

ANNUAL REPORT AND ACCOUNTS

for the year ended 31 December 2019



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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

BOARD OF TRUSTEES

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

Trustee	Trustee Category ¹	Committees ²
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
Professor David Hall	Independent	Research and Grants
Lucy Heller	Independent	Nomination, Governance and Remuneration (Chair)
Professor Elaine Kempson	Independent	Research and Grants (Chair) Nomination, Governance and Remuneration
Professor Wendy Loretto	Independent	Research and Grants
Graeme McEwan	Standard Life Aberdeen plc (to 5 June 2019) Independent (from 6 June 2019)	Nomination, Governance and Remuneration Research and Grants (from 21 October 2019)
Keith Skeoch	Standard Life Aberdeen plc	Research and Grants
Euan Stirling	Standard Life Aberdeen plc	Finance, Investment and Risk

¹ Refer to structure, governance and management on pages 12-13 for trustees' appointment terms

² Refer to structure, governance and management on page 12 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

(to 23 August 2019)
Aberdeen Standard Investments
1 George Street
Edinburgh
EH2 2LL

Custodian

(to 23 August 2019)
Citibank Europe plc
Citigroup Centre
Canary Wharf, London
E14 5LB

Solicitors

Burness Paull LLP
50 Lothian Road
Edinburgh
EH3 9WJ

Investment Managers

(from 24 August 2019)
Aberdeen Standard Capital
1 George Street
Edinburgh
EH2 2LL

Custodian

(from 24 August 2019)
Platform Securities
25 Canada Square
London
E14 5LQ

Bankers

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



Alistair Darling,
Chair

2019 was the first year of implementing the Foundation's three-year strategic plan. The plan is focussed on our mission to improve the financial well-being and living standards of those on low-to-middle incomes in the UK.

Our strategy highlighted some of the big financial issues of the day: low pay, the lack of savings, problem gambling, high-cost credit, wealth inequalities and insufficient saving for retirement. The list is long but we know improvements are possible.

We believe everyone should be able to meet their current and future financial commitments and needs. In our society everyone should have enough income for more than life's essentials, be able to deal with financial shocks and not struggle to make ends meet. This is particularly significant with the outbreak of coronavirus. The exact economic and social impact of the pandemic is still not fully known, but early evidence highlights that those with the least resources are being hit hardest. Although we are all affected, we are not all affected equally.

We want everyone to feel in control and confident about managing their finances. Few would disagree, but how it is achieved is the burning question. The pandemic has created a sense of urgency to dealing with a multitude of issues impacting on everyday finances.

We know there is no easy answer to improving financial well-being, but we are interested in discovering where the gaps in knowledge are, and supporting potential solutions. A number of different approaches and activities are needed to achieve our mission and often action is needed over the short-term, as well as the long-term. Whilst the pandemic has raised significant challenges, we have also been struck by the wide range of solutions, many of which would have been considered too ambitious before now.

We are optimistic that positive societal change can be achieved and spent 2019 developing the Foundation's funding activities. We awarded just over £1.3 million in grants during the year, focussed on our three funding programmes: income, spending and assets.

Thirteen organisations were funded and a full list is included later on page eleven. The grants included a range of policy work, campaigning, research and public attitudinal work.

Our largest grant was towards a partnership with the Resolution Foundation to undertake a major investigation into the role of wealth in 21st century Britain. This project will increase understanding of wealth accumulation and asset taxation and we hope improve policies that relate to it. Some of the projects we have funded will come to fruition in 2020 and we are working closely with those we fund, to assist where we can and to learn from the work.

We have had conversations with many of our partners as to how we take the work forwards and how their projects may need to adapt and respond to the pandemic. In addition, in March 2020 we launched a new fast track application for work directly related to the pandemic, addressing specific challenges and helping to contribute to social change which tackles financial problems and improves living standards for those on low-to-middle incomes in the UK.

We eagerly await the outcomes of the work we are funding, which we hope will contribute towards positive economic and social change, especially in these challenging times. The pandemic is having an immediate impact and we all need to work together. My thanks to all involved, particularly my fellow trustees, to Standard Life Aberdeen for its continued support, to the organisations we are supporting, and to the Foundation's staff for their work.



.....
Alistair Darling, Chair

Trustees' report for the year ended 31 December 2019

The Board of Trustees present the audited annual report and accounts of the Standard Life Foundation (the "Foundation") for the year ended 31 December 2019.

Reference and administrative details are provided on pages three – four.

Objectives and activities

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;
- Relief of those in need due to age, ill-health, disability, financial hardship or other disadvantage.

