



Annual Report and Accounts

FOR THE YEAR ENDED 31 DECEMBER 2022

ANDREW CARNEGIE HOUSE
PITTENCRIEFF STREET
DUNFERMLINE
FIFE KY12 8AW
www.carnegieuk.org.uk

The Carnegie United Kingdom Trust
Incorporated by Royal Charter 1917
Registered Charity No: SC 012799 operating in the UK
Registered Charity No: 20142957 operating in Ireland

Trustees, Staff and Advisers

Honorary President

William Thomson CBE (until December 2022)

Trustees

Sir John Elvidge KCB (Chair) (until September 2022)

David Emerson CBE (Chair) (from September 2022)

Willie Campbell

Dr Colin Firth

Jane Livingstone (until March 2022)

Megan Mathias MBE

George Murray

Janet McCauslin MBE (until December 2022)

Aideen McGinley* OBE (Vice Chair) (Convener of the Audit and Risk Committee)

Christine McLaughlin* (Convener of the Finance and Corporate Services Committee)

William Perrin* OBE

Mike Reid*

Fiona Robertson* (until June 2022)

Professor Mark Shucksmith OBE

Albert Tucker*

**Audit and Risk Committee Members*

Chief Executive

Sarah Davidson CB

Staff

Amy Baker – Policy and Development Officer (from April 2022)

Georgina Bowyer - Policy and Development Officer (until February 2022)

Pippa Coutts - Policy and Development Manager (until November 2022)

Anna Grant - Senior Policy and Development Officer (until August 2022)

Rachel Heydecker - Policy and Development Officer

Stuart Mackinnon – Head of Communications (from August 2022)

Alison Manson - Senior Corporate Services Officer

Rebecca Munro - Senior Corporate Services Officer

Hannah Paylor – Policy and Development Officer

Jenny Peachey - Senior Policy and Development Officer (Maternity Leave until March 2022)

Liz Pullar - Finance Officer

Lucy Smith - Head of Corporate Services

Lauren Speed - Events and Communications Officer

Barbora Staňková – Policy and Development Officer (Temporary contract November 2021 – June 2022)

Steven Thompson - Head of Governance, Finance and Risk

Ben Thurman – Senior Policy and Development Officer

Jennifer Wallace - Director

Douglas White – Director (until October 2022)

Trustees, Staff and Advisers (cont)

Carnegie Associates

Katie Pekacar
Maeve Walsh

Advisers

External Auditor

Chiene + Tait LLP Trading as CT

Investment Managers

Sarasin & Partners LLP

Legal/Professional Advisers

Lindsays LLP
Anderson Strathern LLP
Mason, Hayes and Curran LLP

Pension Advisers

LEBC Group

Public Affairs/Relations

Grayling (UK) Scotland

HR Advisers

Magenta HR (until August 2022)
EVH Limited (from September 2022)

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2022

The Trustees present their report with the accounts of the Trust for the year ended 31 December 2022. The accounts have been prepared in accordance with the accounting policies set out on pages 19 to 21 and comply with the Royal Charter 1917, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009 and the 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) (Second Edition – October 2019).

Introduction

The Carnegie United Kingdom Trust was set-up as an independent not-for-profit foundation in 1913, through an initial endowment of \$10m, donated by the philanthropist Andrew Carnegie, who was born in Dunfermline. The Trust was incorporated by Royal Charter in 1917 and is a registered Charity; No: SC 012799 operating in the UK and No: 20142957 operating in Ireland.

The work of the Trust is non-partisan and dedicated to improving the wellbeing of the people of the UK and the Republic of Ireland and is one of over twenty Carnegie foundations and institutes worldwide. The Trust has a strong commitment to the exchange of ideas within the jurisdictions of the UK and Republic of Ireland.

The Aims of the Trust

The remit of the Trust (Carnegie UK) has been the same since it began in 1913, although the approach has changed over time in line with our Founder's encouragement to update our methods to meet the needs of the day. We no longer take unsolicited grant applications, but are an operating foundation, using our resources to fund policy, practice and advocacy work, seeking to build partnerships with other organisations for specific pieces of work.

The Trustees are committed to a regular review of the work of the organisation and planning its future work. There is a five-year planning cycle. One of the strengths of Carnegie UK is commitment to a thoughtful and proportionate planning process, while retaining the flexibility to respond to particular issues, which may arise during the period of the plan.

Carnegie UK's Strategic Plan for 2021-2025 continues our work as an operating Trust.

Over the coming years, we intend to:

- Tackle issues that threaten aspects of wellbeing
- Put wellbeing at the heart of decision-making
- Learn about wellbeing and about how change comes about.

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2022

Carnegie UK's work in 2022

The broader financial context for Carnegie UK's work in 2022 is set out below in the Financial Review. Through careful planning, we continued to develop and deliver our Strategic Plan 2021-25 with a focus on impact. Our progress during the year is set out below, organised by type of activity. All our published reports are available on our website at www.carnegieuktrust.org and video output available on our You Tube Channel <https://www.youtube.com/c/CarnegieUK/videos>.

Exit Activity

We have now completed all exit work from our 2016-20 Strategic Plan (as previously reported this was delayed due to the impact of the pandemic on many of our partner organisations).

Embedding Wellbeing in Northern Ireland: To close our programme of work in Northern Ireland, we invited expert panellists and keynote speakers to discuss wellbeing and to answer the key question: What kind of Northern Ireland do we want? The event was held on the 3rd of February 2022 using an online format. We received positive feedback from those who attended and were pleased that despite the political instability we were able to secure representatives from 5 out of the 6 parties for the political panel.

Engaging Libraries: In March 2022, we launched a new toolkit for library staff with all the key resources and learning from the programme, hosted by Libraries Connected, the sector development body. We are very pleased with this sustainable legacy for the programme.

Better Way: Carnegie UK helped establish and supported A Better Way network for several years, both financially and in kind (providing a range of support for network management and events management). In 2021, we provided a grant to ensure a positive transition, including looking for alternative sources of funding and ensuring GDPR compliance in moving the network database from Carnegie UK to Civil Exchange. The transition period came to an end on 31st March 2022.

Automating Public Services: In September 2022, the final report was published by the Data Justice Lab and Carnegie UK supported by Western University's Faculty of Information and Media Studies. The research found that governments and agencies are trying to use technologies to cut costs but that this provokes concerns about privacy, security, transparency, and accountability.

Affordable Credit: We submitted an options appraisal for the future of Affordable Credit in Scotland to the Cabinet Secretary for Social Justice. We received a positive response, with the Scottish Government committing to opening discussions with Fair4All Finance and Social Investment Scotland about a new approach to affordable credit investment and development in Scotland.

Digital Ethics: With funding from Scottish Government, we worked with Involve to deliver a public participation programme which explored citizens' views on what an ethical digital Scotland would look like. We completed the final public sessions in summer 2021 and the final report was published in November 2022.

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2022

Carnegie UK's work in 2022 (continued)

Technology and Good Work: As part of the conclusion of our Fulfilling Work theme, we supported CIPD to publish a new resource for their members on how businesses can responsibly invest in technology to support good work.

