



CHANGING MINDS • CHANGING LIVES

Annual Report and Accounts

FOR THE YEAR ENDED 31 DECEMBER 2011

ANDREW CARNEGIE HOUSE
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www.carnegieuktrust.org.uk

The Carnegie United Kingdom Trust
Incorporated by Royal Charter 1917
Scottish Charity No: SC 012799
Operating in the UK and Ireland

Trustees, Staff and Advisers

Honorary President

William Thomson CBE

Trustees

Melanie Leech (*Chair*)

Angus Hogg* (*Vice-Chair; Convener of Finance and Organisation Sub-Committee*)

Dame Diana Brittan

Richard Davies

James Doorley

Dr David M Fraser

Jeremy Holmes

Lynne Lamont*

Bill Livingstone

Carol Madison Graham

Douglas Scott

Dr David B B Smith OBE* (*Convener of Audit and Risk Sub-Committee until 15 February 2011*)

Jane Steele

David Walker* (*Convener of Audit and Risk Sub-Committee from 15 February 2011*)

Robin W Watson

Ian Wilson*

**Audit and Risk Sub-Committee Members (during year)*

Chief Executive

Martyn Evans

Staff

Dunfermline Office

Jennifer Wallace - Policy Manager

Jim Metcalfe - Senior Policy Officer

Anne Marte Bergseng – Special Projects Officer

Georgina Bowyer - Corporate Services Officer

Geoff Brown - Policy Officer (Retired 30 July 2011)

Carol Kane - Cleaner (Retired 23 August 2011)

Janine Linning - Corporate Services Manager

Liz Macdonald - Senior Policy Officer

Helen Malcolm - Finance Assistant (Resigned 27 January 2011)

Catherine Moloney - Office Co-ordinator (Until 31 January 2011 – assisting decommissioning)

Martine Miller - Policy Officer

Liz Pullar - Finance Assistant

Lucy Smith - PA to Chief Executive/Corporate Services Officer

Kirsty Tait – Development Officer

Steven Thompson - Finance Manager

Rebecca van Hove – Intern, Historical Research Assistant

Douglas White - Senior Policy Officer

Nick Wilding – Development Officer

Lauren Wilks – Intern, Historical Research Assistant

Trustees, Staff and Advisers (cont)

Carnegie Fellow

Blair Jenkins OBE

Advisers

External Auditors

Chiene + Tait

Internal Auditors

Henderson Loggie

Pooled Investment Management House

M & G Securities Ltd (Charities Investment Managers Ltd re Charifund)

Legal/Professional Advisers

Lindsays LLP

Public Affairs/Relations

Pagoda PR (Morhamburn Ltd)

HR Advisers

VerusHR Ltd

The Carnegie United Kingdom Trust

Report of the Trustees for the year ended 31 December 2011

The Trustees present their report with the accounts of the Trust for the year ended 31 December 2011. The accounts have been prepared in accordance with the accounting policies set out on pages 18 to 20 and comply with the Royal Charter 1917, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Statement of Recommended Practice: Accounting and Reporting by Charities (2005).

Objectives and Activities

The Carnegie United Kingdom Trust was set-up as an independent not-for-profit foundation in 1913 by the philanthropist Andrew Carnegie, who was born in Dunfermline. The Trust was incorporated by Royal Charter in 1917 and is a registered Scottish Charity, No SC 012799.

The Trust was established by an initial endowment of \$10m by Andrew Carnegie. 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 Trust continues this philanthropic work through the careful stewardship of its existing resources providing the capacity to address these changing needs.

The Aims of the Trust

The remit of the Trust has been the same since it began in 1913, although the approach has changed over time. In the past, the Trust was involved in supporting communities and voluntary action particularly through funding for libraries, village halls, national parks, youth projects, community development, the arts and the environment.

The Carnegie UK Trust works to improve the lives of people throughout the UK and Ireland, by 'changing minds' through influencing policy, and by 'changing lives' through innovative practice and partnership 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 the Trust is commitment to a thoughtful and proportionate planning process, while retaining the flexibility to respond to particular issues which may arise during the planning period.

There was an increasing concern that our model of short-term funding, prevalent across the foundation world, had not been an effective way of addressing changing issues and needs. The Trust's Strategic Plan for 2011-2015 outlines an operating Trust that makes effective and active decisions about its work plans. We no longer take unsolicited grant applications, but seek to build partnerships with other organisations for specific pieces of work.

Significant progress was made in the Trust's policy work. *More than GDP: Measuring What Matters*, a report following a high level round table focussing on measuring social and economic wellbeing in Scotland, was launched in May in Edinburgh. A major focus in our 2011 work programme was *News, Media and Society* assisted by Blair Jenkins, Carnegie Fellow. In September 2011, we published a discussion paper on the future regulation of the press. The paper was distributed to more than 1,000 key stakeholders across the UK, including Leveson Inquiry panel members.

The Aims of the Trust (cont)

The Trust also worked in partnership with Di Alexander, Carnegie Associate, to understand the benefits of Rural Housing Burdens. The research report and policy summary were launched in December 2011.

As one of the main partners of 2011's Festival of Politics, we supported the *Getting the Picture* competition and organised an event *Where Next for the Arab Spring* in the Scottish Parliament's main Chamber.

Work continued within the Rural Development Community of Practice – membership of Fiery Sprits doubled with two focus projects (North Harris Trust and the Argyll and Bute Local Services Initiative) receiving continued financial support via Highlands and Islands Enterprise. In addition, with funding from the Department of Communities and Local Government, the Trust supported the development of the Community Land Trust network (housed with the National Housing Federation).

Structure, Governance and Management

Sixteen Trustees serve for a maximum of 11 years, one half by number are appointed by public advertisement and the remainder appointed by the Carnegie Dunfermline and Hero Fund Trusts. At the year-end there was a full complement of 16 Trustees as members of the Board. The Board of Trustees keep 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. There were no changes in the Chair or Vice-Chair positions during 2011.