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.

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.

The Foundation's work is UK wide, and whilst the majority of our funding will be of benefit to all those living and working in the UK, we are particularly keen to support work in 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.

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.

Funding programmes

The Foundation has three inter-related funding programmes that influence financial well-being: Income, Spending and Assets.



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.

The grant making activities carried out in the year are listed on pages nine to eleven.

Achievements and performance

2019 was an exciting year for the Foundation. It was not only the first year of implementing our three year strategic plan, but also the first year of significant grant making activity.

Grant funding

Grant-making is the main means by which the Foundation aims to contribute to the achievement of its aims and objectives. During the year, we funded a range of strategic work to improve financial well-being in the UK. This is work that has the potential to benefit large numbers of people in the UK and to create a step change in policy, practice, attitudes and/or behaviour. These grants include policy work, campaigning, research, public attitudinal work, as well as activities aimed at improving practice and design of services. We are interested in funding issues where we can add value – in particular, where there is limited other funding available and a clear niche for the Foundation.

We work closely with the organisations we fund providing support, insight and connections where we can. A number of the projects established independent advisory groups and we are grateful for the engagement provided by a wide range of external stakeholders.

During the year, we published *Borrowing Behaviour* by the Personal Finance Research Centre at the University of Bristol. This is a detailed evidence review which examined 150 existing studies on borrowing behaviour. It found strong evidence that income influenced borrowing behaviour and that psychological factors shaped borrowing behaviour, but not as much as socio-demographic factors. The researchers called for greater action around the cost of borrowing and the need to boost incomes.

Operationalising the strategic plan

A number of steps were taken in 2019 to operationalise the strategic plan which was agreed in November 2018.

Our team has grown; we welcomed a Head of Communications and Programme Manager to the Foundation during the year, along with a Head of Finance and Operations in early 2020. This expansion of the team provides extra resource in a number of areas, including greater engagement with organisations we fund and our key stakeholders. Our team spent time initially developing and creating a detailed database, and is now able to track projects and outcomes. The process for assessing and managing funding applications were considered as part of this.

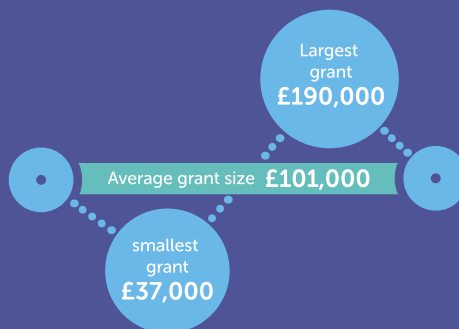
A key area of work during the year was communications. The Foundation's new website was launched in early 2019, with a strong focus on our audience and purpose. Included on our website are the Foundation's funding guidelines, outlining our priorities and our process for handling applications. We spent time developing our presence on social media to increase the visibility of our activities and build our audience. A crisis communications plan was also created; a necessary part of the Foundation's risk framework.

We ran our first event to launch our partnership with IPPR Scotland which included presentations from Shirley Anne-Somerville MSP, Cabinet Secretary for Social Security and Older People and our trustee Naomi Eisenstadt. More events were planned for 2020, but are under review as a result of the social distancing measures brought in as a result of the pandemic.

Our charitable activity is funded by our expendable endowment and significant work has taken place this year to implement a new investment policy. We appointed Aberdeen Standard Capital (ASC) as our new investment managers, drawing on their expertise in the charity sector. The investment is actively managed and there is an engaged approach from ASC to deliver the returns necessary for the continued charitable activity of the Foundation.



£1.3 million
awarded in grants



Funding programme



Income
8 grants



Spending
3 grants



Assets
2 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
8 grants

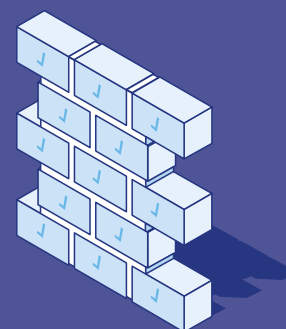


Policy work
3 grants



Campaigning
2 grants

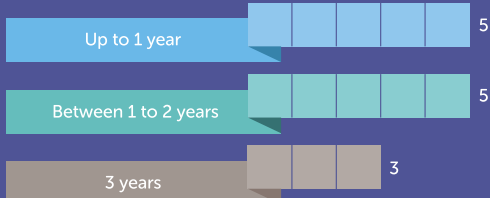
The grants have been allocated to the main method being used, however a number of projects utilise a range of methods and often combine research as well as policy work.



