we found over 6 in 10 who were benefiting from this arrangement were already facing financial difficulties and would struggle to repay their debts in the future. We recommended that creditors and their regulators needed to be more proactive. Measures they could take included: income/expenditure checks to assess the ability of borrowers to repay; flexible and lower payment arrangements; social tariffs (for utility providers); extending the lending period (for unsecured credit and mortgages), and where appropriate writing off debts. We stressed that enforcement action should be a last resort. We were pleased to see a number of these measures adopted and the FCA extending the application period for payment holidays.

The Foundation disseminated the findings from each survey widely and presented findings to the Treasury, OBR, FCA, MaPS, and other key stakeholders. We outlined in a range of reports the impact of the pandemic on household finances, in particular the excluded group highlighted above, and recommended a number of policy changes government and others could adopt. We were therefore pleased to see there was some change in the most recent Budget with support for the newly self-employed, benefitting 600,000 people who were granted access to self-employment grants and had been excluded from support. Whilst we were not the only ones working on this issue, we believe our independent evidence made some contribution to this change in policy. Unfortunately, the change is far from enough and we will continue to push for further reforms.

## Grant funding awarded in 2020



**£1.3 million**  
awarded in grants



### Funding programme



**Income**  
10 grants



**Spending**  
3 grants



**Assets**  
4 grants

The grants have been allocated to the main funding programme they are addressing, however a number of projects funded are cross-cutting.

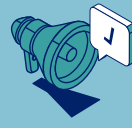
### Activity



**Research**  
11 grants

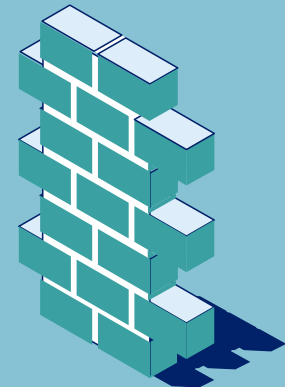


**Policy work**  
5 grants



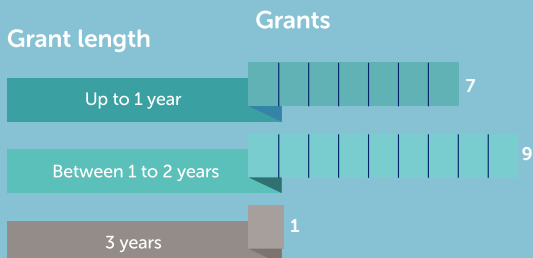
**Campaigning**  
1 grant

The grants have been allocated to the main method being used, however a number of projects utilise a range of methods and often combine research as well as policy work.

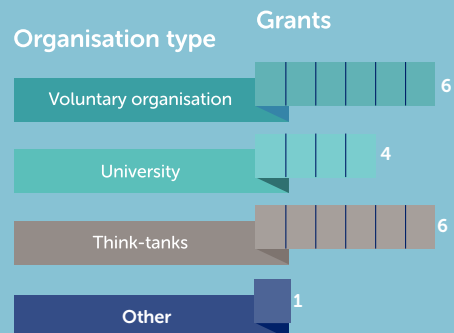


**17** projects funded

### Grant length



### Organisation type



## Grant funding awarded in 2020

Organisation	Grant	Duration	Overview
Bevan Foundation	£67,982	1 year	Research and policy work to address the problem of low-income and self-employment in Wales.
Citizens UK - Living Wage Foundation	£135,000	18 months	Develop and pilot an employer-facing Living Pension initiative to increase the retirement savings of those in lower paid roles.
Demos	£12,460	3 months	Towards an online tax calculator to enable further understanding of public attitudes relating to taxation.
Gingerbread	£48,621	8 months	Research to track the effects of the pandemic on single parents who were in work at the start of the crisis.
Institute for Employment Studies	£52,300	4 months	Research, policy work and advocacy relating to the employment and financial impacts of the pandemic on low-income working households.
Institute for Fiscal Studies	£90,000	4 months	Monitor and analyse personal finances through the pandemic using real time bank account data.
Justice	£70,000	3 years	Review the quality, timeliness and accessibility of the social security decision-making system for claimants.
Manchester Metropolitan University	£74,960	1 year	A comprehensive assessment of work incentives in the UK's tax and benefits system.
National Institute of Economic and Social Research	£96,198	15 months	Analysis of the distributional consequences of a progressive consumption tax compared with current income tax and VAT arrangements.
Resolution Foundation	£21,000	1 month	An evidence-based assessment of how Universal Credit was faring during the pandemic, and how its recipients were coping financially.
Royal Society of Arts, Manufactures and Commerce (RSA)	£49,000	6 months	To profile and understand the economic security gap as it relates to key-workers and their households during the pandemic.
Surviving Economic Abuse	£37,000	6 months	Rapid analysis of immediate economic safety needs and future resilience of victim-survivors of economic abuse during the pandemic.
University of Bristol, Personal Finance Research Centre	£125,000	2 years	Research examining gambling harm, including support for families; the effectiveness of 'responsible gambling' messages; and access to cash near gambling outlets.
University of Edinburgh	£158,975	14 months	Research examining the impact of economic disruption and income volatility on saving for retirement.
University of York	£112,139	1 year	Research examining whether affordable homeownership schemes are more sustainable for lower-income homeowners than buying unassisted on the open market.
Women's Budget Group	£76,000	1 year	To research the social and economic impact of the pandemic on women in the UK.
YouGov plc	£86,170	18 months	To undertake fieldwork for the Covid-19 financial impact tracker survey (commissioned by the Foundation).

## Key findings from research funded



Nearly 3 million households were excluded from government income support schemes such as furlough and self-employment grants.

Source: Coronavirus Financial Impact Tracker, University of Bristol/Standard Life Foundation



Reversing the £20 a week increase to Universal Credit would move an extra 1.1 million people into poverty.

Source: Who loses? Fabian Society



Moving the UK's public finances onto a sustainable footing will require at least £40 billion extra in revenue. A new Health and Social Care levy would raise around half of this - £17 billion.

Source: Unhealthy finances, Resolution Foundation



The poorest were the least able to cut back on spending. Coupled with income falls, they saw their bank balances reduce by nearly £200 a month. Those on higher incomes saw increases of nearly £400 a month.

Source: Income protection policy during Covid-19, Institute for Fiscal Studies



Spending in November was only 3% below its pre-crisis level. But that was uneven - a full recovery in spending in Scotland and Wales and a weaker one in England.

Source: The geographic impact of the pandemic on household spending, Institute for Fiscal Studies



The 'Boomerang Generation' hits low-income families hard, as increasing numbers of young adults in their 20s return home. Parents claiming social security are on average £90 a week worse off.

Source: Home truths, University of Loughborough



In 1 in 5 FTSE 350 companies, at least a quarter of UK employees are paid below the London Living Wage (£19,565).

Source: Pay ratios and the FTSE 350, High Pay Centre



Nearly half of the public support equalising the tax treatment of capital gains with income from work, with 18% opposing it. Conservative party voters were more enthusiastic than the average voter.

Source: A people's budget, Demos



Almost half of families with children in Scotland were either struggling to make ends meet or experiencing serious financial difficulty.

Source: Weathering the winter storm, IPPR Scotland



62% of disabled mothers and 53% of single parents were worried about making ends meet at Christmas.

