

Charity Number: SC025067

**City of Edinburgh Council Charitable Funds
Audited Trustee's Annual Report and Accounts
for the year ended 31 March 2021**

Legal and Administrative Information

Trustee

The City of Edinburgh Council acts as sole Trustee for the City of Edinburgh Council Charitable Funds. The delegated responsibility for charitable trusts was transferred from the Pensions and Trusts Committee to the Finance and Budget Committee as part of the review of governance arrangements under the Committee Terms of Reference and Delegated Functions approved by Council on 20 September 2012 (Section 6.6). The Finance and Budget Committee has since been renamed the **Finance and Resources Committee** and now has delegated authority from Council to act in the role of Trustee of its charities. The individual members of the Committee are listed on page 3 of the Trustee's Report, however, the individual members are not Trustees of the charitable Trust.

Reference and Administrative Details

At the year end the Council acted as sole Trustee for a total of six Trusts which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR). City of Edinburgh Council Charitable Funds is one of these Trusts.

The Council administers this charity but its assets are not available to the Council and have not been included in the Council's balance sheet, or its wider Group balance sheet.

Registered Office

The City of Edinburgh Council
City Chambers
High Street
Edinburgh
EH1 1YJ

Auditor

Azets Audit Services
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL

Bankers

Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2AD

Legal Advisors

The City of Edinburgh Council
City Chambers
High Street
Edinburgh

Trustee's Annual Report 2020/21

The Trustee presents the Annual Report and Accounts of the City of Edinburgh Council Charitable Funds for the year ending 31 March 2021. The Annual Accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Accounts (Scotland) Regulations 2006 and the principles of Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102), commonly referred to as the Charities SORP (FRS 102).

Structure, Governance and Management

The Trustee section on the previous page describes the Committee of the Council which is involved with administration. All committee members are elected Councillors. Members of the Finance and Resources Committee have been provided with copies of the OSCR guidance which explains the role and responsibilities of charity Trustees. Risk management is covered as part of the Council's general risk management procedures. The Council is currently in the process of conducting a review of its administration of Trusts.

Responsibilities of the Trustee

Charity law requires charity Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

The Council, as the Trustee, has overall responsibility for the following:

1. Ensuring that there are appropriate systems of controls; financial and otherwise.
2. Keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charities and enable them to ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006 and the Charities SORP (FRS 102).
3. Selecting suitable accounting policies and applying them consistently.
4. Making judgements and estimates that are reasonable and prudent.
5. Safeguarding the assets of the charity.
6. Taking reasonable steps for the prevention and detection of fraud and other irregularities.
7. Providing reasonable assurance that:
 - i) the charity is operating efficiently and effectively;
 - ii) the charitable assets are safeguarded against unauthorised use or disposition;
 - iii) proper records are maintained and financial information used by the charity is reliable;
 - iv) the charity complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute assurance against material misstatement or loss. They include:

1. A strategic plan approved by the charity Trustee;
2. Consideration by the charity Trustee of financial results and non-financial performance indicators;
3. Delegation of authority and segregation of duties; and
4. Identification and management of risks.

The Trustee is responsible for the maintenance and integrity of the corporate and financial information included in the Council's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Exemptions From Disclosure and Funds held as Custodian Trustee on Behalf of Others

None.

Trustee's Annual Report 2020/21

Objectives and Activities

The purpose of the City of Edinburgh Council Charitable Funds is to provide outdoor education and skiing opportunities.

At the **14 January 2016 Finance and Resources Committee**, it was agreed that £66,000 of the City of Edinburgh Council Charitable Funds would be used to build a modular log cabin type classroom and storage space at Lagganlia. Further to that, a proposal to use the remaining funds for the same purpose was approved by Committee on 23 January 2018. A preferred contractor has been appointed following a tender process. However the work has been delayed due to the impact of Covid-19 restrictions. The funds will be transferred when the construction work at Lagganlia is completed. OSCR has granted consent to wind up the Trust and this will be progressed once the log cabin and storage space has been completed.

For this reason, the financial statements for the City of Edinburgh Council Charitable Funds have been prepared using a break-up basis of accounting as it is considered that it is not a going concern.

Financial Review

The financial statements present the financial position of the Trust for the year ended 31 March 2021. This section describes briefly the key points of the statement. All of the unrestricted funds of the charity are general and not designated.

The expenditure in the year is £4,074 (2019/20 £4,405). An analysis of expenditure is detailed in Notes 3 and 4.