13 projects funded

Grant length

Grants



Organisation type

Grants



Grant funding awarded in 2019

Organisation	Grant	Duration	Overview
Centre on Household Assets and Savings Management (CHASM), University of Birmingham	£77,000	One year	To better understand decision-making experiences for people on low-to-middle incomes in the new retirement landscape. The project will investigate the effectiveness of current consumer protection strategies and make recommendations for improving consumer outcomes.
Child Poverty Action Group	£133,000	Two years	Work on ending the need for food banks through advocating for adequate emergency provision, within a social security system that prevents poverty.
Demos	£97,000	15 months	Develop guidance from public deliberation on how to raise the tax needed to preserve public services given the UK's ageing population, and how to communicate this effectively.
Fabian Society	£74,000	Nine months	Examine and better understand the public's views towards changes to social security through a citizen's jury, public polling and policy modelling.
Fraser of Allander Institute, University of Strathclyde	£68,000	One year	Examine changing patterns of working hours to better understand what drives these changes, how it affects poverty/ inequality, and how policy might be able to respond.
High Pay Centre	£62,000	15 months	Research and related policy work analysing pay gaps between high, low and middle earners at the UK's biggest companies, based on forthcoming pay-ratio disclosures.
IPPR Scotland	£150,000	Two years	Develop evidence, ideas and action to shape a social security system which better meets the needs of those living on low-to-middle incomes in Scotland.
Jubilee Debt Campaign	£180,000	Three years	This joint project by Jubilee Debt Campaign and the Centre for Responsible Credit will support people with lived experience of problem debt to influence and improve credit regulation and debt solutions.
Loughborough University's Centre for Research in Social Policy	£104,000	15 months	Investigate current and future economic well-being of low-to-middle-income families which include adults in their twenties living with their parents.
Newcastle University	£70,000	18 months	Develop an evidence base for action to address financial hardship in rural Britain.
Poverty Truth Community (Faith in Community Scotland)	£75,000	Three years	Work to ensure people living with poverty are connected with people in positions of influence to help shape decisions made about poverty-related issues.
Refuge	£37,000	One year	Campaign to secure changes to Universal Credit in order to reduce the prevalence of welfare-based economic abuse.
Resolution Foundation	£190,000	Three years	A partnership with the Resolution Foundation and Standard Life Foundation. Together the organisations are undertaking a major investigation into the role of wealth in 21st century Britain.

Structure, governance and management

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 and 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 Foundation's Board Charter and its Committees' Terms of Reference were all reviewed in 2019 and changes agreed by the Board and Standard Life Aberdeen plc (SLA).

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 2019 there were five staff, two of whom worked part-time (4.4 FTE). The comparison for 2018 was: three staff, one of whom worked part-time (2.6 FTE). In early 2020 two new members of staff joined the team: a Head of Finance and Operations, and a replacement Executive Assistant. They work alongside the Head of Communications and Programme Manager, under the leadership of the Chief Executive.

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 but are eligible for re-appointment at the end of that term. During the year the trustees agreed that the maximum term for independent trustees would be 10 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 recruited by an independent selection agency and the Nomination, Governance and Remuneration Committee will review how recruitment in the future will take place. During the year the Board agreed to a timetable for current trustee terms to assist with planning future recruitment.

Newly appointed trustees are given an in-depth introduction to the Foundation by means of an induction pack and meetings with the Chair and Foundation staff.

During the year, the number of trustees appointed from the Standard Life Aberdeen group reduced to two, as Graeme McEwan stepped down from his role in the company. Graeme McEwan was reappointed as an independent trustee. The Board also co-opted Jeff Hayes to the Finance, Investment and Risk Committee, bringing valuable skills and experience to further strengthen the Committee.

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 of their time freely and receive no remuneration for their time other than the reimbursement of expenses (see Note 5 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 (SLA). 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. 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 changed during the year from Aberdeen Standard Investments (ASI) to Aberdeen Standard Capital (ASC). In order to retain appropriate expertise, ASI remains involved in some aspects of portfolio management. Both ASI and ASC 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 acted in the Foundation's interests.

Funding

The Foundation received a 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. The Foundation invested the donated sums in order to generate investment income, which is used to fund the charitable activities and ongoing costs of the Foundation.

Further information on investment policy and performance is given on pages 14-16. 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.

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.

Financial performance in the year

Financial review

The Foundation generated a net surplus and increase in funds during the period of £6,967,252 (2018: net deficit and decrease in funds of £4,615,131). Investment income and a charitable donation (including donated services) of £683,575 (2018: £99,535) was offset by expenditure on the cost of raising funds of £319,538 (2018: £360,101) and expenditure on charitable activities of £835,355 (2018: £375,922).