Source: The uneven impact of lockdowns on women and lower income parents, Women's Budget Group

## Communications and events

Communication remains a key area of work for the Foundation to increase the visibility of our activities and build our audience. The Foundation's website was originally launched in early 2019, with a strong focus on our audience and purpose, and significant further work took place on the website in 2020. Included on the website are the Foundation's funding guidelines, updated in December 2020, outlining our priorities and our process for handling applications. We were grateful for the receipt of a Google Ads grant from May 2020 to encourage additional traffic to our website, and also continue to spend time developing our presence on social media. The dissemination of findings made possible from Foundation grant funding is vital in the success of our objective.

The Foundation has utilised short press releases and quotes in order to pass comment on social policy issues, particularly government policies related to income replacement. Positive changes made by the government have been celebrated; however, it is also important to highlight concerns (whilst appreciating and understanding resource implications) and importantly, focussing on solutions. Letters from our Chief Executive have been published to this effect in several mainstream newspapers.

The Foundation, along with our partners, have used work funded to engage with key stakeholders. One in-person event was hosted in February 2020, with the High Pay Centre, prior to the initial lockdown in March 2020. Online events have since been successful, including events with the Resolution Foundation (featuring our Chair Alistair Darling to launch the first annual audit of household wealth and Philip Hammond to launch a detailed policy report on post-pandemic taxation options), the IFS, Demos and the High Pay Centre. We have continued to grow our audience, over 800 people now receive our monthly newsletter, event invitations and updates.

Many of the projects funded have enjoyed a high level of media coverage for their outputs, in particular, the High Pay Centre's report on pay ratios, our joint report on wealth in the UK with the Resolution Foundation and subsequent report which included post-pandemic policy solutions. The University of Loughborough's report on young people living at home generated front page coverage and national radio discussions.

Our Chief Executive and Chair have also written comment pieces on the findings of our research for national media outlets. These have focussed on the impact of the pandemic on low-to-middle income households and those excluded from income replacement schemes.

## Operations

As with all organisations during such an unprecedented year, there was operational impact on the Foundation arising as a result of the Covid-19 pandemic. Earlier in the year Standard Life Aberdeen plc ("SLA") moved its London office from St Mary Axe, and we joined fellow SLA colleagues at Bow Bell's House, St. Pauls. However, our time there was very short-lived as the first lockdown was announced.

Our small team of staff moved fairly seamlessly into remote working from March 2020. This quick transition meant already-awarded grants progressed without delay in terms of monitoring and payment. Open grant application rounds also continued as expected, and an emergency fast-track funding round was put in place to fund work focussing on the impact of Covid-19. We reviewed our grants application process towards the end of the year, following feedback from applicants and trustees, and streamlined to ensure the assessment process was less burdensome, more focussed, and aimed to improve the overall quality of proposals. Trustee and team meetings were moved quickly onto electronic platforms, and we remain very grateful to SLA for their continued provision of IT as a donated service to the Foundation. Previous processes which relied on wet-ink signatures in relation to the offer and claiming of grants have also been brought on-line.

One of our objectives in the year was to undertake a pay and benefits review, to ensure that Foundation staff are aligned to charity sector remuneration. Although initially delayed, this was largely completed by November 2020, with work being finalised in early 2021. An external, experienced charity-sector specific HR consultant advised the Foundation in respect of the review, and will ultimately ensure that the Foundation retains a transparent pay and progression policy for employees.



## Finance

We welcomed a Head of Finance and Operations to the Foundation in early 2020, ahead of a large-scale finance transformation project which took place later in the year led by SLA. Transformation was largely completed for the Foundation by the end of 2020, with new finance systems in place along with robust processes, some of which were updated as a result of the reshaped relationship between the Phoenix Group and SLA.

The performance of the Foundation's investments are assessed further in the 'financial review' section of the trustee report. Unsurprisingly global market reactions to the beginning of the pandemic impacted us, and the portfolio value dipped to £78.2m at 31 March 2020. However, the detailed investment policy in place, along with the active implementation of the portfolio by our investment managers, ensured the value of the portfolio stayed within tolerance limits at all points during the year. By year end, positive news of three effective vaccines, the outcome of the US presidential election and the Brexit trade deal ensured that there was a swift recovery during quarter four. As such, the Foundation's investment objective of growing the value of the portfolio in real terms was met, having largely realigned with RPI growth by 31 December 2020.

We had previously intended to review funding of social investments during 2020. Due to capacity in the team and the need to refocus priorities during the year as a result of the pandemic, the review of social investments has been deferred. As was originally planned for 2020, the Foundation undertook reviews alongside its investment managers into certain ethical considerations in respect of investment decisions, specifically, child labour and carbon intensive holdings. For both reviews, the Board determined that it was comfortable with its current position. The outcome of the child labour review highlighted the importance of good governance in the organisations in which we invest, including transparency of supply chains. In light of this, the Foundation's investment managers added additional screening into the portfolio to allow continual assessment into supply chain labour. The Foundation's exposure, both to organisations with any involvement in the use of child labour and those in the carbon intensive industry, will continue to be monitored going forward.

## Financial review

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### Overview

The Foundation generated a net surplus and increase in funds during the period of £5,697,260 (2019: £6,967,252). Investment income and a charitable donation (including donated services) of £2,179,421 (2019: £683,575) was offset by expenditure on raising funds of £236,724 (2019: £319,538) and expenditure on charitable activities of £1,413,350 (2019: £835,355). The Foundation recognised net gains on invested assets of £5,167,913 (2019: £7,438,570) during the year.

During the year the Foundation awarded £1,312,805 (2019: £1,317,000) in grants over three funding rounds in the year. Due to performance related or other obligations placed on various grant recipients who were awarded grant funding in both 2019 and 2020, £1,180,177 (2019: £894,000) of pledged grants are retained off balance sheet.

The Foundation's income is generated from the investment of the substantial donation from Standard Life Aberdeen plc in 2017, which was realised from assets which were left unclaimed as a result of the demutualisation of Standard Life in 2006. This investment income funds the charitable activities and ongoing costs of the Foundation. The Foundation has not, and going forward, does not intend to raise income through fundraising as the Board are of the opinion that the Foundation has adequate funds to achieve its aims.

At 31 December 2020 the Foundation had total unrestricted funds of £86,112,196 (2019: £85,418,216), and £7,252,265 (2019: £2,248,985) within its revaluation reserve. The Foundation has no restricted funds and no amounts were designated or otherwise committed at 31 December 2020 or 31 December 2019.

As the Foundation's funds are expendable, the Foundation does not operate a reserves policy, and instead manages the balance between short-term and long-term financial objectives through its grant-making and investment policies. All investments made on behalf of the Foundation have good liquidity and the investment managers further hold a specific allocation of cash in order to allow the Foundation to settle its short-term liabilities as they become due.

### **Investment policy**

The main purpose of the investments is to provide a financial return to fund the charitable activities of the Foundation, including its funding programmes. The Foundation's investment objectives are:

- to grow the value of the investment portfolio in real terms (RPI), after investment management expenses;
- to maximise the amount available for the Foundation's charitable activities, taking a total return approach;
- to balance investment risks, taking a long-term approach (5-10 years);
- to maintain adequate diversification within the investment portfolio;
- to ensure investment decisions pay due regard to ethical and responsible considerations and do not damage the Foundation's reputation.

It is the intention of the trustees to preserve the value of the initial donation from SLA in real terms in order to have an enduring impact on the Foundation's charitable activity, however, this approach does not preclude the Foundation from deciding to spend more on its charitable activities, if significant opportunities for social change arise.