Delivery Programmes

In 2022, the majority of our resources were concentrated on the delivery of the following programmes:

Gross Domestic Wellbeing (GDWe): On 20th January 2022 we published our latest report on GDWe: A spotlight on democratic wellbeing. The report used polling data from YouGov to demonstrate that democratic wellbeing in England is under threat, with loss of trust and corruption identified as threats to democracy. To support the release, the programme team worked with Campaign Collective – a PR and Communications social enterprise. The team then used our exploratory model to carefully consider the next steps to secure impact from the index. This included a review of associated literature and stakeholder interviews. The programme will be relaunched in 2023.

Online Harms: Carnegie UK has undertaken a substantial body of work over the past 4 years to contribute to the development of new UK legislation to tackle online harm. The Online Safety Bill was introduced to Parliament in March 2022. We were pleased to note that a number of the proposals we had made to improve the draft Bill were addressed by the UK Government in that iteration. However, there were other aspects of the Bill that we still had concerns about, and a number of areas where we felt the Bill could be strengthened further to protect collective wellbeing. We have worked in partnership with our network of civil society partners to seek to bring amendments to the Bill. We have given written and oral evidence to the Parliamentary Bill Committee; we maintain a dialogue with the civil service Bill team; and we work with Parliamentarians from across the political parties. Our work is regularly cited by Parliamentarians in committee sessions and debates. The team made a distinctive contribution by articulating the precise legal effect of contentious provisions in the Bill and openly publishing these on our website through a series of blogs.

Strategic Advocacy: As an operating Trust, we carry out several activities that relate to the promotion of evidence and policy development around collective wellbeing. During 2022, we kept a channel of engagement open with the wellbeing approach in Northern Ireland; engaged with the Health Foundation-funded Review on Health Inequalities in Scotland; provided expert advice to the Office for National Statistics review of their National Wellbeing Dashboard; and engaged with the 2022-23 Review of the Scottish National Performance Framework. In late 2022, we commissioned two 'foundational' reviews relating to collective wellbeing. The first is a review of all Carnegie UK findings and recommendations over the past 10 years, the second is an academic review of evidence relating to collective wellbeing. Findings from both will be published in 2023.

Wellbeing Framework for the North of Tyne: In January 2022, the North of Tyne Cabinet formally approved the Wellbeing Framework for the North of Tyne (produced in collaboration with Carnegie UK) and the recommendations made by the Carnegie

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2022

Carnegie UK's work in 2022 (continued)

Roundtable. The programme was featured on BBC Look North and the BBC Politics Show. We continued to support the North of Tyne Combined Authority, and their partners, by developing baseline data on wellbeing for the region and communicating the framework within the region and to a wider community of interest. We commissioned and published an evaluation of the roundtable in the North of Tyne and have continued to work with the evaluation team at Northumbria University to produce guidance for other local, regional and devolved governments interested in the approach which will be published in 2023.

Wellbeing and Cultural Creatives in Ireland: In late 2022, the team began working in partnership with the Wellbeing Economy Alliance Ireland hub (WEAll Ireland) to build a prototype community of practice; its aim is to use arts and creative practices to grow the wellbeing movement and support a wellbeing approach to government. This pilot phase will conclude in mid-2023.

Organisational Development

As we emerge from a period of organisational change, we have continued to commit resources to modernisation and change within Carnegie UK. This includes:

Diversity, Equity and Inclusion: We worked closely with a learning partner who has helped us to explore our role in realising a "liberated" society, where everyone is equal and included. Along with other members of the Foundations for Social Justice network, we are supporting a piece of research exploring how to reflect racial justice in investing practice which we hope will be of use to organisations in our sector and beyond. We look forward to embedding our learning in our own practices in 2023.

Impact Learning: We continued to improve our practice on understanding our impact and embedded our new approach into our programme management processes. We were supported through this by consultants from Lucent. We published our learning in Preserve, Grow, Compost that shares our reflections from the process of creating the new impact learning framework. We also continued our development of learning governance with Trustee sessions supported by IVAR.

Climate: We continued to implement operational improvements in line with our commitment as a signatory to the Funder Commitment on Climate Change. Changes that have been made have resulted in an 80% reduction in estimated carbon emissions from the baseline year of 2019. Significant impacts have been made in reducing emissions from travel, energy use and paper use. We have also invested in our own learning about climate and ecology and in embedding these perspectives in our policy and programme work.

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2022

Financial Review

Overview

In 2022, Carnegie UK's Investment Portfolio continued to be restructured under our global total return approach to investments in line with our Statement of Investment Policy and our Strategic Asset Allocation Policy, targeting a performance of CPI + 4.5%. This has resulted in in-year disposals of Fixed Income Investments and UK Equities with the proceeds all invested into Global Equities.

Income in 2022 was £0.89million (*£1.51million – 2021*) and overall expenditure was £2.24million (*£2.13million – 2021*). The resultant deficit of £1.34million was budgeted for and funded under Carnegie UK's Total Return Policy, through an approved capital drawdown from the Short Term Reserve to Unrestricted Funds and the utilisation of existing Restricted Fund and Endowment Fund Reserves.

Following the year end, Carnegie UK was informed by Social Investment Scotland, who manage the Affordable Credit Fund into which Carnegie UK made a £1m Social Investment, that one of the organisations within the Fund had been experiencing significant financial difficulties to the extent that a provision for bad debts of £134k has been made. For further information see note 14 on page 33.

Income

Total income for 2022 was £0.89 million (*£1.51 million – 2021*). Unrestricted Fund Income totalled £0.88 million (*£1.11 million – 2021*). Restricted Fund Grant Income was received of £11k (*£263k – 2021*). There was no Restricted Fund Partnership Funding received in 2022 (*£143k – 2021*).

Expenditure

Expenditure for 2022 was £2.24 million (*£2.13 million – 2021*). Carnegie UK expended £1.73 million from Unrestricted Funds (*£1.62 million – 2021*) with £1.66 million (*£1.58 million – 2021*) expended directly on its Charitable Activities of which £70k (*90k – 2021*) related to Unrestricted Grant Payments. The main area of expenditure was Policy and Development activities £1.52 million (*£1.39m – 2021*).

Carnegie UK expended £263k (*£469k – 2021*) from Restricted Funds with £217k (*£296k – 2021*) expended on specific Policy and Development projects and further Restricted Fund Grant Payments of £46k (*£173k – 2021*) being made.

Net expenditure before Gains/(Losses) on Investments for the year was £1.34million (*£623k – 2021*). This was a planned deficit funded from a capital drawdown approved by Trustees from the Investment Portfolio Short Term Reserve, a fund originally set up in November 2014 to support the strategic planning process and its total return approach to investments and the utilisation of existing Restricted Fund and Endowment Fund Reserves.

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Report of the Trustees for the year ended 31 December 2022

Financial Review (continued)

Investment Policy and Performance

2022 is the first full year with our new Investments Manager Sarasin and Partners LLP, who have a remit to grow both Capital and Income from the Investment Portfolio, through taking a fully global total return approach.

The main risk to the level of income received and the market value of Carnegie UK's Investments is the volatility of financial markets. Carnegie UK mitigates investment risk through its Statement of Investment Policy and delegates investment decisions to Sarasin and Partners LLP, within agreed investment objectives, asset allocations and performance benchmarks, set by Carnegie UK.

The Finance and Corporate Services Committee reviews investment performance against an agreed set of performance benchmarks on a quarterly basis and reports directly back to the Board of Trustees at their quarterly meetings and overall Trustees are content with the performance of the Investment Portfolio in 2022 as measured against its benchmarks.