Every five years the Trustees formally approve a Strategic Plan. The Trustees formally meet quarterly where they agree and oversee the broad strategy and areas of activity for the Trust, within the context of the agreed Strategic Plan. The Board of Trustees agree annual workplans and budgets, which are delegated to the Chief Executive and his management team.

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

- **Finance and Organisation Sub-Committee** – members oversee all finance, investment, staff and property issues.
- **Audit and Risk Sub-Committee** – members oversee all internal and external audit procedures reporting to the Board at each meeting. They also monitor risk, compliance and governance issues on a regular basis.
- **Nominations Sub-Committee** – members oversee procedures for the appointment of new Trustees, Sub-Committee composition and the membership of periodic Commissions established by the Trust.

In addition, the Trust had three additional working groups tasked with taking forward specific work towards the delivery of the Trust's overall strategic plan.

- **Centenary Planning Committee;**
- **Investment Review Selection Group;** and
- **Community of Practice Steering Group.**

Structure, Governance and Management (cont)

The work of the Trust is approached by two staff teams, supported by Finance and Corporate Services:

- **The Policy Team** are tasked with monitoring the policy landscape and providing targeted research on agreed topic areas. This research will be managed and undertaken through a broader set of tools including in-house and contracted research, stakeholder panels and study visits.
- **The Practice and Development Team** are tasked with taking initiatives generated by policy and research (either the Trust's own research or that developed by others) and developing them into practical pilot projects to be undertaken in partnership with other organisations interested in working in the same areas.

It had been agreed that a timely full review of the Trust's Governance be conducted by the Chair during 2011. The purpose was to ensure that governing arrangements and associated documents were updated and brought into alignment with the new Strategic Plan and conformed to any legal requirements of the governing documents of the Trust. This review was assisted by Henderson Loggie, the Trust's internal auditors.

The overall feedback from the review was that the Trust had a strong and improving system of governance, and the governance bodies were working well and had the information they needed for the proper oversight of the Trust. In addition, the relationship with the staff was positive but appropriately challenging. There are improvements still to be made and these will be taken forward during 2012.

Risk Management

Risk assessment is overseen by the Audit and Risk Sub-Committee, reporting to the Board. This Sub-Committee was established in 2005 when the Trust undertook a comprehensive risk assessment. The Board accepts that if the Trust 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 a high quality standard.

To manage risk effectively, the Board requires the Chief Executive to review the risks. The risk register is overseen by the Audit and Risk Sub-Committee at their meetings, reporting to the Board every August on their annual assessment. Trustees in consultation with the Chief Executive will agree the actions necessary to mitigate those risks and these will form part of the strategic and operational plan for the following year. The Internal Auditors will test and confirm the systems.

The Chief Executive will review the risk register with the managers on a quarterly basis as part of the monthly budget and planning meeting cycle. The appropriate managers will feedback to their team on any risks that need consideration/action from that team. Following the Annual Review by the Board in August, there is an all staff meeting to inform and discuss the risk register. The risk register was revised in 2011 following the Trust's strategic review and subsequent change in direction.

Grant Making Policy

The Trust's charitable activities now focus on proactive initiatives capable of influencing public policy and social change. Any grants are awarded on the basis of 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, with the exception of the *Carnegie Challenge*.

Achievements and Performance 2011

- To support the delivery of the Strategic Plan 2011-2015, a new policy team was recruited to work out of Andrew Carnegie House in Dunfermline. The team was in place in June 2011.
- The Trust's work over 2011-2015 will be focused on a set of three themes which all have the potential to contribute in a positive way to the wellbeing of people in their communities, in the regions and in the nations of the UK and Ireland. The three themes are:
 - People and Place;
 - Enterprise and Society; and
 - Knowledge and Culture.

People and Place

Key achievements for 2011 under this theme include:

- A partnership project with the Scottish Council for Voluntary Organisations (SCVO) explored the role of the third sector in health service delivery for older people. The report, *A life worth living?* was launched in November 2011.
- We worked in partnership with Di Alexander, Carnegie Associate, to understand the benefits of *Rural Housing Burdens*. The research report and policy summary were launched in December 2011.
- We supported Professor James Hunter to carry out research into the impact of Community Ownership of Land in Scotland. The subsequent book *From the Low Tide of the Sea to the Highest Mountain Top* was published in spring 2012.
- In 2011 we carried out research to explore *Rural Development Networks* within the UK and Ireland. The project sought to identify why rural networks exist, their benefits to users and the key issues facing them.

In mid-2011 we began our investigations into *Tackling Incivilities*. This project examines citizens' perceptions of these neighbourhood issues; the extent and nature of their impact on well-being; and how they can best be identified, addressed and tackled.

Enterprise and Society

Key achievements for 2011 under this theme include:

- In partnership with the Sustainable Development Commission Scotland (SDC) we held a high level round table focussing on measuring social and economic wellbeing in Scotland. *More than GDP: Measuring What Matters* was launched in May at a well-attended seminar in Edinburgh.