The Foundation takes a total return approach to investment and is therefore indifferent as to whether the investment returns are through income or capital. The portfolio is diversified which should, over time, produce a positive total return performance. The Foundation has a balanced approach to risk management, taking a long-term view and recognising that there may be high levels of volatility over the short-term. The long-term target return for the overall portfolio is RPI+4%, net of investment management fees.

The Foundation's main investment managers are Aberdeen Standard Capital (ASC), who were selected due to expertise in the charity sector. ASC actively manage the portfolio in order to maximise total investment return, and ASC is responsible for the overall portfolio asset management, tactical asset allocation, individual stock selection, ethical screening and reporting and administration. Aberdeen Standard Investments (ASI) remain involved in some aspects of portfolio management including strategic asset allocation and management of certain specialist asset pools. The Finance, Investment and Risk Committee reviews investments regularly and reports to the Board on performance.

The investment policy sets out an agreed asset allocation across various asset classes including global equities, UK equities, property, infrastructure, alternatives, high yielding fixed income, credit, government bonds and cash. There are percentage limitations placed on both individual investments and pooled funds.

### **Investment performance**

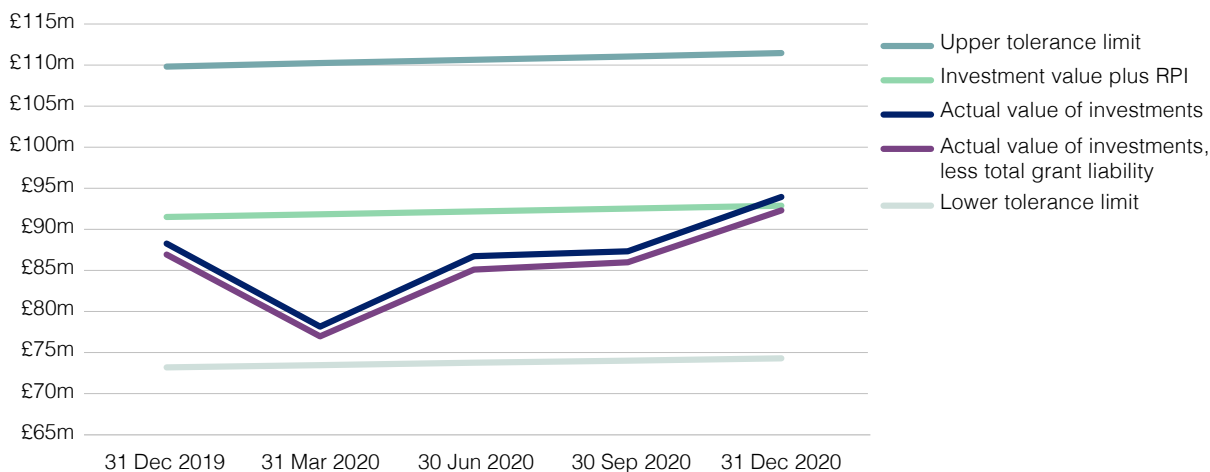
Global markets fell in quarter one 2020 as a result of the pandemic, and remained unpredictable throughout much of the year, as they responded to the economic implications of the broad reaching shut-down of countries including the UK, as well as the ongoing uncertainty as to when economic activity would return to normal.

As set out in the chart, despite a dip in the value of our investments during quarter one, the portfolio value recovered to where it was previously during quarters two and three. By quarter four, as a result of vaccine news as well as the Brexit trade deal, markets rallied and led to an overall increase in portfolio value, thereby aligning with RPI. The investment gain for the year ended 31 December 2020 was £5,167,913 (2019: £7,438,570), gross of investment management fees of £236,724 (2019: £319,538).



We are pleased to report that, in large part owing to the investment policy agreed during 2019, that the Foundation's investment values have remained within stated tolerance limits throughout the whole of 2020, despite continued volatility. This remains the case to date in 2021.

#### Standard Life Foundation - value of investments per quarter end



#### Investing ethically

As a charitable organisation with a mission focussed on financial well-being, a key objective is ensuring that investment decisions pay due regard to ethical and responsible considerations. The Foundation's investment strategy aims to strike the right balance between:

- Funding the Foundation's charitable work over the long term;
- Avoiding investing in corporations whose activities conflict with the work it funds or have the potential to generate reputational damage;
- Encouraging business to be mindful of environmental, social and governance (ESG) considerations, taking a responsible approach to their impact on the environment, their employment practices and how their board operates;
- Investing in assets which seek to realise its aims.

The Foundation expects all of its investment managers to have signed up, or intend to sign up, to the UN Principles of Responsible Investment or, if not, provide reasons why this is not feasible.

We have considered sectors and organisations whose interests conflict with the mission and operations of the Foundation. As a result we have excluded investments in the following areas:

- Predatory lending (including high cost, short-term credit such as pay day lenders, rent-to-own schemes);
- Gambling;
- Armaments;
- Tobacco;
- Alcohol;
- Adult entertainment.

The Foundation is aware that some companies have limited involvement in these sectors. For example, in the retail sector a supermarket may derive a small amount of its profits from the sale of alcohol, tobacco or lottery tickets. It has agreed that negative screening applies to companies which derive more than 10% of their profits or turnover from the six areas listed above.

The Foundation also funds work in relation to income and wealth inequalities, and has therefore asked its investment managers to take account of issues relating to this issue, such as excessive executive pay and tax evasion.

Investment managers must pay regard to ethical and responsible considerations in their investment decisions and how this relates to the Foundation's charitable activities.

Where the Foundation invests in pooled funds (funds from many individual investors that are aggregated for the purposes of investment), the Foundation's investment managers must highlight any risks that are posed to the Foundation and any mitigation taken.

The Foundation's investment managers ensure there is a process of active research and engagement with those companies in which they invest concerning the ethical and responsible policies pursued by those companies. The Foundation, through its investment managers, seeks to influence those companies whose policies do not meet best ethical and responsible practice to change and improve. This active stewardship will normally take place through discussion with the senior management of the companies concerned, by exercising voting rights and, if necessary, through the sale of the investment concerned. The Foundation engages in discussion with its investment managers on particular ESG issues and discusses relevant action to be taken (whilst recognising that this approach is not always feasible for pooled funds and instead whatever possible action is taken to mitigate any ethical and responsible concerns). During 2020, the Foundation undertook reviews alongside its investment managers into child labour and carbon intensive holdings. This work is outlined at further length in the Achievements and Performance section of the trustee report. Ensuring that investment decisions pay due regard to ethical considerations remains a key objective of our investment policy and this will continue to be monitored into 2021 and onwards.

### **Managing risk**

Risk is an everyday part of charitable activity and managing it effectively is essential to achieving the Foundation's objectives and safeguarding its assets. During 2020, a detailed risk management policy and framework was finalised, with individual risks assessed against a heat map with a "traffic light system" of red, amber and green, based on a weighting of both impact and likelihood.

The principal risk faced by the Foundation lies in the performance of its investments. Whilst the Foundation is a long-term investor, and recognises that there may be high levels of volatility over the short-term, significant investment losses would impact on the Foundation's ability to fund charitable activity. This is mitigated through the following:

- a detailed investment policy being in place with asset allocations and limitations agreed;
- appointed investment managers having appropriate expertise for the sector;
- sufficient range being built into the asset allocation to allow the investment managers scope to increase or decrease asset holdings to take account of market conditions;
- regular reviews being scheduled with the investment managers, including attendance twice a year at the Finance, Investment and Risk Committee meetings, and at Board meetings annually;
- the investment managers reporting regularly on investment performance, with on-going market updates;
- sufficient and appropriate levels of skill and expertise amongst committee members in the Finance, Investment and Risk Committee, including the appointment of an additional trustee to the committee during 2020 and the continued co-opted committee member bringing valuable investment experience in the charity sector.