The Foundation also recognised net gains on invested assets of £7,438,570 (2018: net losses of £3,978,643) during the year. The financial performance of the investment reflects the general market upturn from the challenging conditions faced in 2018.

During the year the Foundation awarded £1,317,000 in grants over two funding rounds in the period. Due to performance related or other obligations placed on various grant recipients, £894,000 of pledged grants are retained off balance sheet.

At 31 December 2019 the Foundation had total unrestricted funds of £85,418,216 (2018: £84,293,778), and £2,248,985 (2018: (£3,593,829)) within its revaluation reserve. The Foundation has no restricted funds and no amounts were designated or otherwise committed at 31 December 2019 or 31 December 2018.

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.

During 2018 the following investment objectives were agreed with the Board:

- To grow the capital value of the endowment 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.

A detailed investment policy was finalised during 2019 to underpin these objectives.

Whilst the Foundation's endowment is not permanent, the aim is to preserve the capital value of the endowment in real terms, maximising the amount available for its charitable activities. 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 the form of investment return. The endowment is invested in a diversified portfolio that 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%.

An outcome of the development of the investment policy was to move management of the investments to Aberdeen Standard Capital (ASC), and there was much work undertaken throughout the year to achieve this. The move drew on ASC's charity sector expertise, as well as the active management of the endowment in order to maximise the total investment return. ASC is now responsible for the overall portfolio asset management, tactical asset allocation, individual stock selection, ethical screening and reporting and administration. Aberdeen Standard Investments (ASI) provides ASC with strategic asset allocation and management of certain specialist asset pools.

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.

As the funds are held as an expendable endowment, the Foundation does not operate a reserves policy, but manages the balance between short and long term financial objectives through its grant-making and investment policies. All investments made on behalf of the Foundation have good liquidity, which allows the Foundation to settle its liabilities as they become due as the Foundation holds minimal cash in order to maximise its investment return. The Foundation also has a non-interest bearing bank account.

Investment performance

Investment gain for the year ended 31 December 2019 was £7,438,570 (2018: loss on investment of £3,978,643). This was gross of investment management fees of £319,538 (2018: £360,101).

The Finance, Investment and Risk Committee reviews the investments regularly and reports to the Board on performance.

Global markets fell in 2020 as a result of the Covid-19 pandemic and remain volatile at the time of writing. Markets remain unpredictable as they respond to the economic implications of the broad reaching shut-down of countries including the UK, and the ongoing uncertainty as to when economic activity will return to normal. The Foundation's investment is currently sitting at £84,720,081 (1 June 2020). While there has been a material decrease in the value of the Foundation's investment, it is worth noting that the portfolio reacted more positively than others as a result of the diverse asset allocation which was set out in the investment policy agreed in 2019.

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 will also be funding 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 will wish to engage in discussion with its investment managers on particular ESG issues and discuss relevant action to be taken (whilst recognising that this approach is not always feasible for pooled funds and instead take whatever possible action to mitigate any ethical and responsible concerns).

During 2020, the Foundation intends to review funding of social investments. These investments (sometimes known as mission related or programme related) deliver a financial return and a social impact which contributes towards meeting the Foundation's charitable objectives.

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 2019, a detailed risk management policy and framework was drawn up, 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 policy and risk register was discussed at the Finance, Investment and Risk Committee and agreed by the Board in early 2020.

The principal risk faced by the Foundation lies in the performance of its investments. Significant investment losses would impact on the Foundation's ability to fund charitable activity. A number of steps were taken throughout the period to ensure that this risk is appropriately managed. These include:

- A new investment policy was drawn up with asset allocations and limitations agreed;
- New investment managers were appointed due to the change in asset allocation, and to draw on appropriate expertise for the sector;
- Sufficient range were built into the asset allocation to allow the investment manager scope to increase or decrease asset holdings to take account of market conditions;
- Regular reviews are 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 report regularly on investment performance, with on-going market updates;
- A new member was co-opted onto the Finance, Investment and Risk Committee drawing on significant investment experience in the charity sector.

Moreover, the Foundation recognises that all asset classes carry risk and volatility, some significantly more than others. However, it has a long-term approach in relation to its investments and recognises that there will be high levels of volatility over the short-term.

It is recognised that systems can only provide reasonable assurance that major risks have been adequately managed.

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.

The exercise in revising the risk management policy and framework has reflected the strength of the underlying controls and mitigating measures in the Foundation. However the systems for managing risk will continue to be monitored, and updated where necessary, going forward into 2020, especially to take account of the pandemic.