The value of Carnegie UK's investments on 31 December 2022 were £37.97 million (*£43.80 million – 2021*). Income distributions relating to the Trust's investments in the year were £0.88 million (*£1.03 million – 2021*).

Carnegie UK continued to monitor the performance of its Investments and the Trust is well placed to support all activities due to the ongoing positive cash flow and reserves and as a consequence continues to be a going concern.

Grant Making Policy

Carnegie UK's charitable activities now focus on proactive initiatives capable of influencing public policy and social change. Grants awarded are based on competitive selection, where partners are identified to take forward demonstration and/or research commissioned by Carnegie UK to further its strategic work. The organisation no longer accepts unsolicited grant applications.

Reserves Policy

The Reserves policy set by Trustees is intended to retain sufficient operational expenditure in relation to its business continuity and contingency planning whilst also protecting Carnegie UK from unexpected fluctuations in income from its investment portfolio over its five-year strategic plan.

The Other Charitable Fund Reserve is an unrestricted fund, corresponding to sums accumulated from historical surpluses of income over expenditure which Trustees are free to use in accordance with the charitable objects of Carnegie UK.

The appropriateness, purpose and level of reserves is reviewed by Trustees annually reflecting on expenditure decisions made, future workplans, partnership working and future income and capital growth forecasts.

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2022

Financial Review (continued)

In addition to the Other Charitable Fund Reserve held at 31 December 2022 of £2.30 million (£2.46 million – 2021), Carnegie UK also held Restricted Funds of £46k (£297k – 2021) and Designated Funds of £1.28 million (£1.01 million – 2021).

Carnegie UK also holds an Endowment Fund which was originally gifted by Andrew Carnegie in 1913. The Value of this fund at 31 December 2022 was £37.59 million (£43.42 million – 2021). The income from this fund is treated as unrestricted.

Structure, Governance and Management

The Trustees of the Carnegie UK are responsible for the governance and strategy of the Trust. They are responsible for making sure that the Carnegie UK is administered effectively and can account for its activities and outcomes.

Twelve Trustees currently serve for a maximum of 9 years. The Board of Trustees keeps the skill requirements for the Trustee Body under regular review. Each new Trustee receives an induction meeting with the Trust Chair, Chief Executive and staff.

Trustees meet formally on a quarterly basis where they agree and oversee the broad strategy and areas of activity for Carnegie UK, within the context of the agreed Strategic Plan. The Board of Trustees agree annual budgets in line with work plans, which are then delegated to the Chief Executive and her Management team. Every five years the Trustees formally approve a Strategic Plan; the Carnegie UK Strategic Plan for 2021 -2025 was approved in August 2021 at a Special General Meeting.

Seven members form a quorum at each Board meeting. The Board appoints Standing Committees, which also meet regularly linked to the Board cycle:

- **Finance and Corporate Services (aka Executive) Committee** – members support the Board in their responsibilities regarding Carnegie UK financial, investment, staff and property matters.
- **Audit and Risk Committee** – members independently review systems of internal control with the assistance of Internal Auditors where necessary and oversee external audit procedures reporting to the Board. They also monitor risk and compliance.
- **Nominations Committee** – members oversee procedures for the succession planning of new Trustees and Committee composition, and the membership of periodic working groups established by the Carnegie UK. The Committee also assists with governance issues.

The terms of reference of each Committee are included in the Trust's Standing Orders.

Carnegie UK also uses additional working groups where required to oversee specific work relating to its Charitable Objectives.

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2022

Structure, Governance and Management (continued)

Carnegie UK considers its key management personnel to be the Trustees and the Senior Management Team. Trustees do not receive remuneration for their services. Members of Carnegie UK's Senior Management Team are each subject to regular performance and professional development appraisal and remuneration is approved at Board level.

Risk Management

The Audit and Risk Committee, reporting to the Board, oversees risk assessment and risk management. The Board accepts that if Carnegie UK is to achieve its charitable purposes it will have to take risks from time to time, particularly in specific policy areas. The Trustees have a duty to ensure that the Trust is financially sound and legislatively compliant and that it operates to high standards.

To manage risk effectively, the Board requires the Chief Executive to review the risks regularly with her Senior Management Team. The Audit and Risk Committee review the risk register at their meetings, reporting to the Board each December on their annual assessment. Trustees, in consultation with the Chief Executive, will assess the actions necessary to mitigate those risks and these will form part of the strategic and operational plan for the following year.

A new Risk Framework has been introduced in 2022 with all Senior Management Team members being risk owners of specific risks. Risk that are held in Carnegie UK's Risk Register fall under the following risk categories below and all risks are regularly reviewed by the Chief Executive and her Senior Management Team.

- Communications
- Delivery
- External Factors
- Financial
- Governance
- People
- Reputation
- Procurement
- Stakeholder and Partnerships
- Technology

As part of the new Risk Framework a heat map has been developed to assist Audit and Risk Committee members in identifying what the current key risks are to Carnegie UK and what mitigations are in place to manage these risks. There is also a "Deep Dive" into one of the Risk Categories at each Committee Meeting to allow Trustees to explore in more detail the risks within that category.

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2022

Statement of Trustees' Responsibilities

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

The law applicable to charities in Scotland requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Trust and of the income and expenditure of the Trust for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2009 and the provisions of the Royal Charter 1917. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Trust and financial information included on the Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Signed on behalf of the Trustees
David Emerson, Chair
Carnegie United Kingdom Trust

7 June 2023

Registered Charity Numbers:
Operating in UK SC 012799
Operating in Ireland 20142957
Incorporated by Royal Charter 1917

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CARNEGIE UNITED KINGDOM TRUST

Opinion

We have audited the accounts of The Carnegie United Kingdom Trust (the 'charity') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 December 2022, and of its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, the Charities Act 2009 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CARNEGIE UNITED KINGDOM TRUST

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Act 2009 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed overleaf:

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE CARNEGIE UNITED KINGDOM TRUST (continued)

We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates and considered the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Charities Act 2009 and 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).

We focused on laws and regulations that could give rise to a material misstatement in the charity's accounts. Our tests included, but were not limited to:

- agreement of the accounts disclosures to underlying supporting documentation;
- enquiries of the Chief Executive and the trustees;
- review of minutes of trustee meetings throughout the period;
- review of evidence provided by third parties to ensure the valuation of investments is not materially misstated;
- specific consideration was given to transactions with related parties; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the accounts or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the accounts, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

CT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

7 June 2023

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

The Carnegie United Kingdom Trust

Statement of Financial Activities

Year ended 31 December 2022

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	2022 Total £	2021 Total £
Income and Endowments from:						
Investments	2	876,050	-	-	876,050	1,028,724
Charitable activities	3	-	11,353	-	11,353	405,830
Other Trading Activities	4	5,490	-	-	5,490	77,097
TOTAL		881,540	11,353	-	892,893	1,511,651
Expenditure on:						
Raising funds	5	77,000	-	115,499	192,499	87,994
Charitable activities:	6					
Policy and Development		1,524,267	262,742	125,000	1,912,009	1,863,370
Charitable Initiatives		16,465	-	-	16,465	28,005
Other Charitable Activities		115,248	-	-	115,248	155,161
TOTAL		1,732,980	262,742	240,499	2,236,221	2,134,530
Net (Expenditure) before Gains/(Losses) on Investments		(851,440)	(251,389)	(240,499)	(1,343,328)	(622,879)
(Losses)/Gains on Investments						
Realised		-	-	(4,859,398)	(4,859,398)	3,160,925
Unrealised	13	-	-	228,553	228,553	1,641,617
Net (Expenditure)/Income		(851,440)	(251,389)	(4,871,344)	(5,974,173)	4,179,663
Transfer to unrestricted funds	17	961,000	-	(961,000)	-	-
Net Movement in Funds		109,560	(251,389)	(5,832,344)	(5,974,173)	4,179,663
Reconciliation of Funds:						
Total funds brought forward		3,469,989	297,435	43,424,912	47,192,336	43,012,673
Total funds carried forward		3,579,549	46,046	37,592,568	41,218,163	47,192,336

All activities relate to continuing activities.