The Foundation is exposed to a number of other operational risks, encompassing risk of loss or adverse consequences for the organisation as a result of inadequate or failed internal processes, people or systems, or from external events. All identified risks are managed through mitigating actions with an owner attached to each.

The exercise in revising the risk management policy and framework reflected the strength of the underlying controls and mitigating measures in the Foundation. However, the systems for managing risk will continue to be monitored going forward into 2021 (and updated where necessary), particularly taking into account the number of operational changes during 2020 to the Foundation as a result of the new remote working norm.

### **Covid-19**

As noted throughout the report, Covid-19 is likely to be an ongoing part of all of our lives. The impact on the Foundation's operations and investments have been noted above, and clearly we still face difficulties and unknowns ahead. Health services are strained around the world, further regional restrictions or lockdowns are implemented as required, and new variants add to uncertainty. However, at this time, the mass vaccination programmes along with established monetary and fiscal support provide a more certain backdrop. Many areas of the economy have adapted to the constrained environment, and markets have remained stable. Operationally, the Foundation has likewise adapted during the year, as have our grant recipients and key stakeholders, and this way of working looks set to continue in the months to come. We are satisfied that the mitigations and updated processes we have put in place during 2020 will stand us in good stead for any unforeseen risks relating to the pandemic in the upcoming year.

### **Brexit**

Although 31 December 2020 marked the end of the transition period of the UK's departure from the European Union, there remain many unresolved issues. The Foundation has assessed the impact of Brexit and does not consider there to be any material impact on the financial statements during 2021 and beyond, including on the structure or operations of the Foundation. Recipients of grant funding awarded by the Foundation are UK based.

## **Structure, Governance and Management**

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### **Governing document**

The Standard Life Foundation was incorporated on 15 May 2009 (as the Standard Life Charitable Trust) as a private company limited by guarantee (SC359717), with no share capital. The Standard Life Foundation was registered as a Scottish Charity (SC040877) by the Office of the Scottish Charity Regulator (OSCR) on 29 September 2009. The Foundation is governed by its Memorandum and Articles of Association.

### **Organisational structure**

The Board of Trustees meet at least three times in any calendar year and discuss progress, strategy and future plans. All key decisions affecting the Foundation are agreed at these meetings but the Board has delegated a number of duties to its Committees.

- The Finance, Investment and Risk Committee meets three times throughout the year and is responsible for:
  - Finance - planning and monitoring the Foundation's income and outgoings so that it can meet its short, medium and long term aims in line with the Foundation's strategic plan, and reviewing its annual financial statements prior to submission to the Board;
  - Investment - providing oversight and advice to the Board on all investment matters;
  - Risk - providing oversight and advice to the Board on the Foundation's current and future risk strategy and any material risk exposures.
- The Nomination, Governance and Remuneration Committee meets at least once a year and advises the Board on the corporate governance of the Foundation and its governance as a charity registered in Scotland, the appointment of Trustees and the appointment and remuneration of the Chief Executive Officer and other senior employees (if applicable) of the Foundation.

- The Research & Grants Committee meets four times throughout the year and recommends to the Board funding to organisations undertaking charitable activity which meet the programmes and priorities as set out in the Foundation's strategic plan and funding guidelines; and reviews learning and evaluation arising from the funded work.

The key management personnel of the Foundation are those persons having authority and responsibilities for planning, directing and controlling the activities of the Foundation, directly or indirectly. For the Foundation, they comprise the Board of Trustees and the Chief Executive Officer. The Trustees set the policy and strategic direction of the Foundation, with day-to-day operations and management being the responsibility of the Chief Executive Officer.

The Foundation has a small staff team. At 31 December 2020 there were four staff, two of whom worked part-time (3.4 FTE). The comparison for 2019 was: five staff, two of whom worked part-time (4.4 FTE). Recruitment for the Executive Officer role will take place in 2021.

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

New trustee appointments are first considered by the Nomination, Governance and Remuneration Committee before being recommended to the Board for approval. All Trustee appointments are also approved by the Standard Life Aberdeen plc Nomination Committee. Independent trustees are appointed for a three-year term, and are eligible for a further three-year reappointment at the end of each term, to a maximum of ten years. There is no requirement for the trustees who are employees or directors of Standard Life Aberdeen plc to retire by rotation and there is no limit to their term in office.

Independent trustees were originally recruited by an independent selection agency, however the Nomination, Governance and Remuneration Committee will look to review how recruitment in the future will take place. Newly appointed Trustees are given an in-depth introduction to the Foundation by means of an induction pack as well as meetings with the Chair of the Board of Trustees and with Foundation staff.

Keith Skeoch remains on the Foundation's Board of Trustees although he stood down from the role as Chief Executive of Standard Life Aberdeen plc during the year. Keith remains connected to SLA, and is therefore a non-independent trustee, as at 31 December 2020.

Professor Elaine Kempson retired from the Foundation's Board at the end of October and we thanked her for her time and dedication to the Foundation. It is expected that new trustees will be recruited in 2022, prior to which a skills audit of the Board will take place. The Board is satisfied that there remains sufficient and appropriate levels of skill and expertise amongst current trustees.

The Board appointed Graeme McEwan as vice-chair of the Board during the year, as well as further strengthening delegated committees during the year. Professor David Hall took over as Chair of the Research and Grants committee following Elaine's departure, and we also welcomed Professor Sharon Collard as a co-opted member of this committee during the year.

Professor Wendy Loretto was approved unanimously as a member of the Finance, Investment and Risk Committee, and we continue to thank Jeffrey Hayes for his time as a co-opted member of this committee.

The Nomination, Governance and Remuneration Committee was further strengthened with the appointment of Naomi Eisenstadt to the committee.

We thank our co-opted members for bringing their valuable skills and experience to our committees.

The Foundation maintains directors' and officers' liability insurance on behalf of the Foundation's Trustees to provide cover should any legal action be brought against them.

### **Related parties**

Trustees are required to disclose all relevant interests (including registering all outside appointments) and must excuse themselves from voting on any matter where a conflict of interest arises. All trustees give their time freely and receive no remuneration for their time other than the reimbursement of expenses (see note six to the financial statements). All trustees who acted during the year are listed on page three.

The Foundation's ultimate controlling party is Standard Life Aberdeen plc. Membership of the Foundation is only open to SLA and only it can appoint or remove the trustees who may exercise all the powers of the Foundation. Copies of the annual report and accounts of the ultimate controlling party can be obtained at [www.standardlifeaberdeen.com](http://www.standardlifeaberdeen.com). SLA agrees to contribute £1 in the event of the Foundation winding up. The company respects the Foundation's right to create its own strategy and to speak out about the socio-economic issues the Foundation is seeking to address.

The support that SLA provides the Foundation with includes the provision of office space, access to information systems and other services and facilities as required by the Foundation. All staff working for the Foundation are employees of Standard Life Employee Services Limited, a fully-owned subsidiary of the controlling party, and whose costs are recharged to the Foundation.