Brexit

The Foundation has considered the impact of Brexit and does not consider there to be any material impact on the financial statements during 2020 and beyond. Recipients of grant funding awarded by the Foundation are UK based. Brexit is not expected to have a significant impact on the structure or operations of the Foundation.

Plans for the future

The coming year will see a continuation of our three year strategic plan and to respond to issues arising from the pandemic.

The Foundation's funding activities are expected to expand, and we have budgeted £2.5million for grants expenditure during 2020. We will continue to fund organisations who share our vision to improve living standards, and particularly so in areas where there has been less focus to date (including retirement savings, consumer spending and problem gambling); as well as immediate and medium-term issues relating to the pandemic (including wages, social security, savings and the cost of living).

Given the nature of the projects we fund, many of the projects supported will not come to fruition for some time after the funding is awarded. We will actively engage with the organisations we fund, adding value where we can. We will also continue our engagement with a wide range of stakeholders including amongst politicians, policy makers, regulators, employers and civil society. We are keen to work in partnership with others and over the year will forge new alliances and collaborations.

During 2020 we expected to launch a number of research reports alongside the organisations we fund. This included the first wealth audit of the UK with the Resolution Foundation, pay ratio reporting of FTSE 350 companies with the High Pay Centre and greater understanding of public attitudes on taxation with Demos. However, it is likely that some of these projects will be impacted by the pandemic, particularly in relation to the fieldwork they were hoping to undertake. We will work with our partners and offer a flexible approach to timelines and reporting requirements. We expect some good progress on developing policies and partnerships to improve living standards in Scotland with IPPR. Our work with the Jubilee Debt Campaign will focus on increasing the voice of people and families affected by debt, ensuring they are engaged in the development of solutions to this problematic issue. We hope to see this movement grow across a number of cities around the UK.

Our funded work will expand our communications activity, ensuring key findings and insights are shared with relevant audiences.

We will review our funding portfolio towards the end of 2020 and embark on a full review of our strategy in the latter half of 2021. We will also consider during the year how we monitor and evaluate the activities we fund and share learning. During 2020 we planned to bring together many of our grantees to share expertise and knowledge and build connections and will review how best to take this forwards.

We will continue to ensure the high standard of portfolio management alongside our investment managers, focussing on producing the necessary returns for the Foundation to continue undertaking its charitable activities. More likely this will be a focus on reducing losses given the severe economic downturn we are now experiencing. The upcoming year will also include work on the cash flow of the organisation to ensure that Foundation assets are being effectively invested, balanced against the need for short-term liquidity to pay grant instalments. Social investments and further ethical considerations (including those related to climate change) will be reviewed as a continual monitoring of the investment policy.

At the start of 2020 we felt we were in a strong position to realise our vision. We still feel that is the case though the year ahead is challenging and rapidly changing. We look forward to reporting further on our progress in the upcoming year.

Approved by order of the Board of Trustees on 17 June 2020 and signed on its behalf by:



.....
Alistair Darling, Chair

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

The trustees 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 excess of expenditure over income 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 2020 and signed on its behalf by:



.....
Alistair Darling, Chair

Independent auditor's report to the trustees and member of Standard Life Foundation

We have audited the financial statements of Standard Life Foundation ("the charitable company") for the year ended 31 December 2019 which comprise the statement of financial activities (including income and expenditure account) for the year ended 31 December 2019, balance sheet for the year then ended, statement of cash flows for the year then ended, and related notes.

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 2019 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

Other information

The trustees are responsible for the other information, which comprises the chair's statement and the trustees' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 the other information;
- In our opinion the information given in the trustees' report is consistent with the financial statements; and
- In our opinion that report has 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; or
- The trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 19, 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.

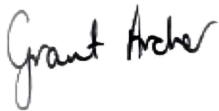
Auditor's responsibilities

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.

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 charity'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 charity'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 charity, 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 2020

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 2019

	Note	Unrestricted 2019 £	Unrestricted 2018 £
Income:			
Donations and legacies	1	75,147	99,082
Investment income	2	608,428	453
Total income and endowments		683,575	99,535
Expenditure on:			
Raising funds	3	319,538	360,101
Charitable activities	4	835,355	375,922
Total expenditure		1,154,893	736,023
Net gains / (losses) on investments	8	7,438,570	(3,978,643)
Net income and net movement in funds for the year		6,967,252	(4,615,131)
Reconciliation of funds:			
Total funds brought forward at 1 January		80,699,949	85,315,080
Total funds carried forward at 31 December	13	87,667,201	80,699,949

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 26 to 36 form an integral part of these financial statements.