Achievements and Performance 2011 (cont)

- Other successful events in this work stream include a Scotland Futures Forum seminar in the Scottish Parliament, a seminar attended by the Permanent Secretary to Northern Ireland's Department of Finance and Personnel and other government officials in Belfast and a well-attended seminar in Cardiff.
- We achieved post-launch coverage of the report in a number of publications, websites and e-bulletins.
- In November, Martyn Evans, Chief Executive, was a keynote speaker at an Institute for Public Policy Research (IPPR) seminar in Westminster on More Than GDP. In September, Jim Metcalfe, Senior Policy Officer, was the keynote speaker at the Built Environment Forum Scotland (BEFS) 2011 Congress on Measuring What Matters.
- Martyn Evans, Chief Executive, gave oral evidence to the Scottish Parliament Finance Committee on 16 November 2011 and the report was highlighted in a Scottish Parliament Information Service briefing.
- In mid-2011 we started working on our innovating *Enterprising Minds* project. The project explores young people's attitudes to enterprise and entrepreneurship. The project utilises peer-to-peer research with a panel of over 50 college students delivering the survey in partner colleges.
- We have commissioned research to support our *Global Rules, Local Rulers* project. This work examines the inter-relationships between UK advocacy groups, citizens, and Intergovernmental Organisations (IGOs) that regulate trade, markets and consumer policy.

Knowledge and Culture

Key achievements for 2011 under this theme include:

- In early 2011, the Trust engaged Blair Jenkins to work as a Carnegie Fellow on **News, Media and Society**. This work has been a major focus of our 2011 work programme and has included:
 - Events in Edinburgh, Cardiff and Dublin to explore the issues facing news media in these jurisdictions. Events were well attended and the discussions contributed to the report by Blair Jenkins on *Better Journalism in the Digital Age*.
 - An additional seminar on the role and responsibilities of the media in reporting Scotland's forthcoming independence referendum was held in August as part of the Festival of Politics. The event was full with over 100 participants contributing to a lively debate.
 - In September 2011 we published a discussion paper on the future regulation of the press. The paper was distributed to more than 1,000 key stakeholders across the UK, including Leveson Inquiry panel members. The report received good media coverage.
 - Responses have been submitted to the UK government consultation on local TV and the National Assembly of Wales Committee inquiry into the future of the media in Wales.

Achievements and Performance 2011 (cont)

- In 2011 we provided funding for the Chartered Institute of Library and Information Professionals (CILIP) to carry out research into the **CILIP Carnegie Medal Shadowing Scheme**. The aim of the research was to explore the overall impact of the shadowing scheme on children's lives and their reading habits. The report was published in October 2011.
- In early 2011, the Trust committed to renewing its historic associations with public libraries. We published a short briefing paper on the **Future of Public Libraries**. To take this forward, we commissioned the first comparative survey of public attitudes to libraries across the UK and Ireland.

Sponsorship

- The Carnegie Challenge provides financial support to enable partners to put on a high calibre debate to raise the profile and impact of an issue at a conference or event which they are organising. During 2011 we sponsored three Carnegie Challenge events, these were:
 - The Community Land Trust debate on 'Learning from over the pond - Community Land Trusts in the United States' in May 2011, London, England;
 - A Voluntary Arts Ireland and Create debate 'What role should the arts play, and what actions should arts practitioners and policy makers take in re-energising civil society' in October 2011, Cork, Ireland; and
 - A series of debates held at the Festival of History in November 2011, Edinburgh, Scotland.
- Carnegie UK Trust continues to sponsor the **CILIP Carnegie Medal for Children's Literature**. The CILIP Carnegie Medal is the UK's oldest and most prestigious prize for children's and young people's writing. The 2011 Carnegie Medal winner, announced at a ceremony in June 2011, was Patrick Ness for *Monsters of Men*.
- The Trust was one of the main partners for the 2011 Festival of Politics at the Scottish Parliament during 20-27 August with the headline 'Renewing politics in the age of new media'.
 - We sponsored the **Get the Picture** competition on 20 August. Youth Groups from all over Scotland submitted video and audio podcasts, written articles or photo journalism highlighting the issues they would like their MSP to know about their cause or organisation.
 - We organised a Chamber Event on **Where Next for the Arab Spring?** This debate in the main chamber was chaired by BBC's Special Correspondent Allan Little. An audience of over 200 participated with questions and comments.

Practice and Development

- **Rural Development Community of Practice (CoP)**
The Trust continues to support the development of a Rural Development Community of Practice (www.fieryspirits.com). During the year:
 - An independent Steering Group was established comprising of eight experienced rural practitioners. Their remit includes planning for CoP independence from Carnegie UK Trust by December 2012 and overseeing a £150k (over two years) Development Fund;

- **Achievements and Performance 2011 (cont)**
 - CoP online membership doubled from 500 to 1000;
 - Two focus projects (North Harris Trust and the Argyll and Bute Local Services Initiative) received continuing financial support (£70k per year) via Highlands and Islands Enterprise to participate in the Community of Practice;
 - CoP members were involved in producing and distributing four publications, generating over 70,000 online readers or downloads between them: *The Power of the Plan*; *A Shareholders Guide to Rural Services*; *Appreciating Assets* (with International Association of Community Development); and *Exploring Community Resilience in times of rapid change*. An animation called *Surfing the Waves of Change*, yielding 6,000 views on YouTube and linked sites, accompanied the publication of *Exploring Community Resilience*; and
 - Three new topics were initiated within the CoP - young peoples' involvement in stewarding community assets; transferring services; and mapping community assets.

- **Community Land Trusts Network**

With funding of £100,000 from the Department of Communities and Local Government (DCLG), the Trust continued to support the development of the Community Land Trust (CLT) network (housed with the National Housing Federation) and to create a regional umbrella support organisation for Somerset, Devon and Dorset. The CLT Network, in conjunction with regional umbrella support organisations, is working to ensure communities have the resources, tools and the right regulatory and funding environment to set up and run CLTs and deliver more homes and community assets. Martyn Evans, Chief Executive, is a member of the Board of the CLT Network. The CLT Network's achievements during the year were as follows:

- The total of new homes built by Community Land Trusts rose to over 200, and the total number of community organisations describing themselves as CLTs rose to over 80;
- The network ran several over-subscribed events including a national conference in London and a practitioner seminar in Stroud;
- CLT umbrella organisations met three times, developing a model umbrella organisation business plan as well as a financial model for national support coverage;
- A CLT Legal Toolkit was launched;
- The network secured a grant from the Tudor Trust over two years from April 2012 to host the CLT Fund Technical Assistance Fund and deliver a peer to peer learning programme; and
- Somerset, Devon and Dorset CLT Project brought forward a programme of up to 150 homes in some 20 communities for the Homes and Communities Agency's (HCA) retained community-led grant fund. The project continues to support a self-build CLT on the edge of Dartmoor, an eco-CLT in Somerset, a Charity looking to raise revolving funds for equity mortgages, a parallel Gypsy and Traveller initiative and several CLT/Housing Association partnerships.