The Foundation's main investment managers are Aberdeen Standard Capital (ASC). Aberdeen Standard Investments (ASI) remain involved in some aspects of portfolio management in order to retain appropriate expertise. Both ASC and ASI are subsidiaries of SLA. Related party transactions are disclosed in note 14 to the financial statements.

There are currently two trustees who are also employees and/or directors of SLA and its subsidiary companies. The Foundation's Articles permit SLA trustees to vote in relation to matters that concern SLA or any of its subsidiary companies, so long as the trustees act in a way that would promote the success of the Foundation and in the Foundation's interests.

### **Conflicts of Interest**

From time to time, trustees will be asked to consider an application for a contract for services from an organisation which one or more of the trustees is involved with, either in a professional or personal capacity. In such circumstances, any interest in the relevant organisation is declared at the outset of the discussion and the conflicted trustee will be excused from any further discussion. The same policy applies to co-opted members and staff.

## **Plans for the future**

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The Foundation will continue to implement its current strategic plan. We expected to review our strategy in 2021, but this will be moved back as funded work has only started to come to fruition. More insights into what we have supported will be needed in order to help us to develop our next strategic plan. In the meantime, our focus will remain on delivering our key objectives and using our current funding framework.

A wide range of research will be published over the coming year which we will disseminate alongside our partners. The job of rebuilding and levelling up will be a significant focus over the coming years and it will be vital to move beyond the rhetoric and have clear policies and solutions which are workable and can make a difference. Our Covid financial impact tracker, which we established in 2020, will continue in 2021 and 2022, monitoring progress on household finances and financial well-being. The University of Bristol's Personal Finance Research Centre will undertake more of the analysis of future tracker survey data and we will work closely with the team there.

We also plan to undertake a rapid evidence review of research and data published on the impact of the pandemic on living standards and financial well-being. We hope this will provide a useful overview and allow us to see the 'bigger picture' which individual studies are less able to. This will consider evidence at a UK wide level, at a regional/devolved nation level and through an equalities lens.

Much of our activity will be framed in the context of the pandemic, not just the grants we make but also how we work and deliver our activities. We will carry on following government guidance and expect working from home to be a continuing feature for some time.

We will start to receive evaluation reports from organisations we have funded as their projects conclude. We will use this to help us develop our learning and shape our future funding activities and priorities.

Whilst much of our funding to date has been on research, we hope to increase the amount spent on policy work and campaigning activities, as we see each component as valuable to securing the strategic change needed to improve living standards and tackling financial problems.

Grant funding was reviewed in 2020 and will not be reduced from the current budget. Our aim will be to spend the full funding allocation and to be more proactive, including commissioning work where necessary. We are particularly keen to fund work across all of our funding programmes and there remain some gaps in specific areas we have identified as being a priority. In addition, we hope to consolidate work on some issues where we would like to develop more of a focus and expertise. We also expect to make a number of continuation grants during the course of the year. Funding is likely to remain at a similar level in 2022 or increase.

The staff team will remain compact but we plan to grow to increase our capacity, primarily to fully capitalise on the work we are funding and to engage more fully with relevant policy makers and key stakeholders.

In relation to our investments, we plan to review our investment policy, in particular the asset allocation. We will also start planning for the review of investment managers due to take place in 2022.

An additional area for us to examine will be the implications of Standard Life Aberdeen plc rebranding, announced in April 2021, and the sale of the Standard Life brand to Phoenix. Our name reflects the historical roots of where our funding derives from: the demutualisation of Standard Life. We will think carefully about the implications of these changes and what that might mean for our own brand and identity.

## **Statement of trustees' responsibilities in respect of the trustees' annual report and the financial statements**

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The trustees, who are also the directors of the Standard Life Foundation for the purposes of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- 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
- Assess the charitable company's ability to continue as a going concern, disclosing, as applicable matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

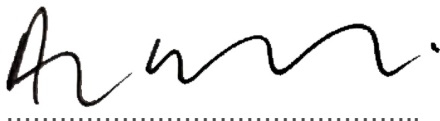
The trustees are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act



2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the Board of Trustees on 17 June 2021 and signed on its behalf by:



.....

**Alistair Darling**, Chair  
Standard Life Foundation

## Independent Auditor's Report to the trustees and member of Standard Life Foundation

### Opinion

We have audited the financial statements of Standard Life Foundation (“the charitable company”) for the year ended 31 December 2020 which comprise the statement of financial activities (including income and expenditure account), balance sheet, statement of cash flows and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended.
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Basis for opinion

We have been appointed as auditor under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.



Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of trustees and management as to the charitable company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected, or alleged fraud; and
- Reading Board minutes to assess for any discussion of fraud.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We also performed procedures including identifying journal entries to test based on high risk criteria and comparing the identified entries to supporting documentation. These included all material post year-end closing journals.

On this audit we have rebutted the fraud risk of revenue recognition because the calculation of revenue is non-judgmental and straightforward, with limited opportunity for manipulation. We did not identify any additional fraud risks.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general and commercial sector experience, through discussion with the trustees and other management (as required by auditing standards), and from inspection of the charitable company's regulatory and legal correspondence, and discussed with trustees and other management the policies and procedures regarding compliance with laws and regulations.

As the charitable company is regulated, our assessment of risks involved with gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements, how they analyse identified breaches and assessing with whether or not there were any implications of identified breaches on our audit.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the charitable company's authority to operate. We identified the following areas as those most likely to have such an effect: key areas of Scottish Charity regulations, financial services regulations and certain aspects of company legislation recognizing the financial and regulated nature of the charitable company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Chair's statement and trustees' report**

The trustees are responsible for the chair's statement and the trustees' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the chair's statement and the trustees' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in chair's statement and the trustees' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended), we are required to report to you if, in our opinion:

- the charitable company has not kept adequate and proper accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Trustees' responsibilities

As explained more fully in their statement set out on pages 22 - 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company'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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

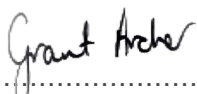
### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members as a body and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Archer (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

17 June 2021

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

Saltire Court  
20 Castle Terrace  
Edinburgh, EH1 2EG

## Statement of Financial Activities (including income and expenditure account) for the year ended 31 December 2020

	Note	Unrestricted 2020 £	Unrestricted 2019 £
<b>Income:</b>			
Donations and legacies	1	92,968	75,147
Investment income	2	2,086,453	608,428
<b>Total income and endowments</b>		<b>2,179,421</b>	<b>683,575</b>
<b>Expenditure on:</b>			
Raising funds	3	236,724	319,538
Charitable activities	4	1,413,350	835,355
<b>Total expenditure</b>		<b>1,650,074</b>	<b>1,154,893</b>
Net gains on investments	8	5,167,913	7,438,570
<b>Net income and net movement in funds for the year</b>		<b>5,697,260</b>	<b>6,967,252</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward at 1 January		87,667,201	80,699,949
<b>Total funds carried forward at 31 December</b>	13	<b>93,364,461</b>	<b>87,667,201</b>

The Statement of Financial Activities includes all gains and losses in the year, as well as irrecoverable VAT where applicable. All incoming resources and resources expended are from continuing operations.