Balance Sheet as at 31 December 2019

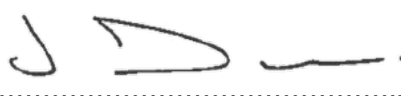
	Note	2019 £	2018 £
Fixed assets			
Investments	8	86,719,797	78,915,242
Total fixed assets		86,719,797	78,915,242
Current assets			
Debtors	9	85	4,204
Investments	8	858,750	1,960,475
Cash at bank and in hand		696,618	8,099
Total current assets		1,555,453	1,972,778
Liabilities			
Creditors: amounts falling due within one year	10	522,549	188,071
Net current assets		1,032,904	1,784,707
Creditors: amounts falling due after more than one year	10	85,500	-
Total net assets		87,667,201	80,699,949
Total funds of charity:			
Unrestricted funds	13	85,418,216	84,293,778
Revaluation reserve	13	2,248,985	(3,593,829)
Total unrestricted income funds	13	87,667,201	80,699,949

The accounting policies and notes on pages 26 to 36 form an integral part of these financial statements

Approved by order of the Board of Trustees on 17 June 2020 and signed on its behalf by:



Alistair Darling
Chair



James Daunt
Chair of Finance, Investment and Risk Committee

Statement of Cash Flows for the year ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities		(655,649)	(650,621)
Cash flows from investing activities:			
Proceeds from sale of investments	8	87,409,696	652,000
Purchase of investments	8	(86,673,956)	(2,000)
Dividends and interest income from investment		608,428	
Net cash provided by investment activities		1,344,168	650,000
Change in cash and cash equivalents in the year		688,519	(621)
Cash and cash equivalents at the beginning of the year		8,099	8,720
Cash and cash equivalents at the end of the year		696,618	8,099

The accounting policies and notes on pages 26 to 36 form an integral part of these financial statements

Notes to the Statement of Cash Flows for the year ended 31 December 2019

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

	2019 £	2018 £
Net income/(expenditure) for the year (as per the statement of financial activities)	6,967,252	(4,615,131)
Adjustments for:		
(Gains)/losses on investments	(7,438,570)	3,978,643
Dividends and interest income from investment	(608,428)	
Decrease / (increase) in debtors	4,119	(142)
Increase/(decrease) in creditors	419,978	(13,991)
Net cash (used in)/provided by operating activities	(655,649)	(650,621)

2. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank	696,618	8,099
Total cash and cash equivalents	696,618	8,099

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

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 2016) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006.

The Foundation meets the definition of a public benefit entity under FRS 102 and does not hold any endowment funds. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

(b) Going concern

As part of the going concern assessment, the impact of Coronavirus (Covid-19) was considered on the Foundation including reasonably possible downside scenarios. Please refer to note 15 for further information. The trustees consider that there are no material uncertainties about the Foundation’s ability to continue as a going concern 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

Donations and investment income are recognised in the Statement of Financial Activities 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

Expenditure is accounted for on an accruals basis.

Support costs comprise of costs associated with the management and administration of the Foundation and include staff costs. 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 a cost of raising funds.

All costs are inclusive of irrecoverable VAT where applicable.

(e) Grants

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

Unrestricted income funds are funds which are available for use at the discretion of the trustees in furtherance of the objectives of the Foundation. The Foundation does not have restricted funds.

(g) Investments

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 included within the Statement of Financial Activities in the year in which they arise. Realised gains and losses on investments are calculated as the difference between net sales proceeds and opening market value. Unrealised gains and losses on investments within the revaluation reserve represent the difference between the valuation at the balance sheet date and historic cost. Any gains or losses on revaluation or disposal are combined in the Statement of Financial Activity.

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 Statement of Financial Activities.

Other investment income, including dividends or interest, is recognised in the Statement of Financial Activities when they are receivable and the amount can be measured reliably.

(h) Taxation

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

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

(j) Creditors

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

	2019 £	2018 £
Donated services and facilities	75,147	99,082
Total donations and legacies	75,147	99,082

Donated services and facilities in 2019 and 2018 relate to the provision of facilities and services by Standard Life Aberdeen plc. The donated facilities relate to office space provided for the Foundation's staff which was valued at £26,372 (2018: £32,578) and IT support costs of £48,775 (2018: £25,032). There were no other costs in 2019 (2018: £41,472).