Plans for the Future – Looking Forward into 2012

- In People and Place:
 - We will publish the findings of our research into *Tackling Incivilities*, our mapping survey of *Rural Development Networks* and our review of *Future Directions in Rural Development* across the UK and Ireland.
 - We will carry out important research into *Digital Participation* to explore the reasons for low uptake in deprived urban areas. We will also be identifying and disseminating good practice on how to improve digital participation.
 - We will be working with Carnegie Associate, Professor Richard Kerley, to research the potential implications of independence or greater devolution for charities operating within Scotland.
- In Enterprise and Society:
 - We will publish our research into *Global Rules, Local Rulers*. The research will be supported by Carnegie Associate Albert Tucker and will be supplemented by seminar events in June 2012 in London and in New York.
 - We will be publishing our *Enterprising Minds* research into student attitudes to entrepreneurship, flexible employment and risk taking, and identify innovations that can help to embed enterprise culture in colleges and student experiences.
 - Building on our 2011 *More than GDP* report, we will work in partnership with IPPR North to examine jurisdictions that have put ‘measuring what matters’ into practice and explore what we can learn from their experiences. We will hold events in the UK and in Ireland to engage stakeholders in this important debate.
- In Knowledge and Culture:
 - We will continue our work on *News, Media and Society*. This will include publication of Blair Jenkins report in the *Better Journalism in the Digital Age*; an international conference on the future of journalism and small scale funding for innovative digital media projects.
 - We will publish the findings of our research into the *Future of Public Libraries* and work with key stakeholders to address what the library of the future will look like, and how services are best provided to meet the needs of those who use them or who may need to use them in the future.
 - We will support further research into the *CILIP Carnegie Medal Shadowing Scheme*.

Sponsorship and Special Projects

- The Trust will look forward to planning celebrations of the Trust’s centenary in 2013 and work co-operatively with the Carnegie Dunfermline and Hero Fund Trusts, and the Carnegie Trust for the Universities of Scotland with regards the hosting of the Carnegie Medal of Philanthropy also in that year.
- We will continue to sponsor the *CILIP Carnegie Medal for Children’s Literature* and the Scottish Parliament’s *Festival of Politics*.
- We will extend our *Carnegie Challenge*, providing funding for up to ten debates in 2012.

Plans for the Future – Looking Forward into 2012 (cont)

Practice and Development

- **Community Land Trusts Network**
 - The Trust will continue to be actively involved with the CLT Board throughout the year, and will work with CLT Network staff to ensure full annual project reporting is delivered to the DCLG project funder. The Trust will also ensure that final end of project reporting is successfully completed in line with the DCLG's June timetable.
- **Rural Development Community of Practice (Fiery Spirits)**
 - The Trust will continue to work with Community of Practice participants this year across a range of thematic areas, with particular emphasis on Community Assets and young people, and community resilience work following the 2011 publication.
 - As directed by the Board, the Trust will continue to explore options for the end of the Trust's financial commitment to the Community of Practice. It will work closely with the Community of Practice Steering Group to identify a positive future following the termination of funding at the end of 2012.
- **Additional Work**
 - The Trust is committed to finding innovative practice opportunities that are drawn from the growing body of in-house published policy research. The intention is to identify partner organisations and opportunities for this work, where mutual interests and approaches can be found, to share financial and human resources commitments. During 2012, the Practice & Development Team will be developing a series of new practical initiatives that draw on policy themes and pursue a collaborative working method.

Building

- In May 2011, the main office space in Andrew Carnegie House was reconfigured to accommodate the new teams.

Staff

- The Trust completed its organisational restructuring exercise with the recruitment of the new Policy Team and a Corporate Services Officer in Spring 2011.
- During 2011 the Trust received temporary Corporate Services support via Crossmatch Recruitment Agency.
- Anne Marte Bergseng, joined the Trust as Special Projects Officer in June 2011 with responsibility for planning the Trust's Centenary celebrations in 2013; assisting with the Carnegie Medal 2013 arrangements; and the digitisation of the Trust's archives.
- During the summer of 2011 both Geoff Brown (Policy Officer) and Carol Kane (Cleaner) retired from the Trust. Carol Kane had given the Trust 25 years' service.
- Kirsty Tait, Development Officer on the Practice team, commenced her maternity leave in November 2011.
- Helen Malcolm, Finance Assistant, resigned from the Trust in January 2011.

Financial Review

Income

Total income for 2011 was £1.71 million (*£1.88 million - 2010*). Unrestricted fund income totalled £1.55 million (*£1.53 million - 2010*). In addition, there was restricted income of £160k from partnership funding, of which: £100k was received from the Department for Communities and Local Government to support the Community Land Trust work and £60k from Highlands and Islands Enterprise to support the Community of Practice work.

Expenditure

Expenditure for 2011 was £1.37 million (*£2.12 million - 2010*). Research grant activity saw a reduction in the year and grant payments made from unrestricted funds were £16k (*£11k - 2010*). From restricted funds grant payments were £189k (*£518k - 2010*). In addition to these grant payments, the Trust expended £1.1 million from unrestricted funds directly on its Charitable Activities inclusive of Governance with the main areas of expenditure being Policy activities £611k and Practice activities £252k.