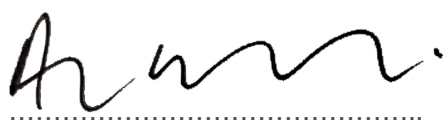
The accounting policies and notes on pages 31 to 42 form an integral part of these financial statements

## Balance Sheet as at 31 December 2020

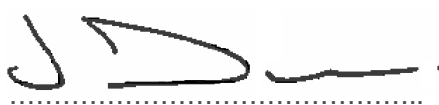
	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	8	91,442,237	86,719,797
<b>Total fixed assets</b>		<b>91,442,237</b>	<b>86,719,797</b>
<b>Current assets</b>			
Debtors	9	1,406,569	85
Investments	8	-	858,750
Cash at bank and in hand		1,169,535	696,618
<b>Total current assets</b>		<b>2,576,104</b>	<b>1,555,453</b>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	10	640,880	522,549
<b>Net current assets</b>		<b>1,935,224</b>	<b>1,032,904</b>
Creditors: amounts falling due after more than one year	11	13,000	85,500
<b>Total net assets</b>		<b>93,364,461</b>	<b>87,667,201</b>
<b>Total funds of charity:</b>			
Unrestricted funds	13	86,112,196	85,418,216
Revaluation reserve	13	7,252,265	2,248,985
<b>Total unrestricted funds</b>	13	<b>93,364,461</b>	<b>87,667,201</b>

The accounting policies and notes on pages 31 to 42 form an integral part of these financial statements

Approved by order of the Board of Trustees on 17 June 2021 and signed on its behalf by:



**Alistair Darling**  
Chair  
Standard Life Foundation



**James Daunt**  
Chair of Finance, Investment and Risk Committee  
Standard Life Foundation

## Statement of Cash Flows for the year ended 31 December 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities:</b>			
<b>Net cash used in operating activities</b>		<b>(1,513,961)</b>	<b>(655,649)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments	8	18,911,615	87,409,696
Purchase of investments	8	(17,607,393)	(86,673,956)
Dividends and interest income from investment		2,086,453	608,428
Increase in other debtors		(1,403,797)	-
<b>Net cash provided by investment activities</b>		<b>1,986,878</b>	<b>1,344,168</b>
<b>Change in cash and cash equivalents in the year</b>		<b>472,917</b>	<b>688,519</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>696,618</b>	<b>8,099</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,169,535</b>	<b>696,618</b>

The accounting policies and notes on pages 31 to 42 form an integral part of these financial statements

## Notes to the Statement of Cash Flows for the year ended 31 December 2020

### 1. Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2020 £	2019 £
<b>Net income/(expenditure) for the year (as per the statement of financial activities)</b>	<b>5,697,260</b>	<b>6,967,252</b>
<b>Adjustments for:</b>		
Gains on investments	(5,167,913)	(7,438,570)
Dividends and interest income from investment	(2,086,453)	(608,428)
Decrease / (increase) in debtors	(2,686)	4,119
Increase in creditors	45,831	419,978
<b>Net cash used in operating activities</b>	<b>(1,513,961)</b>	<b>(655,649)</b>

### 2. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank	1,169,535	696,618
<b>Total cash and cash equivalents</b>	<b>1,169,535</b>	<b>696,618</b>

The accounting policies and notes on pages 31 to 42 form an integral part of these financial statements

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

### **(a) Basis of preparation**

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The financial statements of Standard Life Foundation (the “Foundation”) have been prepared on the accruals basis and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

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

### **(b) Going concern**

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The Trustees consider that there are no material uncertainties about the Foundation’s ability to continue as a going concern, including from the ongoing impact of Covid-19, and that the Foundation has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements are approved. Consequently, the Trustees have prepared the financial statements on the going concern basis.

### **(c) Income**

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Donations and investment income are recognised in the Statement of Financial Activities (“SOFA”) when they are receivable and the amount can be measured reliably.

Donated services and facilities are included as income and measured at the value of the gift to the Foundation. Services and facilities are donated by other Standard Life Aberdeen Group companies and measurement is consistent with other intra-Group recharges for similar services and facilities.



## **(d) Expenditure**

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Expenditure is accounted for on an accruals basis.

Support costs comprise of costs associated with the management and administration of the Foundation. Governance costs comprise legal advice and support, external audit fees, costs associated with constitutional and statutory requirements and expenditure relating to the Foundation's Trustees. Where support costs are not incurred directly in relation to raising funds or charitable activities they are allocated on a pro-rata basis based on other direct expenditure.

Investment management fees are included as expenditure on raising funds.

All costs are inclusive of irrecoverable VAT where applicable.

## **(e) Grants**

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Grant commitments are recognised in full when the Foundation formally notifies the recipient of the award following approval by the Board of Trustees, where there is a legal or unconditional obligation to the grant recipient. Grant commitments for which payment was outstanding at the balance sheet date are shown as liabilities in the Balance Sheet.

Grant commitments are not recognised, or not recognised in full, where a commitment is made to provide grant funding, but the Foundation has placed performance related or other obligations on the grant recipient. The funding commitment in these circumstances is classed as a contingent liability.

## **(f) Funds**

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Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the objectives of the Foundation. Whilst it is the intention of the trustees to preserve the value of the initial donation from SLA in real terms in order to have an enduring impact on the Foundation's charitable activity, this approach does not preclude the Foundation from deciding to spend more on its charitable activities. The Foundation does not have restricted funds.

## **(g) Investments**

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Standard Life Foundation has elected to apply the provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments Issues of FRS 102 to account for its financial instruments.

Applying the provisions of Section 11, the charity includes listed equities and pooled investment funds at fair value in the balance sheet. As permitted under Section 11, the charity has designated its debt securities as at fair value through profit or loss as these instruments are managed and performance evaluated on a fair value basis. Investments held at fair value are stated at the bid price where available, or mid-price where the investment manager is unable to provide the bid price. Under Section 11, cash and cash equivalents are subsequently valued at initial cost less impairment in the balance sheet.

Realised and unrealised gains and losses are combined within the SOFA in the year in which they arise. Realised gains and losses on investments are calculated as the difference between net sales proceeds and historic cost. Unrealised gains and losses on investments within the SOFA are calculated as the difference between the valuation at balance sheet date and opening market value. The closing balance of the investment revaluation reserve represents the difference between the valuation at balance sheet date and historic cost.

Any investment income arising from underlying investments of pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Net gains/(losses) on investments' in the SOFA.

Other investment income, including dividends or interest, is recognised in the SOFA when it is receivable and the amount can be measured reliably.

## **(h) Taxation**

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Standard Life Foundation is registered by OSCR as a charity for the purposes of the Charities and Trustee Investment (Scotland) Act 2005 and is entitled under section 13(2) of the Act to describe itself as a Scottish Charity. Accordingly, Standard Life Foundation is potentially exempt from taxation in respect of income or capital gains covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Standard Life Foundation is part of the Standard Life Aberdeen plc VAT group but does not make any taxable goods or services for VAT purposes. Consequently, the Foundation suffers irrecoverable VAT which is recorded and disclosed with the cost of the underlying services.

## **(i) Debtors**

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Debtors are recognised at the settlement amount due to the Foundation.

## **(j) Creditors**

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Creditors and provisions are recognised where the Foundation has a present obligation resulting from a past event that will probably result in a 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 recognised at their settlement amount.