2. Investment income

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

	2019 £	2018 £
Dividend income	545,565	-
Interest income	62,863	453
Total income from investments	608,428	453

3. Expenditure on raising funds

		2019 £	2018 £
Investment management fees	14	319,538	360,101
Total expenditure on raising funds		319,538	360,101

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 11 of the trustees' report. Grant expenditure has been disclosed below by funding programme.

Funding programme	Note	Grants £	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
Total grants awarded	5	423,000	58,323	481,323
Other support costs	5	-	354,032	354,032
Total charitable activities		423,000	412,355	835,355

The comparative for 2018 was:

Funding programme	Note	Grants £	Support Costs £	Total 2018 £
Spending (University of Bristol)		24,975	13,661	38,636
Total grants awarded	10	24,975	13,661	38,636
Other support costs	5	-	337,286	337,286
Total charitable activities		24,975	350,947	375,922

Support costs of £58,323 (2018: £13,661) have been allocated to specific grants made in the year. During the year additional costs of £354,032 (2018: £337,286) 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.

£50,483 of our grant commitments were paid out in the year. The table below shows the movement in recognised grant commitments.

Movement in recognised grant commitments	Note	2019 £	2018 £
Grant commitments recognised at 1 January	10	17,483	24,050
Grants charged to the Statement of Financial Activities		423,000	24,975
Grants paid during the year		(50,483)	(31,542)
Amount of grant commitments recognised as at 31 December	10,11	390,000	17,483

Total grant commitments consist of grants that have been awarded during the year but have not yet been fully paid. 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 table sets out the Foundation's total grant pledges during the year. 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 and all grants awarded in 2019 will be paid within three years. No grants were classed as contingent in 2018.

Notes to the financial statements *continued*

Funding programme	Grant commitments at 01.01.19	Total grants awarded in period	Grants paid out in period	Total grant commitment at 31.12.19	Total grant commitment recognised at 31.12.19	Total contingent grant commitment at 31.12.19
	£	£	£	£	£	£
Income		642,000	(21,000)	621,000	260,000	361,000
Spending	17,483	388,000	(29,483)	376,000	63,000	313,000
Assets		287,000	-	287,000	67,000	220,000
Total	17,483	1,317,000	(50,483)	1,284,000	390,000	894,000

5. Support costs

	Note	Total 2019 £	Total 2018 £
Staff costs	7	302,747	209,385
Donated services and facilities	1	75,147	99,082
Governance costs		13,606	29,205
Travel and accommodation- staff		14,582	10,790
Marketing and communications		4,004	-
Office costs and other		2,269	2,485
Total support costs		412,355	350,947

In both 2018 and 2019, all support costs relate to charitable activities. The breakdown of governance costs in the year is as follows:

	2019 £	2018 £
Legal costs	-	16,450
Auditor remuneration	5,000	4,720
Trustees' indemnity insurance	5,245	5,885
Trustee expenses	3,361	2,150
Total Governance costs	13,606	29,205

Legal fees in 2018 were primarily incurred in relation to establishing terms and conditions for the awarding of research grants and therefore were allocated fully to charitable activities.

6. Trustees' remuneration

No trustee received any emoluments or benefits in kind during the year (2018: £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 2019 in respect of trustee expenses was £3,361 (2018: £2,150) and is included within Governance Costs (see note 5). The number of trustees reimbursed during the year was six (2018: seven).

Notes to the financial statements *continued*

7. Staff costs

All staff costs are expenditure on staff working for the Foundation whose employment contracts are with 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 are seconded to the Foundation, to whom their employment costs, including contributions to a defined contribution pension scheme, are charged.

	2019 £	2018 £
Wages and salaries	239,440	132,724
Contractor costs	-	41,730
Social security costs	20,957	12,626
Pension contributions	35,954	19,632
Other employee benefits	6,396	2,673
Total staff costs	302,747	209,385

The Foundation has a small staff team. At 31 December 2019 there were five staff, two of whom worked part-time (4.4 FTE). The comparison for 2018 was: three staff, one of whom worked part-time (2.6 FTE).

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, excluding employer pension costs, totalled £87,609 during 2019 (2018: £60,376).

One employee received a full-time equivalent salary, plus benefits in kind of more than £60,000 per annum in 2019 (2018: none).

Salary band	No of employees 2019	No of employees 2018
£80,000-£90,000	1	-

8. Investments

	2019 £	2018 £
Market value at beginning of year	80,875,717	85,504,360
Acquisitions	86,673,956	2,000
Distributions from investments	1,103,631	741,358
Disposal proceeds	(87,409,696)	(652,000)
Net gain / (loss) on revaluation	6,334,939	(4,720,001)
Market value at end of year	87,578,547	80,875,717

Notes to the financial statements *continued*

Represented by	2019	2018
	£	£
Equity	48,198,889	-
Investment funds	35,138,351	80,875,717
Debt securities	4,241,307	-
Market value at end of year	87,578,547	80,875,717

Standard Life Foundation moved investment manager on 23 August 2019 from Aberdeen Standard Investments to Aberdeen Standard Capital. Please refer to the trustees' report for further detail. The acquisitions and disposals reflect this movement of fund manager.