The Trust's income and expenditure related to grant-funded and team initiatives are combined in the SORP format. This makes year-to-year comparisons difficult as the expenses of initiatives and their management rise and fall, while core administrative costs are usually relatively constant.

Investment Policy and Performance

Since 2005 the Trust has invested in Charifund, a designated Unit Trust Fund for Charities, managed by M&G Investments.

Financial markets remained unpredictable in 2011. This impacted directly on the Trust's investment value, decreasing it by 5.5% to £29.1 million (*£30.8 million - 2010*). Income distributions relating to the Trust's Investment in the year were £1.54 million (*£1.52 million - 2010*). M&G Charifund published a net yield at the end of the year of 5.4% against the benchmarked FTSE All-Share Index of 3.42% (total return for M&G Charifund was negative 0.4% and FTSE All-Share Index was negative 3.5%). The Trust continues to monitor the stock market and its impact on the endowment and its related income stream.

In 2010, the Trust established a Working Group on Investment Policy with a remit to draft an Investment Policy for the Trust having due consideration to ethical, socially responsible and mission/programme related investment issues. This Investment Policy was subsequently completed and formally adopted by Trustees later in 2010.

In 2011, with the Trust's Investment Policy firmly in place, the Trust agreed to undertake a full Investment Review. This review is currently on going and is due to be completed in 2012.

Reserves Policy

£88k (*£62k - 2010*) of funds has been allocated to grants and funding for projects which remain unpaid at the year-end (the restricted and designated funds).

The General Reserve (designated funds) was reviewed in 2011 and it was agreed to increase it from £700k to £750k. This represents the Trustees' policy of retaining approximately six months of operational expenditure in relation to its business continuity and contingency planning. It is subject to further future reviews taking into account the continued development of the Trust's policy of partnerships to support its strategic work as outlined in the five-year plan.

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 incoming resources and application of resources 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 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) 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 charity 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.

Melanie Leech

Signed on behalf of the Trustees

Melanie Leech, Chair

Carnegie United Kingdom Trust

Scottish Charity No SC 012799

Incorporated by Royal Charter 1917

16 May 2012

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

We have audited the accounts of The Carnegie United Kingdom Trust for the year ended 31 December 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Trust'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 (as amended). Our audit work has been undertaken so that we might state to the Trust'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 Trust and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the Trustees are responsible for the preparation of accounts which give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Accounts

In our opinion the accounts:

- give a true and fair view of the state of the Trust's affairs as at 31 December 2011, and of its incoming resources and application of resources, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to Report by Exception

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

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

Chiene + Tait

Chiene + Tait, Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

16 May 2012

Chiene + Tait 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 TO 31 DECEMBER 2011

Note	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	2011 Total £	2010 Total £	
Incoming Resources						
Incoming resources from generated funds:						
Investment income and Interest	2	1,548,800	-	-	1,548,800	1,531,549
Rental and other income		-	-	-	-	-
Incoming resources from charitable activities	3	-	160,375	-	160,375	347,966
Total Incoming Resources		1,548,800	160,375	-	1,709,175	1,879,515
Resources Expended						
Costs of generating funds:	4	-	-	-	-	8,591
Charitable activities:	5					
Practice (Rural Community Development)		252,445	194,386	-	446,831	934,423
Policy		610,757	-	-	610,757	-
Democracy and Civil Society		-	-	-	-	596,056
Charitable Initiatives		124,538	-	-	124,538	23,360
Other Charitable Activities		122,527	-	-	122,527	443,696
Governance costs:	7	68,307	-	-	68,307	116,901
Total Resources Expended		1,178,574	194,386	-	1,372,960	2,123,027
Net Incoming/ (Outgoing) Resources Before Transfers						
		370,226	(34,011)	-	336,215	(243,512)
(Losses) on Fixed Assets						
Realised		(4,610)	-	-	(4,610)	-
(Losses)/Gains on Investments						
Realised		(6,492)	-	-	(6,492)	225
Unrealised	12	-	-	(1,620,967)	(1,620,967)	2,101,561
Net Movement in Funds		359,124	(34,011)	(1,620,967)	(1,295,854)	1,858,274
Fund balances at 31.12.10		3,100,399	59,011	29,696,089	32,855,499	30,997,225
Fund balances at 31.12.11		3,459,523	25,000	28,075,122	31,559,645	32,855,499

The statement of financial activities (SOFA) includes the Statement of Total Recognised Gains and Losses. All activities relate to continuing activities.

The notes on pages 18 to 29 form part of these accounts

The Carnegie United Kingdom Trust

Balance Sheet

AS AT 31 DECEMBER 2011

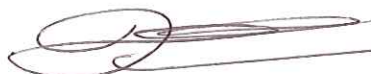
	Note	2011	2010
		£	£
FIXED ASSETS			
Tangible fixed assets	11	1,156,706	1,187,364
Investments at market value	12	29,134,558	30,752,898
		<u>30,291,264</u>	<u>31,940,262</u>
CURRENT ASSETS			
Other debtors and prepayments	13	65,559	73,229
Short term deposits		1,330,575	1,198,600
Cash at bank and in hand		30,975	7,924
		<u>1,427,109</u>	<u>1,279,753</u>
Creditors: amounts due within one year	14	(158,728)	(364,516)
Net current assets		<u>1,268,381</u>	<u>915,237</u>
NET ASSETS		<u>31,559,645</u>	<u>32,855,499</u>
FUNDS			
Endowment fund	15	28,075,122	29,696,089
Restricted funds	16	25,000	59,011
Unrestricted funds:	17		
Designated funds		812,859	3,000
Other charitable funds		2,646,664	3,097,399
	18	<u>31,559,645</u>	<u>32,855,499</u>