**1. Donations and legacies**

	2020 £	2019 £
Donated services and facilities	92,968	75,147
<b>Total donations and legacies</b>	<b>92,968</b>	<b>75,147</b>

Donated services and facilities in 2020 and 2019 relate in majority to the provision of facilities and services donated to the Foundation by Standard Life Aberdeen plc. The donated facilities relate to office space provided for the Foundation's staff which was valued at £23,431 (2019: £26,372), IT support costs of £55,668 (2019: £48,775) and support from the SLA plc communications team valued at £9,268 (2019: nil). Donated services were also received from external parties relating to communications totalling £4,601 in 2020 (2019: nil).

**2. Investment income**

Total cash income during the year from investments is detailed below:

	2020 £	2019 £
Dividend income	1,965,985	545,565
Interest income	120,468	62,863
<b>Total income from investments</b>	<b>2,086,453</b>	<b>608,428</b>

**3. Expenditure on raising funds**

		2020 £	2019 £
Investment management fees	14	236,724	319,538
<b>Total expenditure on raising funds</b>		<b>236,724</b>	<b>319,538</b>

## Notes to the financial statements *continued*

### 4. Charitable activities

Grant making activities in the year were all to organisations undertaking charitable activity. For full details on the amount of award and the organisations funded, please see page 12 of the Trustees' Report. Grant expenditure has been disclosed below by funding programme. Within the contingent expenditure column is £70,000 of grant payments made to the Resolution Foundation for a grant pledged in 2019 falling under the assets programme. A further grant was pledged to the Resolution Foundation in 2020 (details set out on page 12 of the trustee report) and the full grant value of £21,000 was paid under the income grants line during 2020.

Funding programme	Note	Grants £	Contingent payments and transfers	Support Costs £	Total 2020 £
Income		276,470	219,000	63,433	558,903
Spending		130,293	153,405	21,144	304,842
Assets		112,460	135,000	21,145	268,605
<b>Total grants awarded</b>	<b>5</b>	<b>519,223</b>	<b>507,405</b>	<b>105,722</b>	<b>1,132,350</b>
Other support costs	5	-	-	281,000	281,000
<b>Total charitable activities</b>		<b>519,223</b>	<b>507,405</b>	<b>386,722</b>	<b>1,413,350</b>

The comparative for 2019 was:

Funding programme	Note	Grants £	Contingent payments and transfers	Support Costs £	Total 2019 £
Income		281,000	-	35,891	316,891
Spending		75,000	-	13,459	88,459
Assets		67,000	-	8,973	75,973
<b>Total grants awarded</b>	<b>5</b>	<b>423,000</b>	<b>-</b>	<b>58,323</b>	<b>481,323</b>
Other support costs	5	-	-	354,032	354,032
<b>Total charitable activities</b>		<b>423,000</b>	<b>-</b>	<b>412,355</b>	<b>835,355</b>

Support costs of £105,722 (2019: £58,323) have been allocated to specific grants made in the year. During the year additional costs of £281,000 (2019: £354,032) were incurred in relation to other support activities furthering the charitable aims of the organisation, including significant time with other grant applicants; development of networks in the sector and communication of charitable activity.

A number of grants awarded have performance related or other obligations included as part of their grant conditions, and therefore all, or part, of their grant award has been treated as a contingent liability. Performance related obligations are all similar, being that the next instalment of the grant will be paid on delivery of a report, audit or working papers. Other obligations include the approval of a preferred candidate for a funded role.

The following tables set out the Foundation's total grant pledges of £1,312,805 (2019: £1,317,000) and payments of £968,523 (2019: £50,483) during the year, split between recognised and unrecognised commitments.

If the performance related or other obligations are met by the grant recipient, there is full expectation to pay out future grant instalments as set out in grant contracts. There are sufficient unrestricted funds to cover the contingent grant liabilities. All grants awarded in both 2019 and 2020 have a maximum three year timeframe.

Notes to the financial statements *continued*

Movement in recognised grant commitments	Grant commitments at 01.01.20	Total grants awarded in period	Grants paid out in period	Transfers	Grant commitments at 31.12.20
Funding programme	£	£	£	£	£
Income	260,000	276,470	(356,023)		180,447
Spending	63,000	130,293	(125,500)	87,405	155,198
Assets	67,000	112,460	(67,000)		112,460
<b>Totals</b>	<b>390,000</b>	<b>519,223</b>	<b>(548,523)</b>	<b>87,405</b>	<b>448,105</b>

Movement in unrecognised grant commitments	Grant commitments at 01.01.20	Total grants awarded in period	Grants paid out in period	Transfers	Grant commitments at 31.12.20
Funding programme	£	£	£	£	£
Income	361,000	306,563	(219,000)		448,563
Spending	313,000	180,905	(66,000)	(87,405)	340,500
Assets	220,000	306,114	(135,000)		391,114
<b>Totals</b>	<b>894,000</b>	<b>793,582</b>	<b>(420,000)</b>	<b>(87,405)</b>	<b>1,180,177</b>

Prior year movement in recognised grant commitments	Grant commitments at 01.01.19	Total grants awarded in period	Grants paid out in period	Transfers	Grant commitments at 31.12.19
Funding programme	£	£	£	£	£
Income	-	281,000	(21,000)	-	260,000
Spending	17,483	75,000	(29,483)	-	63,000
Assets	-	67,000		-	67,000
<b>Totals</b>	<b>17,483</b>	<b>423,000</b>	<b>(50,483)</b>	<b>-</b>	<b>390,000</b>

Prior year movement in unrecognised grant commitments	Grant commitments at 01.01.19	Total grants awarded in period	Grants paid out in period	Transfers	Grant commitments at 31.12.19
Funding programme	£	£	£	£	£
Income	-	361,000	-	-	361,000
Spending	-	313,000	-	-	313,000
Assets	-	220,000	-	-	220,000
<b>Totals</b>	<b>-</b>	<b>894,000</b>	<b>-</b>	<b>-</b>	<b>894,000</b>

## Notes to the financial statements *continued*

### 5. Support costs

	Note	2020 £	2019 £
Staff costs	7	241,435	302,747
Donated services and facilities	1	88,367	75,147
Governance costs		43,383	13,606
Consultancy costs		2,000	-
Travel and accommodation- staff		4,446	14,582
Marketing and communications		6,435	4,004
Office costs and other		656	2,269
<b>Total support costs</b>		<b>386,722</b>	<b>412,355</b>

In both 2020 and 2019, all support costs relate to charitable activities. The breakdown of governance costs in the year is as follows:

	2020 £	2019 £
Auditor remuneration	5,160	5,000
Trustees' indemnity insurance	5,844	5,245
Staff costs	32,311	-
Trustee expenses	68	3,361
<b>Total Governance costs</b>	<b>43,383</b>	<b>13,606</b>

### 6. Trustees' remuneration

No trustee received any emoluments or benefits in kind during the year (2019: £nil) in respect of their services.

Trustees are reimbursed for travel, accommodation and subsistence costs incurred in carrying out their duties that are permitted by the Foundation's expenses policy. The Foundation also pays for travel and accommodation directly on behalf of some trustees. The total sum expended by the Foundation during 2020 in respect of trustee expenses was £68 (2019: £3,361) and is included within governance costs – see note five. The number of trustees reimbursed during the year was one (2019: six).

## Notes to the financial statements *continued*

### 7. Analysis of staff costs and remuneration of key management personnel

#### a) Staff Costs

Staff working for the Foundation have employment contracts through Standard Life Employee Services Limited (SLES�). SLES� is a fully-owned subsidiary of Standard Life Aberdeen plc, the Foundation's ultimate controlling entity and is a related party of the Foundation (see note 14). Staff costs, including contributions to a defined contribution pension scheme, are recharged from SLES� to the Foundation.