The notes on pages 19 to 42 form part of these accounts

The Carnegie United Kingdom Trust

Balance Sheet

As of 31 December 2022

	Note	£	2022 £	£	2021 £
Fixed assets:					
Tangible assets	12		785,186		833,987
Investments	13		37,972,396		43,803,409
Social Investments	14		880,252		1,008,570
Total fixed assets			<u>39,637,834</u>		<u>45,645,966</u>
Current assets:					
Debtors	15	43,025		103,725	
Investments	22	797,005		794,915	
Cash at bank and in hand	22	<u>1,087,107</u>		<u>918,309</u>	
Total current assets		1,927,137		1,816,949	
Liabilities:					
Creditors: amounts falling due within one year	16	(346,808)		(270,579)	
Net current assets			<u>1,580,329</u>		<u>1,546,370</u>
Total net assets			<u><u>41,218,163</u></u>		<u><u>47,192,336</u></u>
The funds of the charity:					
Endowment funds	17		37,592,568		43,424,912
Restricted income funds	18		46,046		297,435
Unrestricted funds:	19				
Designated funds			1,281,732		1,007,110
Other charitable funds			<u>2,297,817</u>		<u>2,462,879</u>
Total charity funds	20		<u><u>41,218,163</u></u>		<u><u>47,192,336</u></u>

Approved by the Trustees on 7 June 2023 and signed on their behalf by:

DAVID EMERSON, Chair of Trustees

AIDEEN MCGINLEY, Convener of Audit and Risk Committee

The notes on pages 19 to 42 form part of these accounts

The Carnegie United Kingdom Trust

Statement of Cash Flows

Year to 31 December 2022

	Note	£	2022 £	£	2021 £
Net cash (outflow) from operating activities:	21		(1,156,157)		(725,233)
Cash flows from investing activities:					
Social Investments		128,318		(2,193)	
Sale of Investments		30,657,690		43,078,514	
Purchase of Investments		(28,665,713)		(41,204,470)	
Movement in Investment Portfolio					
Cash		(791,810)		(1,501,395)	
Payments to acquire fixed assets		(1,440)		(14,046)	
			<u>1,327,045</u>		<u>356,410</u>
Net cash provided by investing activities					
Change in Cash and cash equivalents in the year	22		170,888		(368,823)
Cash and cash equivalents brought forward	22		<u>1,713,224</u>		<u>2,082,047</u>
Cash and cash equivalents carried forward	22		<u>1,884,112</u>		<u>1,713,224</u>

The notes on pages 19 to 42 form part of these accounts

The Carnegie United Kingdom Trust

Notes to the Accounts

Year to 31 December 2022

1. Accounting Policies

(a) The Trust is recognised as a Scottish Charity (No SC 012799) under the Charities and Trustee Investment (Scotland) Act 2005. The Trust is also registered as a Charity in Ireland (No 20142957). The accounts are prepared in accordance with the 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) (Second Edition -October 2019).

The Trust constitutes a public benefit entity as defined by FRS102.

(b) Going Concern

The accounts have been prepared on a going concern basis. The trustees have assessed the Trust's ability to continue as a going concern, and have reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the accounts.

(c) Land and Buildings

Land and buildings represent the Trust's share of Andrew Carnegie House. The Trust is the Co-owner of this building together with the Carnegie Dunfermline and Hero Fund Trusts and the Carnegie Trust for the Universities of Scotland.

Land and Buildings are originally stated at cost and subsequently at amortised cost. Depreciation is charged on the building's element of the property at 2% straight line method.

(d) Office Fixtures, Furniture, Fittings and Plant, and Computer Equipment

Such expenditure is capitalised as tangible fixed assets and depreciated evenly over estimated useful lives. Depreciation is charged at the following rates:

- fixtures, furniture, fittings & plant 2% - 25% straight line
- computer equipment over £1,000 33.33% straight line

(e) Listed Investments

In compliance with the SORP, listed investments are included in the Balance Sheet at fair value being quoted at market price at the year-end date, the unrealised gain/loss being credited/debited to funds.

(f) Social investments

The Trust has set aside funds of £1m as its Affordable Credit Loan Fund. The Fund will lend to affordable credit intermediaries through the agency of Social Investment Scotland who have been appointed as the Fund's Manager for this purpose. The Fund and the loans made from the Fund are programme related investments as defined by the SORP, being in furtherance of the charitable objectives of the Trust. The loans made to affordable credit intermediaries will be Concessionary Loans, again as defined by the SORP, being made at below market rates and on terms designed to advance the Trust's charitable purposes.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

Interest earned on these concessionary loans and management fees arising will be recognised as income and expenditure respectively in accordance with the normal revenue and expenditure recognition policies. The carrying value of the Fund will be initially £1m being the cash set aside for the Fund and subsequently at the amount of cash held within the Fund together with the sum of loans advanced adjusted to reflect loan repayments, net income which has accrued and any impairment resulting from defaulting on either capital repayments or interest payments by borrowers.

(g) **Basic Financial Instruments**

The Trust has only basic financial assets and liabilities comprising investments, debtors, cash at bank and creditors. These assets and liabilities are initially recorded at cost and subsequently at market value in the case of investments and in respect of other assets and liabilities at the amounts expected to be received or paid.

(h) **Current Asset Investments**

These are accounted for on the amortised cost basis and are made up of cash deposits with a maturity of less than one year.

(i) **Fund Accounting**

Funds held by the Trust are:

- endowment fund – originally gifted from Andrew Carnegie in 1913. The income from the endowment fund is treated as unrestricted income;
- restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the Trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes;
- designated funds – these are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects; and
- other charitable funds – these are unrestricted general funds, which can be used in accordance with the charitable objects at the discretion of the Trustees.

Further explanation of the nature and purpose of each fund is included in the relevant notes to the accounts.

(j) **Income**

All income is recognised when the Trust has entitlement to the income, it is probable that the income will be received, and the monetary value of the income can be measured with sufficient reliability. Grants and donations are included in the accounts in the year in which they are receivable, which is when the Trust becomes entitled to the resource.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

(k) **Expenditure**

Liabilities are recognised as expenditure in the Statement of Financial Activities as soon as there is a legal or constructive obligation committing the Trust to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Certain costs and grants made are capable of being allocated directly to particular categories while other costs, mainly support costs including governance costs, are attributable to more than one category or charitable activity and such costs are allocated according to estimates of staff time involved in each activity.