Investments have been diversified from equity instruments in pooled investment funds which were held in the first half of the year, to investment securities comprising equities, pooled investment funds and debt securities in the second half of the year.

Investments in equity securities, pooled investment vehicles and government bonds total £84,946,335 at 31 December 2019 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 £2,632,212 at 31 December 2019 and these are classed as level 2 investments. Level 2 investments are measured using inputs other than quoted 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). Investments totalling £80,875,717 at 31 December 2018 were held as level 1 pooled investment vehicles.

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 gain / (loss) on revaluation includes both unrealised and realised gains and/or losses arising on the holdings in the funds. Net gain on revaluation of investment assets of £6,334,939 (2018: net revaluation loss of £4,720,001) relate to unrealised gains of £5,842,814 (2018: unrealised losses of £4,720,001) during the year and realised gains on sale of investments of £492,125 (2018: nil).

Distributions from investments of £1,103,631 (2018: £741,358) consist of accumulation dividends received during the year. The accumulation dividends have been presented within 'Net gains / (losses) on investments' in the Statement of Financial Activities aggregated with the net gain of £6,334,939 (2018: loss of £4,720,001).

Included within investments of £87,578,547 (2018: £80,875,717) is £858,750 (2018: £1,960,475) of current asset investments. This relates to an investment in a liquidity fund.

9. Debtors: amounts falling due within a year

	2019	2018
	£	£
Prepayments	-	2,772
Accrued income	85	1,432
Total debtors	85	4,204

Notes to the financial statements *continued*

10. Creditors: amounts falling due within a year

	2019 £	2018 £
Grants awarded and payable	304,500	17,483
Due to auditor (see note 12)	5,000	4,920
Due to related parties (see note 14)	213,049	165,668
Total creditors due within a year	522,549	188,071

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

	2019 £	2018 £
Grants awarded and payable	85,500	-
Total creditors due after more than one year	85,500	-

12. Auditor remuneration

	2019 £	2018 £
Accrued fees payable to the Foundation's auditor	5,000	4,920
Auditor remuneration	5,000	4,920

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

13. Movements in funds during the year

	Unrestricted income funds £	Revaluation reserve £	Total unrestricted fund £
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/(losses) 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
31 December 2019	85,418,216	2,248,985	87,667,201

Notes to the financial statements *continued*

	Unrestricted income funds £	Revaluation reserve £	Total unrestricted fund £
1 January 2018	84,188,908	1,126,172	85,315,080
Additions at cost	2,000	–	2,000
Distributions from investments	741,358	–	741,358
Sale of investments	(652,000)	–	(652,000)
Net gains/(losses) on investments	–	(4,720,001)	(4,720,001)
Increase in debtors	142	–	142
Decrease in creditors	13,991	–	13,991
Decrease in cash and cash equivalents	(621)	–	(621)
31 December 2018	84,293,778	(3,593,829)	80,699,949

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, as well as staff costs totalling £302,747 (2018: £209,385) for the year are then invoiced to the Foundation on a quarterly basis. At the end of the period, amounts owed to Standard Life Employee Services Limited were £90,243 (2018: £76,464).

The Foundation appointed Aberdeen Standard Capital (a subsidiary of Standard Life Investment (Holdings) Limited; in turn a subsidiary of Standard Life Aberdeen plc) as investment manager during the period. Prior to this, the Foundation's investments were managed by Aberdeen Standard Investments; also a subsidiary of Standard Life Aberdeen plc. Investment management fees incurred during the year in total were £319,538 (2018: £360,101). At the end of the period, amounts owed to Aberdeen Standard Capital were £122,806 (2018: £89,204) in respect of investment management fees.

15. Subsequent event

Global markets fell in 2020 as a result of the Covid-19 pandemic. Markets remain unpredictable as they respond to the economic implications of the broad reaching shut-down of countries including the UK, and the ongoing uncertainty as to when economic activity will return to normal. The Foundation's investment is currently sitting at £84,720,081 (1 June 2020). This has been classed as a non-adjusting post balance sheet event. Further information on the Covid-19 pandemic and the steps the Foundation is taking can be found in the trustees' report.

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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