	2020 £	2019 £
Wages and salaries	208,927	239,440
Social security costs	18,942	20,957
Pension contributions	41,120	35,954
Other employee benefits	4,757	6,396
<b>Total staff costs</b>	<b>273,746</b>	<b>302,747</b>

The Foundation has a small staff team. At 31 December 2020 there were four staff, two of whom worked part-time (3.4 FTE). The comparison for 2019 was: five staff, two of whom worked part-time (4.4 FTE). One employee received a full-time equivalent salary of more than £60,000 per annum (2019: one).

Salary band	No of employees 2020	No of employees 2019
£80,000-£90,000	-	1
£90,000 - £100,000	1	-

#### b) Remuneration of key management personnel

The key management personnel of the Foundation are those persons having authority and responsibilities for planning, directing and controlling the activities of the Foundation; directly or indirectly. The key management personnel of the Foundation comprise the Chief Executive Officer and the Board of Trustees. The Trustees receive no remuneration in respect of their services to the Foundation. The remuneration of the Chief Executive Officer is set by the Trustees. Total employee benefits paid to key management personnel (including pension contributions and employers national insurance contributions) totalled £116,792 during 2020 (2019: £111,338 being £87,609 of salary cost and £23,729 of employer pension contribution and employer national insurance contributions).

### 8. Investments

	2020 £	2019 £
Market value at beginning of year	87,578,547	80,875,717
Acquisitions	17,607,393	86,673,956
Distributions from investments	222,328	1,103,631
Disposal proceeds	(18,911,615)	(87,409,696)
Net gains on investments	4,945,584	6,334,939
<b>Market value at end of year</b>	<b>91,442,237</b>	<b>87,578,547</b>

## Notes to the financial statements *continued*

Represented by	2020 £	2019 £
Equity	52,590,745	48,198,889
Investment funds	34,682,910	35,138,351
Debt securities	4,168,582	4,241,307
<b>Market value at end of year</b>	<b>91,442,237</b>	<b>87,578,547</b>

Standard Life Foundation moved investment manager on 23 August 2019 from Aberdeen Standard Investments (“ASI”) to Aberdeen Standard Capital (“ASC”). The variance in acquisitions and disposals between 2019 and 2020 reflect this movement of fund manager during 2019, when funds previously held with ASI were transferred to ASC. All investments are classed as listed, being traded either on recognised exchanges or over the counter, with pooled investment funds having an OEIC or unit trust structure.

Investments in equity securities, pooled investment vehicles and government bonds totalled £89,058,954 at 31 December 2020 (2019: £84,946,335) and these investments are classed as level 1 investments. Level 1 investments are measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market exists where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Investments in corporate bonds total £2,383,283 (2019: £2,632,212) and these are classed as level 2 investments. Level 2 investments are measured using inputs other than quotes prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Market risk is the principal risk faced by the Foundation from financial instruments. The Foundation has mitigated this risk by constructing a diverse portfolio of investments, and by retaining expert advisers to manage the investment portfolio. A detailed investment policy was finalised in 2019, which sets out an agreed asset allocation across various asset classes, along with percentage limitations on both individual investments and pooled funds.

Net gains on investments includes both unrealised and realised gains/losses arising on the holdings in the funds. Net gains on investments of £4,945,584 (2019: £6,334,939) relates to unrealised gains on investment during the year of £5,003,279 (2019: £5,842,814), and realised losses on sale of investments during the year of £57,695 (2019: realised gains of £492,125).

Distributions from investments of £222,328 (2019: £1,103,631) consist of accumulation dividends received during the year. The accumulation dividends have been presented within ‘Net gains on investments’ in the SOFA and aggregated with the sum of net realised and unrealised gains on investment of £4,945,584 (2019: £6,334,939).

Included within 2019 investments of £87,578,547 is £858,750 of current asset investments. This relates to an investment in a liquidity fund, which was sold during 2020.

### 9. Debtors: amounts falling due within a year

	2020 £	2019 £
Prepayments	2,772	-
Accrued income	-	85
Other debtors	1,403,797	-
<b>Total debtors</b>	<b>1,406,569</b>	<b>85</b>

Other debtors of £1,403,797 relates to the sale of an investment fund on 31 December 2020. The cash was unsettled and due from broker.



## Notes to the financial statements *continued*

### 10. Creditors: amounts falling due within a year

	2020 £	2019 £
Grants awarded and payable	435,105	304,500
Due to auditor (see note 12)	5,160	5,000
Due to related parties (see note 14)	200,615	213,049
<b>Total creditors due within a year</b>	<b>640,880</b>	<b>522,549</b>

### 11. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Grants awarded and payable	13,000	85,500
<b>Total creditors due after more than one year</b>	<b>13,000</b>	<b>85,500</b>

### 12. Auditor remuneration

	2020 £	2019 £
Accrued fees payable to the Foundation's auditor	5,160	5,000
<b>Auditor remuneration</b>	<b>5,160</b>	<b>5,000</b>

No non-audit services were provided to the Foundation during the period.

### 13. Movements in funds during the year

	Unrestricted funds £	Revaluation reserve £	Total unrestricted funds £
1 January 2020	85,418,216	2,248,985	87,667,201
Additions at cost	17,607,393		17,607,393
Distributions from investments	222,328		222,328
Sale of investments	(18,911,615)		(18,911,615)
Net gains/(losses) on investments	(57,695)	5,003,280	4,945,585
Increase in debtors	1,406,483		1,406,483
Increase in creditors	(45,831)		(45,831)
Increase in cash and cash equivalents	472,917		472,917
<b>31 December 2020</b>	<b>86,112,196</b>	<b>7,252,265</b>	<b>93,364,461</b>

## Notes to the financial statements *continued*

	Unrestricted funds £	Revaluation reserve £	Total unrestricted funds £
1 January 2019	84,293,778	(3,593,829)	80,699,949
Additions at cost	86,673,956		86,673,956
Distributions from investments	1,103,631		1,103,631
Sale of investments	(87,409,696)		(87,409,696)
Net gains on investments	492,125	5,842,814	6,334,939
Decrease in debtors	(4,119)		(4,119)
Increase in creditors	(419,978)		(419,978)
Increase in cash and cash equivalents	688,519		688,519
<b>31 December 2019</b>	<b>85,418,216</b>	<b>2,248,985</b>	<b>87,667,201</b>

### 14. Related party transactions

The majority of purchases are paid for by Standard Life Employee Services Limited, a fully-owned subsidiary of Standard Life Aberdeen plc, as the Foundation uses their accounts payable system. These costs of £323,661 (2019: £352,753), including staff costs of £273,746 (2019: £302,747) for the year are then invoiced to the Foundation on a quarterly basis. At the end of the period, the amount owed to Standard Life Employee Services Limited was £136,292 (2019: £90,243).

The Foundation's investment managers are Aberdeen Standard Capital (a subsidiary of Standard Life Investment (Holdings) Limited; in turn a subsidiary of Standard Life Aberdeen plc). Investment management fees incurred during the year in total were £236,724 (2019: £319,538). At the end of the period, amounts owed to Aberdeen Standard Capital were £64,323 (2019: £122,806) in respect of investment management fees.

### **Standard Life Foundation**

We are an independent charitable foundation supporting strategic work which tackles financial problems and improves living standards. Our focus is on improving the lives of people on low-to-middle incomes in the UK.

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