- Cost of Raising Funds – comprises of investment management fees incurred in the management of the Trust's investment portfolio, the source of its annual income. The Trust allocates these fees equally between the Endowment Fund and Unrestricted Funds.
- Cost of Charitable Activities - includes costs directly attributable to programmes including grant awards and an allocation of support costs, comprising of staff costs including any redundancy payments, overhead costs and governance costs.
- Governance Costs - comprise of all costs involving the Public Accountability of the Charity and its compliance with regulation and good practice. These costs include statutory audit fees, legal fees in connection with constitutional and statutory requirements, expenditure relating to Trustees, other direct costs and an allocation of staff and overhead costs.

(l) **Pension Scheme**

The Trust makes contributions to group personal pension plans for employees. The Trust's contributions are charged to the Statement of Financial Activities in the year in which contributions are made.

(m) **Grant Making Policy**

Grants are awarded based on competitive selection, where partners are identified to take forward demonstration and/or research commissioned by the Trust to further its strategic work. The Trust no longer accepts unsolicited grant applications. Grants are recognised as being committed when the offer is communicated to the recipient.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

2. Investment Income (Unrestricted Income)	2022	2021
	£	£
M&G Charifund Unit trust distributions	-	567,080
Other Investment portfolio income	826,140	441,574
Interest receivable	49,910	20,070
	<u>876,050</u>	<u>1,028,724</u>
3. Income from Charitable Activities (Restricted Income)		
Grants		
Minderoo Foundation	-	122,500
Scottish Government	-	90,000
Wellcome Trust	11,353	50,000
	<u>11,353</u>	<u>262,500</u>
Partnership Funding		
Luminate	-	123,330
North of Tyne Combined Authority	-	20,000
	<u>-</u>	<u>143,330</u>
Total Income from Charitable Activities	<u>11,353</u>	<u>405,830</u>

For further information on the above grants, please refer to note 19 on pages 37 to 38.

4. Other Trading Activities (Unrestricted Income)	2022	2021
	£	£
Google Adwords	-	76,437
Other Miscellaneous Income	5,490	660
	<u>5,490</u>	<u>77,097</u>

The Trust uses Google AdWords to assist in the promotion of our charitable activities and publications through adding key words and phrases to the Google search engine to push the Trust's website higher up the Google search rankings. The income recognised by the Trust in 2021 is the sterling equivalent open market value of Google AdWords credits used in the year.

At the start of 2022 Google changed their approach with the effect that income can no longer be quantified and therefore recognised by the Trust.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

5. Cost of Raising Funds	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total £
2022				
Investment Management Fees	<u>77,000</u>	<u>-</u>	<u>115,499</u>	<u>192,499</u>
2021				
Investment Management Fees (net)	<u>43,997</u>	<u>-</u>	<u>43,997</u>	<u>87,994</u>

There was a change of investment managers in October 2021 and of the basis for charging fees. A significant part of the pre-2021 portfolio was invested in managed funds, where the fees were netted off against income prior to distribution, resulting in the 2021 fees appearing to be lower than 2022, where fees are shown gross.

The Trustees have allocated investment management fees between the Endowment Fund 60% and Unrestricted Funds 40% (2021: 50:50 until October).

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

6. Charitable Activities	Unrestricted Funds					Restricted Funds			Endowment Funds	Total 2022
	Direct costs (note 7) £	Grants (note 9) £	Support Costs (note 8) £	Governance Costs (note 8) £	Sub total £	Direct Costs (note 7) £	Grants (note 9) £	Sub total £	Direct Costs (Note 7) £	
Policy and Development Charitable Initiatives	1,106,610	69,239	292,450	55,968	1,524,267	216,411	46,331	262,742	125,000	1,912,009
Other Charitable Activities	11,720	-	3,983	762	16,465	-	-	-	-	16,465
	44,700	-	59,216	11,332	115,248	-	-	-	-	115,248
	<u>1,163,030</u>	<u>69,239</u>	<u>355,649</u>	<u>68,062</u>	<u>1,655,980</u>	<u>216,411</u>	<u>46,331</u>	<u>262,742</u>	<u>125,000</u>	<u>2,043,722</u>

6. Prior year comparison	Unrestricted Funds					Restricted Funds			Endowment Funds	Total 2021
	Direct costs (note 7) £	Grants (note 9) £	Support Costs (note 8) £	Governance Costs (note 8) £	Sub total £	Direct Costs (note 7) £	Grants (note 9) £	Sub total £	Direct Costs £	
Policy and Development Charitable Initiatives	950,690	75,313	324,235	44,344	1,394,582	295,774	173,014	468,788	-	1,863,370
Other Charitable Activities	-	14,500	11,880	1,625	28,005	-	-	-	-	28,005
	42,567	-	99,041	13,553	155,161	-	-	-	-	155,161
	<u>993,257</u>	<u>89,813</u>	<u>435,156</u>	<u>59,522</u>	<u>1,577,748</u>	<u>295,774</u>	<u>173,014</u>	<u>468,788</u>	<u>-</u>	<u>2,046,536</u>

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

7. Direct Costs	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2022	Total 2021
	£	£	£	£	£
Salaries, Consultancies and Related Costs (note 10)	891,055	55,098	-	946,153	968,597
Staff and Trustee Development Costs	-	-	-	-	2,803
Travelling, Subsistence and Meeting/Conference Expenses	7,051	-	-	7,051	972
Printing, Stationery and General Expenses	1,310	-	-	1,310	1,660
Property Rental, Upkeep, Services and Insurance	35,077	-	-	35,077	30,392
Studies, Seminars, Events and Publications	211,964	160,647	-	372,611	282,490
Trustee's/Advisory Committee travelling, Subsistence and Conf Exp	6,715	-	-	6,715	-
Equipment and Maintenance Contracts	474	666	-	1,140	-
Public Relations/Communications	-	-	-	-	2,117
Provision for Bad Debts	9,384	-	125,000	134,384	-
	<u>1,163,030</u>	<u>216,411</u>	<u>125,000</u>	<u>1,504,441</u>	<u>1,289,031</u>

Direct costs have been charged against the Trust's activities to which they relate. Any costs that are not directly attributable have been allocated based upon time spent on the fund activities.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Prior year comparison

7. Direct Costs

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2021 £
Salaries, Consultancies and Related Costs (note 11)	878,738	89,859	-	968,597
Staff and Trustee Development Costs	2,803	-	-	2,803
Travelling, Subsistence and Meeting/Conference Expenses	972	-	-	972
Printing, Stationery and General Expenses	1,660	-	-	1,660
Property Rental, Upkeep, Services and Insurance	30,392	-	-	30,392
Studies, Seminars, Events and Publications	78,692	203,798	-	282,490
Public Relations/Communications	-	2,117	-	2,117
	<u>993,257</u>	<u>295,774</u>	<u>-</u>	<u>1,289,031</u>

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

8. Management, Administration – Support/Governance Costs

	Unrestricted Funds		Total	Total
	Support Costs	Governance Costs	2022	2021
	£	£	£	£
Salaries and related costs (note 10)	107,722	19,010	126,732	99,517
Staff and Trustee development costs	11,502	2,030	13,532	19,674
Strategic planning and organisational development	26,839	4,736	31,575	93,915
Studies, Seminars, Events and publications	-	-	-	410
Property rental, upkeep, services and insurance	44,311	-	44,311	44,164
Printing, stationery and general expenses	31,775	5,607	37,382	36,822
Advertising	-	-	-	76,437
Auditor's remuneration in respect of: External Audit Services	-	16,171	16,171	14,261
Travelling, subsistence and conference expenses	3,584	632	4,216	672
Trustee's/Advisory Committee travelling, Subsistence and Conf Exp	-	15,025	15,025	4,830
Public relations/communications	11,065	1,953	13,018	7,684
Professional fees	42,144	2,898	45,042	28,369
Equipment and maintenance contracts	76,707	-	76,707	67,923
	<u>355,649</u>	<u>68,062</u>	<u>423,711</u>	<u>494,678</u>

In 2022 all four Board meetings were held at Andrew Carnegie House in Dunfermline. In 2021, due to the COVID-19 restrictions that were in place part year, two Board meetings were held at Andrew Carnegie House in Dunfermline and two were held remotely using ZOOM.