Approved by the Trustees on 16 May 2012 and signed on their behalf by:



MELANIE LEECH

Chair of Trustees



DAVID WALKER BA CA FCCA

Convener of Audit and Risk Sub-Committee

Cash Flow Statement

YEAR TO 31 DECEMBER 2011

	Note	2011	2010
		£	£
Net cash inflow/(outflow) from operating activities	19	142,438	(137,035)
Capital expenditure and financial investment			
Payments to acquire fixed assets		(35,428)	(2,524)
Receipts from the sale of investments		<u>48,016</u>	<u>225</u>
Net cash inflow from capital expenditure and investments		<u>12,588</u>	<u>(2,299)</u>
Increase/(decrease) in cash in the year	20,21	<u>155,026</u>	<u>(139,334)</u>

The notes on pages 18 to 29 form part of these accounts

The Carnegie United Kingdom Trust

Notes to the Accounts

YEAR TO 31 DECEMBER 2011

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 accounts are prepared under the historical cost convention, modified to include the revaluation of investments, on an accruals basis and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 (SORP 2005).

Expenses which are not fully chargeable to one of the Trust's principal charitable activities are allocated on the basis of the time spent on the various fund activities. Expenditure is accounted for on the accruals basis. Because of timing differences between the authorisation of grants and their payment, the Trustees recognise that in certain years expenditure may exceed income, or vice versa.

(b) Heritable Property

Heritable property is stated at cost and represents 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.

Depreciation is charged on the property at 2% straight line method.

(c) Office Equipment

Expenditure on office equipment and furniture of over £5,000 is capitalised as tangible fixed assets and depreciated evenly over estimated useful lives. Depreciation is charged at the following rates:

- | | |
|---|------------------------|
| • fixtures, furniture, fittings & plant | 5% - 25% straight line |
| • computer Equipment | 25% straight line |

(d) Investments

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

(e) Fund Accounting

Funds held by the Trust are:

- 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. 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

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2011

(e) Fund Accounting (cont)

- 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.

(f) Incoming Resources

All incoming resources are recognised when the Trust has entitlement to the income, it is certain that the income will be received and the monetary value of the incoming resource 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.

(g) Resources Expended

Liabilities are recognised as resources expended 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, 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.

- **Costs of Charitable Activities**

Costs of charitable activities includes directly attributable to programme costs including grant awards and an allocation of support costs comprising staff and overhead costs.

- **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 (support costs).

(h) 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.

The Carnegie United Kingdom Trust

Notes to the Accounts *(continued)*

YEAR TO 31 DECEMBER 2011

(i) Grant Making Policy

Grants are awarded on the basis of 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, with the exception of the Carnegie Challenge. Grants are recognised as being committed when the offer is communicated to the recipient.

2. Investment Income	2011	2010
	£	£
Unit trust distributions	1,540,294	1,522,259
Investment portfolio income	1,651	1,968
Interest receivable	6,855	7,322
	<u>1,548,800</u>	<u>1,531,549</u>
3. Grant Income	2011	2010
	£	£
Democracy and Civil Society Programme		
Joseph Rowntree Trust – Project Power Tools	-	18,500
Joseph Rowntree Charitable Trust – Project Power Tools	-	7,000
Trust For London – Project Power Tools	-	8,000
	<u>-</u>	<u>33,500</u>
Practice (Rural Community Development)		
Department for Communities and Local Government	100,000	298,789
Highlands and Islands Enterprise	60,375	15,677
	<u>160,375</u>	<u>314,466</u>
Total Restricted Grant Income	<u>160,375</u>	<u>347,966</u>
Total Grants Income	<u>160,375</u>	<u>347,966</u>

4. Costs of Generating Funds

	Unrestricted Funds	Restricted Funds	Endowment Fund	Total 2011	Total 2010
	£	£	£	£	£
Salaries and related costs (note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,591</u>

The Carnegie United Kingdom Trust
Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2011

5. Charitable Activities	Unrestricted Funds		Restricted Funds		Total 2011 £	Total 2010 £
	Direct Costs (note 6) £	Grants (note 8) £	Direct Costs (note 6) £	Grants (note 8) £		
Practice (Rural Community Development)	209,362	4,000	5,010	189,041	446,831	934,423
Policy	515,131	5,000	-	-	610,757	-
Democracy and Civil Society Charitable Initiatives	72,147	7,000	-	-	124,538	596,056
Other Charitable Activities	39,139	-	-	-	122,527	23,360
	835,779	16,000	5,010	189,041	1,304,653	443,696
				335		1,997,535

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2011

6. Direct Costs

	Unrestricted Funds	Restricted Funds	Total 2011	Total 2010
	£	£	£	£
Salaries, Consultancies and Related Costs (note 9)	547,773	-	547,773	708,576
Travelling, Subsistence and Meeting/Conference Expenses	25,145	2,706	27,851	47,116
Printing, Stationery and General Expenses	624	-	624	24,367
Property Rental, Upkeep, Services and Insurance	23,375	-	23,375	40,155
Studies, Seminars, Events and Publications	214,188	2,304	216,492	193,292
Public Relations/Communications	6,446	-	6,446	85,933
Trustees' and Advisory Committee Travelling, Subsistence and Conference costs	2,341	-	2,341	1,969
Professional Fees	18,392	-	18,392	3,525
Donation to Carnegie Trust for Universities in Scotland	(2,505)	-	(2,505)	4,144
	835,779	5,010	840,789	1,109,077

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)