Strategic Planning and Organisational Development Expenditure of £31,575 was incurred in the year continuing the diversity, ethnicity and inclusion work and finalising the best impact review work. In 2021 expenditure of £93,915 was incurred and included a rebrand, a website refresh, a best impact review, organisational development coaching and diversity, ethnicity and inclusion development work.

No Trustees received any remuneration in 2022. Travel and accommodation for Trustee Meetings is booked centrally to ensure value for money. Trustees are reimbursed for their incidental expenses of attending Trust meetings and events, based on expense claims submitted. In 2022, 4 Trustees made claims ranging up to £625 (2021: 3 Trustees made claims ranging up to £70).

In 2022 Google changed their approach to the transactional recording of Charity Google Ads Accounts and therefore no income and expenditure is recorded in 2022 (see note 4).

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Prior Year Comparison

8. Management, Administration – Support/Governance Costs

	Unrestricted Funds		Total
	Support Costs	Governance Costs	2021
		£	£
Salaries and related costs (note 11)	84,589	14,928	99,517
Staff and Trustee development costs	16,723	2,951	19,674
Strategic planning and organisational development	79,828	14,087	93,915
Studies, Seminars, Events and publications	410	-	410
Property rental, upkeep, services and insurance	44,164	-	44,164
Printing, stationery and general expenses	31,299	5,523	36,822
Advertising	76,437	-	76,437
Auditor's remuneration in respect of: External Audit Services	-	14,261	14,261
Travelling, subsistence and conference expenses	571	101	672
Trustee's/Advisory Committee travelling, Subsistence and Conf Exp	-	4,830	4,830
Public relations/communications	6,531	1,153	7,684
Professional fees	26,681	1,688	28,369
Equipment and maintenance contracts	67,923	-	67,923
	<u>435,156</u>	<u>59,522</u>	<u>494,678</u>

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

9. Grant Payments	2022	2021
	£	£
Unrestricted Funds:		
Policy and Development	69,239	75,313
Charitable Initiatives	-	14,500
	<u>69,239</u>	<u>89,813</u>
Restricted Funds:		
Policy and Development:		
Wellcome Trust – Engaging Libraries	14,889	90,336
Welsh Government	1,390	6,961
Wolfson Foundation	30,052	75,717
	<u>46,331</u>	<u>173,014</u>
	<u>115,570</u>	<u>262,827</u>

Grant Payments are contractually phased and based on the timescale of each individual project. Details of all external grant payments are included in the Appendix to the Accounts.

10. Analysis of Staff Costs (including Consultancies and related costs)	2022	2021
	£	£
Wages and salaries	673,322	704,554
Social Security costs	71,971	70,843
Other Pension costs	144,736	133,317
Fellows, Associates, Recruitment and misc staff costs/insurances	182,856	159,400
	<u>1,072,885</u>	<u>1,068,114</u>
Allocated as follows:		
Costs of activities in furtherance of Charitable Activities	946,153	968,597
Management and Administration – support/governance costs	126,732	99,517
	<u>1,072,885</u>	<u>1,068,114</u>

The Trust considers its key management personnel to be Trustees, and the Senior Management Team, which comprises the Chief Executive, Directors, *Head of Communications, *Head of Corporate Services and the Head of Governance, Finance and Risk,

The total employee benefits of key management personnel including employer NIC and pension contributions were:	<u>458,304</u>	<u>374,739</u>
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*Added to Key Management Personnel in 2022

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

The number of employees, whose employee benefits (excluding employers pension contributions) exceeded £60k and fell within the following bands, were:

	2022	2021
£60,000 - £70,000	1	-
£70,000 - £80,000	1	2
£80,000 - £90,000	-	-
£90,000 - £100,000	-	-
£100,000 - £110,000	-	-
£110,000 - £120,000	1	1

The average monthly number of employees during the year was as follows:

Full time	CEO, Corporate Services and Finance	4	4
	Policy and Development	10	11
Part time	Corporate Services and Finance	2	3
	(full time equivalent – (0.91: 2021 – 0.48))		
	Policy and Development	-	1
	(full time equivalent – (0.00: 2021 – 0.67))		
		<u>16</u>	<u>19</u>

No Trustee received any remuneration during the year (see note 9)

11. Pension Commitments

Fifteen employees are in the Royal London Group Personal Pension Plan (2021 – Seventeen), to which the Trust is contributing. Trust contributions depend on the age of the Plan member and are currently in the range 7% to 13% of salary. The pension charge for the year was £144,736 in respect of the personal pension plans (2021 - £133,317) of which pension advisory scheme costs were £6,000 (2021 £6,000). Pension contributions outstanding at the year-end were £10,518. (2021 -£10,949).

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

12. Tangible Assets

	Land and Buildings (see note 23)	Fittings & Plant	Computer Equipment	Total
	£	£	£	£
Cost				
At 31 December 2021	1,065,345	284,212	114,024	1,463,581
Additions	-	-	1,441	1,441
Disposals	-	(8,155)	(1,237)	(9,392)
At 31 December 2022	<u>1,065,345</u>	<u>276,057</u>	<u>114,228</u>	<u>1,455,630</u>
Accumulated depreciation				
At 31 December 2021	284,714	256,956	87,924	629,594
Charge for year	21,307	7,037	21,898	50,242
Disposals	-	(8,155)	(1,237)	(9,392)
At 31 December 2022	<u>306,021</u>	<u>255,838</u>	<u>108,585</u>	<u>670,444</u>
Net Book Value				
At 31 December 2022	<u>759,324</u>	<u>20,219</u>	<u>5,643</u>	<u>785,186</u>
At 31 December 2021	<u>780,631</u>	<u>27,256</u>	<u>26,100</u>	<u>833,987</u>

13. Listed Investments

	2022 £	2021 £
Market value		
At 31 December	43,803,409	39,373,516
Additions	28,665,713	41,204,470
Disposals	(35,517,089)	(39,917,589)
Movements in portfolio cash	791,810	1,501,395
Unrealised gain/(loss) during year	228,553	1,641,617
At 31 December	<u>37,972,396</u>	<u>43,803,409</u>
Cost		
At 31 December	<u>38,881,417</u>	<u>41,773,070</u>

In early 2021 Carnegie UK commissioned an Investment Management Review and competitive tender process with professional advice and support provided by Chiene + Tait Financial Planning Ltd. The outcome of this review was the appointment of new Investment Managers Sarasin and Partners LLP, in the summer of 2021. Following this appointment, Carnegie UK's Investment Portfolio asset allocation was restructured, moving from a UK total return approach to investment, to a global total return approach to investment.