YEAR TO 31 DECEMBER 2011

7. Management, Administration - Support/Governance Costs	Unrestricted Funds		Restricted Funds		Total 2011 £	Total 2010 £
	Support Costs £	Governance Costs £	Support Costs £	Governance Costs £		
Salaries and Related Costs (note 9)	47,487	8,380	-	-	55,867	179,876
Staff and Trustee Development Costs	9,969	1,997	-	-	11,966	6,481
Studies, Seminars, Events and Publications	(14,416)	-	-	-	(14,416)	30,199
Property Rental, Upkeep, Services & Insurance	51,746	-	-	-	51,746	57,620
Printing, Stationery and General Expenses	51,623	9,110	36	-	60,769	19,053
Auditors' Remuneration in respect of:						
External Audit Services	-	9,860	-	-	9,860	10,926
Internal Audit Services	-	6,408	-	-	6,408	9,189
Travelling, Subsistence, and Conf Exps Trustees' and Advisory Committee	15,708	2,772	299	-	18,779	21,062
Travelling, Subsistence and Conf Exps	-	20,545	-	-	20,545	13,315
Public Relations/Communications	17,772	3,136	-	-	20,908	22,250
Professional Fees	19,095	6,099	-	-	25,194	64,660
Equipment and Maintenance						
Contracts	59,504	-	-	-	59,504	42,512
	<u>258,488</u>	<u>68,307</u>	<u>335</u>	<u>-</u>	<u>327,130</u>	<u>477,143</u>

All travel and accommodation to Trustee Meetings is booked centrally to ensure value for money. Trustees are reimbursed for their incidental expenses of attending Trust meetings, based on expense claims submitted. In 2011, sixteen Trustees made claims in total ranging from £0 to £1,289.

The Carnegie United Kingdom Trust

Notes to the Accounts *(continued)*

YEAR TO 31 DECEMBER 2011

8. Grant Payments	2011 £	2010 £
Unrestricted Funds:		
Practice (Rural Community Development)	4,000	-
Policy	5,000	-
Charitable Initiatives	7,000	10,500
	<u>16,000</u>	<u>10,500</u>
Restricted Funds:		
Rural Action Research Programme	-	33,400
Rural Community Development Programme	-	190,167
Practice:		
Community Land Trusts Empowerment Fund	131,515	261,045
Community of Practice	57,526	13,104
Democracy and Civil Society:		
Power Tools Work	-	20,000
	<u>189,041</u>	<u>517,716</u>

Details of all external grant payments are included in the Appendix to the Accounts.

9. Staff Costs	2011 £	2010 £
Wages and Salaries	413,894	543,284
Social Security Costs	42,773	56,234
Other Pension Costs	37,591	52,719
Fellows, Associates, Recruitment and Misc Staff Costs/Insurances	109,382	93,973
Restructuring Costs	-	150,832
	<u>603,640</u>	<u>897,042</u>
Allocated as follows:		
Costs of Activities in Furtherance of Charitable Activities	547,773	708,576
Costs of Generating Funds	-	8,590
Management & Administration – Support/Governance Costs	55,867	179,876
	<u>603,640</u>	<u>897,042</u>
The number of employees, whose emoluments exceeded £60k fell within the following bands, was:		
£ 60,000 - £70,000	-	1
£ 70,000 - £80,000	1	-

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

Full Time	CEO, Corporate Services and Finance	3	4
	Practice (Rural Community Development)	3	4
	Policy	2	-
	Charitable Initiatives	1	-
	Democracy and Civil Society Programme	-	3
Part Time	Corporate Services and Finance (full time equivalent – 1.8 : 2010 - 3)	3	5
	Policy (full time equivalent – 0.8 : 2010 - 0)	1	-
	Democracy and Civil Society Programme (full time equivalent - 0: 2010 - 1)	-	1
		<u>13</u>	<u>17</u>

No Trustee received any remuneration during the year.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2011

10. Pension Commitments

Thirteen employees are in a group personal pension plan to which the Trust is contributing. Trust contributions depend on the age of the scheme member and are currently in the range 7% to 13% of salary. The pension charge for the year was £37,591 in respect of the personal pension plans (2010 - £55,899).

11. Tangible Fixed Assets

	Heritable Property £	Fixtures, Furniture, Fittings & Plant £	Computer Equipment £	Total £
Cost at 31 December 2010	1,064,169	257,067	25,978	1,347,214
Additions	-	19,910	15,518	35,428
Disposals	-	(6,586)	-	(6,586)
Cost at 31 December 2011	<u>1,064,169</u>	<u>270,391</u>	<u>41,496</u>	<u>1,376,056</u>
Accumulated depreciation at 31 December 2010	59,361	85,170	15,319	159,850
Charge for year	19,033	32,069	10,374	61,476
Disposals	-	(1,976)	-	(1,976)
31 December 2011	<u>78,394</u>	<u>115,263</u>	<u>25,693</u>	<u>219,350</u>
Net Book Value At 31 December 2011	<u>985,775</u>	<u>155,128</u>	<u>15,803</u>	<u>1,156,706</u>
At 31 December 2010	<u>1,004,808</u>	<u>171,897</u>	<u>10,659</u>	<u>1,187,364</u>

12. Investments

	2011 £	2010 £
Market value		
At 31 December 2010	30,752,898	28,597,487
Additions	57,135	53,850
Disposals	(54,508)	-
Unrealised (loss)/gain during year	(1,620,967)	2,101,561
At 31 December 2011	<u>29,134,558</u>	<u>30,752,898</u>
Cost		
At 31 December 2010	<u>33,177,618</u>	<u>33,174,634</u>

Reconciliation of Movements in Unrealised (Loss) on Investment Assets

Unrealised (loss) at 31 December 2010	(2,421,736)	(4,523,297)
Disposals in year	(357)	-
	<u>(2,422,093)</u>	<u>(4,523,927)</u>
Net (loss)/gain arising on Revaluation in year	(1,620,967)	2,101,561
Unrealised (loss) at 31 December 2011	<u>(4,043,060)</u>	<u>(2,421,736)</u>

The Trust's investments are all held on a listed exchange in the United Kingdom. The investments are held in M & G Charifund Units. The Trustees continue to monitor the performance of their investments.