In 2022 investment additions and disposals have been higher than normal. The change to the portfolio's Strategic Asset Allocation Policy, resulted in the disposal of the fixed income and

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

UK equity elements, with the proceeds reinvested into global equities, as the portfolio adopted a total return approach, and targeted a slightly higher performance target of CPI+4.5% over rolling 7yrs. In addition, the conditions for investment have changed markedly over the past 12-18 months, that has seen an end to the Global Pandemic, the oil shock from the war in Ukraine, and the more recent extraordinary shift higher in bond yields. This has led to greater volatility in industry sector performance, which has meant that holdings held needed to adapt, to the risks and opportunities faced.

Carnegie UK's investments are managed by Sarasin and Partners LLP and are held on a recognised stock exchange or are valued by reference to such investments, as follows:

	2022	2021
	£	£
Within UK	7,332,350	16,564,927
Outwith UK	27,742,893	24,976,111
Cash	<u>2,897,153</u>	<u>2,262,371</u>
Total Investments at Market Value	<u><u>37,972,396</u></u>	<u><u>43,803,409</u></u>

Investments are held as follows:

	2022	2021
	£	£
Long Term Endowment Portfolio	35,136,659	39,699,070
Short Term Reserve Portfolio	<u>2,835,737</u>	<u>4,104,339</u>
Total	<u><u>37,972,396</u></u>	<u><u>43,803,409</u></u>

All funds that are under the management of Sarasin and Partners LLP are invested with a number of different fund managers covering different geographic regions and sectors.

Carnegie UK adopts a total return approach to investments in order to provide future funding, via its short term reserve portfolio, to achieve certainty, stability and sustainable growth over the period of the current strategic plan 2021 -2025 and the future strategic plan 2026 – 2030.

During 2022 withdrawals totalling £961,000 (2021 - £326,673) were made as per the Trusts Financial Plan, to support 2022 expenditure. At the end of the year the Trust's short term reserve portfolio stood at £2,835,737 (2021 – 4,104,339). This portfolio is invested in low-risk UK Gilts and Multi Asset funds.

The significance of investments to the ongoing financial sustainability of the Trust is considered in the financial review and investment policy and performance sections of the Report of the Trustees.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

14. Social Investments	2022	2021
	£	£
Funds placed with Fund Manager at 31 December 2021	1,008,570	1,006,377
Interest Earned	21,701	18,571
Interest Withdrawn	-	(3,188)
Loan Arrangement Fees	5,000	-
Management Fees	(20,635)	(13,190)
Impairment Loss	(134,384)	-
At 31 December 2022	<u>880,252</u>	<u>1,008,570</u>
Being:		
Cash	5,252	508,570
Loans	875,000	500,000
At 31 December 2022	<u>880,252</u>	<u>1,008,570</u>

The Trust has established a programme related investment – its Affordable Credit Loan Fund (ACLF) – as part of its work on the wider issues of affordable credit in the United Kingdom.

In December 2017, the Trust set aside funds of £1m from its Endowment Fund from which to lend to affordable credit intermediaries through the agency of Social Investment Scotland (SIS), who have been appointed as the ACLF manager for this purpose.

At the end of December 2021, SIS had advanced a total £500,000 (2020 - £500,000) from the Affordable Credit Loan Fund (ACLF) as a concessionary loan and in 2022 SIS advanced the remaining £500,000 from the ACLF as two equal concessionary loans of £250,000 each.

In January 2023 SIS informed Carnegie UK of their significant concerns about the ongoing trading and sustainability of one of our investments and, following discussions in early February, it was agreed that SIS would seek independent insolvency/restructuring advice to ensure appropriate steps are taken to preserve impact and as much of the social investment as possible.

An impairment provision has been made of 50% of the loan and related accrued interest, amounting to £134,384 pending resolution of this process.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

15. Debtors	2022	2021
	£	£
Prepayments and other debtors	37,133	90,182
Accrued income	5,892	13,543
Total	<u>43,025</u>	<u>103,725</u>

16. Creditors: amounts due within one year	2022	2021
	£	£
Accruals	271,416	183,334
Other Creditors	75,392	87,245
Total	<u>346,808</u>	<u>270,579</u>

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

17. Endowment Fund

	At 31 Dec 2021	Expenditure	Realised gains/(losse s)	Unrealised gains/(losses)	Transfers	At 31 Dec 2022
	£	£	£	£	£	£
Investment Portfolio Long Term Endowment	38,320,573	(110,330)	(4,857,759)	529,347	-	33,881,831
Investment Portfolio Short Term Reserve	4,104,339	(5,169)	(1,639)	(300,794)	(961,000)	2,835,737
Affordable Credit Loan Fund	1,000,000	(125,000)	-	-	-	875,000
Total	<u>43,424,912</u>	<u>(240,499)</u>	<u>(4,859,398)</u>	<u>228,553</u>	<u>(961,000)</u>	<u>37,592,568</u>

The Endowment Fund originally consisted of Bonds of the United States Steel Corporation with a face value of US \$10m bearing interest at 5% assigned by Mr Carnegie to the Trustees in 1913. Since then, the fund has been increased by further legacies together with net gains on realisation of investments, by transfers from reserves and by unrealised gains on investments. The income from the endowment fund is treated as unrestricted income.

In 2017 Trustees approved the setting aside of £1 million as its Affordable Credit Loan Fund. The funds constitute a programme - related social investment and further details are given in note 15.

In 2022 Trustees approved a transfer of £961,000 (£326,673 - 2021) from the Endowment Fund to unrestricted funds to be allocated against expenditure in accordance with the Trust's Strategic Plan 2021 – 2025.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Prior year comparison

17. Endowment Fund

	At 31 Dec 2020	Expenditure £	Realised gains/(losses) £	Unrealised gains/(losses) £	Transfers £	At 31 Dec 2021 £
Investment Portfolio Long Term Endowment	34,308,628	(38,606)	3,079,747	1,619,804	(649,000)	38,320,573
Investment Portfolio Short Term Reserve	3,684,412	(5,391)	81,178	21,813	322,327	4,104,339
Affordable Credit Loan Fund	1,000,000	-	-	-	-	1,000,000
Total	<u>38,993,040</u>	<u>(43,997)</u>	<u>3,160,925</u>	<u>1,641,617</u>	<u>(326,673)</u>	<u>43,424,912</u>

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

18. Restricted Funds	Balance at 31 Dec 2021	Income	Expenditure	Balance at 31 Dec 2022
	£	£	£	£
Policy and Development				
Engaging Libraries – Wellcome Trust	32,419	11,353	(43,372)	400
Engaging Libraries – Wolfson Foundation	40,137	-	(34,982)	5,155
Measuring Wellbeing – North of Tyne Combined Authority	7,316	-	(7,316)	-
Social Harm Reduction – Donation	3,600	-	-	3,600
Social Harm Reduction – Luminare	123,931	-	(122,500)	1,431
Social Harm Reduction – Minderoo Foundation	90,032	-	(54,572)	35,460
Total	<u>297,435</u>	<u>11,353</u>	<u>(262,742)</u>	<u>46,046</u>

Engaging Libraries: Carnegie UK was awarded funding by Wellcome and by Wolfson Foundation to support the delivery of the Engaging Libraries project, which is described on page 5 of this report.