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2011

13. Other Debtors and Prepayments	2011	2010
	£	£
Other debtors	6,791	19,025
Prepayments	47,808	38,440
Accrued income	10,960	15,764
	<u>65,559</u>	<u>73,229</u>

14. Creditors: amounts due within one year	2011	2010
	£	£
Accruals and other creditors	<u>158,728</u>	<u>364,516</u>

15. Endowment Fund

Balance at 31 December 2010	£ 29,696,089
Unrealised loss on investments	(1,620,967)
Balance at 31 December 2011	<u>28,075,122</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.

16. Restricted Funds	Balance at 31 December 2010	Incoming Resources	Expenditure	Balance at 31 December 2011
	£	£	£	£
Practice (Rural Community Development)				
Community Land Trusts Empowerment Fund	59,011	100,000	(134,011)	25,000
Community of Practice	-	60,375	(60,375)	-
	<u>59,011</u>	<u>160,375</u>	<u>(194,386)</u>	<u>25,000</u>

The balance on restricted funds is the unexpended income for which the Trustees are accountable:

Community Land Trusts Empowerment Fund - represents the committed balance of third party funding received from the Department for Communities and Local Government at the year end. This work will be completed in March 2012. Refer to the Trustees Report (page 9).

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2011

17. Unrestricted Funds

	Balance at 31 December 2010	Incoming Resources	Realised & Unrealised Loss on Disposal of Fixed Assets/ Investments	Transfer (to)/from Restricted Funds	Expenditure	Balance at 31 December 2011
	£	£	£	£	£	£
Designated Funds –						
Practice (Rural Community Development) Policy	-	-	-	315,304	(252,445)	62,859
Charitable Initiatives General Reserve	3,000	-	-	610,757	(610,757)	-
	700,000	-	-	121,538	(124,538)	-
	703,000	-	-	50,000	-	750,000
Other Charitable Funds	2,397,399	1,548,800	(11,102)	1,097,599	(987,740)	812,859
	3,100,399	1,548,800	(11,102)	-	(190,834)	2,646,664
					(1,178,574)	3,459,523

Practice (Rural Community Development) – represents the balance of unspent funds at the year-end committed by Trustees to the development of the Community of Practice.

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

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2011

18. Analysis of Net Assets between Funds	Tangible Fixed Assets £	Investments £	Net Current Assets £	Total £
Endowment	-	29,134,558	(1,059,436)	28,075,122
Restricted Funds	-	-	25,000	25,000
Unrestricted Funds:				
Designated Funds	-	-	812,859	812,859
Other Charitable Funds	1,156,706	-	1,489,958	2,646,664
Total Net Assets	1,156,706	29,134,558	1,268,381	31,559,645

19. Reconciliation of Net Movement in Funds to Net Cash Inflow/(Outflow) from Operating Activities

	2011 £	2010 £
Net movement in funds for year	(1,295,854)	1,858,274
Depreciation charges	61,476	54,384
Re-invested unit trust distributions	(57,135)	(53,850)
Decrease/(increase) in debtors	7,670	(36,627)
(Decrease)/increase in creditors	(205,788)	142,570
Unrealised loss/(gain) on investments	1,620,967	(2,101,561)
Realised loss/(gain) on disposals	11,102	(225)
Net cash inflow/(outflow) from operating activities	<u>142,438</u>	<u>(137,035)</u>

20. Reconciliation of Net Cash Flow to Movement in Funds

	2011 £	2010 £
Increase/(decrease) in cash in the year	155,026	(139,334)
Net funds at beginning of the year	1,206,524	1,345,858
Net funds at the end of the year	<u>1,361,550</u>	<u>1,206,524</u>

21. Analysis of Change in Funds

	At 1 Jan 2011 £	Cash flows £	At 31 Dec 2011 £
Short term deposits	1,198,600	131,975	1,330,575
At bank and in hand	7,924	23,051	30,975
	<u>1,206,524</u>	<u>155,026</u>	<u>1,361,550</u>

The Carnegie United Kingdom Trust

Notes to the Accounts (continued)

YEAR TO 31 DECEMBER 2011

22. Related Parties

One half of the Trustees of the Trust are also Trustees of the Carnegie Dunfermline and Hero Fund Trusts, charities registered in Scotland. During the year the only transactions involving these two Trusts related to the running costs of the shared co-located headquarters – Andrew Carnegie House - in Dunfermline.

Kirsty Tait, Development Officer, is the spouse of Scott W Tait who was commissioned by the Trust to produce a short Community Land Trust film series entitled 'Seeing is Believing'. The fee involved for this work was £5,750 including VAT.

Martyn Evans, Chief Executive is a member of the Board of the Community Land Trust Network. The Trust contributed a total of £19,659 in support of the Community Land Trust Network, which included a grant to the National Housing Federation of £4,000 (See Grant Payment Appendix).

Appendix – Grant Payments

YEAR TO 31 DECEMBER 2011

	2011 £
Unrestricted Grants	
<i>Charitable Initiatives</i>	
Chartered Institute of Library and Information Professionals	3,000
Scottish Parliament	<u>4,000</u>
	7,000
<i>Practice</i>	
National Housing Federation	4,000
<i>Policy</i>	
Chartered Institute of Library and Information Professionals	5,000
Total Unrestricted Grants	<u>16,000</u>
Restricted Grants	
<i>Practice</i>	
Argyll and Bute Social Enterprise Network (Ltd)	33,282
National Housing Federation	62,500
Resonance Limited	2,750
North Harris Trust (The)	24,244
University of Salford	5,000
Wessex Community Assets	<u>61,265</u>
Total Restricted Grants	<u>189,041</u>