Measuring Wellbeing: Carnegie UK was awarded funding by North of Tyne Combined Authority to support the delivery of the Wellbeing in the North of Tyne project, which is described on pages 6 and 7 of this report.

Social Harm Reduction: Carnegie UK was awarded funding by Luminare and by Minderoo Foundation to support the delivery of our Harm Regulation and Social Media project, which is described on page 6 of this report.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Previous year comparison

18. Restricted Funds	Balance at 31 Dec 2020 £	Income £	Expenditure £	Balance at 31 Dec 2021 £
Policy and Development				
Engaging Libraries – Wellcome Trust	64,154	50,000	(81,735)	32,419
Engaging Libraries – Wolfson Foundation	157,815	-	(117,678)	40,137
Measuring Wellbeing – North of Tyne Combined Authority	-	20,000	(12,684)	7,316
National Digital Ethics – Scottish Government	18,851	90,000	(108,851)	-
Social Harm Reduction – Donation	11,216	-	(7,616)	3,600
Social Harm Reduction – Luminare	108,357	123,330	(107,756)	123,931
Social Harm Reduction – Minderoo Foundation	-	122,500	(32,468)	90,032
Total	<u>360,393</u>	<u>405,830</u>	<u>(468,788)</u>	<u>297,435</u>

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

19. Unrestricted Funds

	Balance at 31 Dec 2021	Incoming resources	Expenditure	Transfer (to)/from Designated funds	Transfer (to)/from Endowment fund	Balance at 31 Dec 2022
		£	£	£	£	£
Designated Funds:						
Policy and Development	57,110	-	(1,524,267)	1,798,889	-	331,732
Charitable Initiatives	-	-	(16,465)	16,465	-	-
General Reserve	950,000	-	-	-	-	950,000
	<u>1,007,110</u>	<u>-</u>	<u>(1,540,732)</u>	<u>1,815,354</u>	<u>-</u>	<u>1,281,732</u>
Other Charitable Funds	2,462,879	881,540	(192,248)	(1,815,354)	961,000	2,297,817
Total	<u>3,469,989</u>	<u>881,540</u>	<u>(1,732,980)</u>	<u>-</u>	<u>961,000</u>	<u>3,579,549</u>

Policy and Development, and Charitable Initiatives – represents the balance of unspent funds at the year-end committed by Trustees.

General Reserve – represents the Trustees' policy of retaining sufficient operational expenditure in relation to its business continuity and contingency planning.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Prior Year comparison

19. Unrestricted Funds

	Balance at 31 Dec 2020	Incoming resources	Expenditure	Transfer (to)/from Designated funds	Transfer (to)/from Endowment fund	Balance at 31 Dec 2021
		£	£	£	£	£
Designated Funds:						
Policy and Development	88,614	-	(1,394,582)	1,363,078	-	57,110
Charitable Initiatives	12,000	-	(28,005)	16,005	-	-
General Reserve	950,000	-	-	-	-	950,000
	<u>1,050,614</u>	<u>-</u>	<u>(1,422,587)</u>	<u>1,379,083</u>	<u>-</u>	<u>1,007,110</u>
Other Charitable Funds	2,608,626	1,105,821	(199,158)	(1,379,083)	326,673	2,462,879
Total	<u>3,659,240</u>	<u>1,105,821</u>	<u>(1,621,745)</u>	<u>-</u>	<u>326,673</u>	<u>3,469,989</u>

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

20. Analysis of Net Assets between funds	Tangible Fixed Assets £	Investments £	Social Investments £	Net Current Assets £	Total £
Endowment	785,186	35,927,130	880,252	-	37,592,568
Restricted Funds	-	-	-	46,046	46,046
Unrestricted Funds:					
Designated Funds	-	950,000	-	331,732	1,281,732
Other Charitable Funds	-	1,095,266	-	1,202,551	2,297,817
Total Net Assets	<u>785,186</u>	<u>37,972,396</u>	<u>880,252</u>	<u>1,580,329</u>	<u>41,218,163</u>

Prior Year comparison

20. Analysis of Net Assets between funds	Tangible Fixed Assets £	Investments £	Social Investments £	Net Current Assets £	Total £
Endowment	833,987	41,590,925	1,000,000	-	43,424,912
Restricted Funds	-	-	-	297,435	297,435
Unrestricted Funds:					
Designated Funds	-	155,085	-	852,025	1,007,110
Other Charitable Funds	-	2,057,399	8,570	396,910	2,462,879
Total Net Assets	<u>833,987</u>	<u>43,803,409</u>	<u>1,008,570</u>	<u>1,546,370</u>	<u>47,192,336</u>

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

Year to 31 December 2022

21. Reconciliation of Net Movement in Funds to Net Cash (Outflow) from Operating Activities

	2022 £	2021 £
Net Movement in funds for year including investment income	(5,974,173)	4,179,602
Depreciation	50,242	51,916
Decrease/(Increase) in debtors	60,700	(39,237)
Increase/(Decrease) in creditors	76,229	(115,033)
Unrealised (gain) on investments	(228,553)	(1,641,617)
Realised loss/(gain) on investment disposals	4,859,398	(3,160,925)
Net Cash (Outflow) from operating activities	<u>(1,156,157)</u>	<u>(725,233)</u>

No adjustment has been made for Investment Income as it is the Trust's primary source of income and determines expenditure for the year.

22. Cash and Cash Equivalents

	At 01 Jan 2022 £	Cash flows £	At 31 Dec 2022 £
Short term deposit investments	794,915	2,090	797,005
Cast at bank and in hand	918,309	168,798	1,087,107
	<u>1,713,224</u>	<u>170,888</u>	<u>1,884,112</u>

23. Related Parties

Four Trustees of the Carnegie UK Trust are also Trustees of the Carnegie Dunfermline and Hero Fund Trusts, charities registered in Scotland.

The Trust shares ownership of Andrew Carnegie House with the Carnegie Dunfermline and Hero Fund Trust and the Carnegie Trust for the Universities of Scotland. The Trust is responsible for an agreed proportion of the running costs of the building.

The Carnegie United Kingdom Trust

Appendix – Grant payments

Year to 31 December 2022

Unrestricted Grants		£
Policy and Development		
Civil Exchange		40,000
The Foundation for the Economics of Sustainability (FEASTA)		24,239
Voice4Change England		5,000
	Total Unrestricted Grants	69,239
Restricted Grants		
Policy and Development		
Comhairle Nan Eilean Siar (Western Isles Council)		5,552
Fife Cultural trust		10,710
Libraries Connected		3,600
London Borough of hammersmith & Fulham		4,828
London Borough of Sutton		5,045
Newcastle City Council		500
Rhondda Cynon Taf County Borough Council (Treorchy Library)		3,632
The Northern Ireland Library Authority (Libraries NI)		5,330
Vision Redbridge Culture and Leisure Trust		500
West Lothian Council		5,244
Welsh Government		1,390
	Total Restricted Grants	46,331
	Total Grants	115,570