The £5,687 decrease in cash is further analysed in the Cash Flow Statement (£2,566 decrease in 2019/20). The detail of the breakdown of the £4,074 owed by the Trust as at 31 March 2021 is included within Note 12 of the Accounts with the year on year comparative included in Note 6.

Reserves Policy

No reserves policy has been created for the City of Edinburgh Council Charitable Funds as the existing funds have been agreed to be disbursed as per the reports to Finance and Resources Committee on 14 January 2016 and 23 January 2018.

Plans for Future Period

Future plans include the full disbursement of the remaining funds of the City of Edinburgh Council Charitable Funds, which has been approved by the Finance and Resources Committee. It is the intention to wind up the Trust once all funds are distributed.

Signed on behalf of the Trustee of the charities:

Councillor Rob Munn

Convener of the Finance and Resources Committee

Date:

The other members of the Finance and Resources Committee as at 31 March 2021 are outlined below:

Councillor Alasdair Rankin (*Convener up until 25.08.20*)

Councillor Joan Griffiths (*Vice-Convener*)

Councillor Chas Booth

Councillor Graeme Bruce

Councillor Gavin Corbett

Councillor George Gordon

Councillor Graham Hutchison

Councillor Andrew Johnston

Councillor Neil Ross

Councillor Mandy Watt

The City of Edinburgh Council Charitable Funds
Statement of Financial Activities
For the year ended 31 March 2021

	Note	2020/21			2019/20		
		Unrestricted funds	Endowment funds	Total funds	Unrestricted funds	Endowment funds	Total funds
		£	£	£	£	£	£
Income and Endowments from:							
<i>Interest Received</i>	2	-	-	-	508	-	508
Total		-	-	-	508	-	508
Expenditure on:							
<i>Charitable activities</i>	3, 4	(4,074)	-	(4,074)	(4,405)	-	(4,405)
Total		(4,074)	-	(4,074)	(4,405)	-	(4,405)
Net income / (expenditure)		(4,074)	-	(4,074)	(3,897)	-	(3,897)
Transfers between funds		-	-	-	-	-	-
Net movement in funds: Increase/ (Decrease)		(4,074)	-	(4,074)	(3,897)	-	(3,897)
Reconciliation of funds							
<i>Capital as 1 April</i>		100,302	-	100,302	104,199	-	104,199
<i>Total funds brought forward</i>		100,302	-	100,302	104,199	-	104,199
Total funds carried forward	12	96,228	-	96,228	100,302	-	100,302

The City of Edinburgh Council Charitable Funds
Balance Sheet
As at 31 March 2021

	Note	2020/21			2019/20		
		Unrestricted funds	Endowment funds	Total funds	Unrestricted funds	Endowment funds	Total funds
		£	£	£	£	£	£
Current Assets:							
<i>Cash at Bank</i>	5	100,302	-	100,302	105,989	-	105,989
<i>Total current assets</i>		<u>100,302</u>	<u>-</u>	<u>100,302</u>	<u>105,989</u>	<u>-</u>	<u>105,989</u>
Liabilities:							
<i>Creditors due within one year</i>	6	(4,074)	-	(4,074)	(5,687)	-	(5,687)
<i>Total Liabilities</i>		<u>(4,074)</u>	<u>-</u>	<u>(4,074)</u>	<u>(5,687)</u>	<u>-</u>	<u>(5,687)</u>
Net Current Assets		96,228	-	96,228	100,302	-	100,302
Total Net Assets		<u>96,228</u>	<u>-</u>	<u>96,228</u>	<u>100,302</u>	<u>-</u>	<u>100,302</u>
The funds of the charity:							
<i>Unrestricted Funds</i>	12	96,228	-	96,228	100,302	-	100,302
Total Charity Funds		<u>96,228</u>	<u>-</u>	<u>96,228</u>	<u>100,302</u>	<u>-</u>	<u>100,302</u>

The audited accounts were issued on 18 November 2021.

Signed on behalf of the charity Trustee:

Councillor Rob Munn
Convener of the Finance and Resources Committee

Date:

The City of Edinburgh Council Charitable Funds
Cash Flow Statement
As at 31 March 2021

	31 March 2021		31 March 2020
	£	£	£
Operating Activities			
<i>Cash paid to the Council</i>	5,687		2,566
Cash outflows generated from operating activities	<u>5,687</u>	5,687	<u>2,566</u>
Net cash (inflows) / outflows from operating activities		<u>5,687</u>	<u>2,566</u>
Net cash flows from investing activities		-	-
Net cash flows from financing activities		-	-
Net (increase) / decrease in cash and cash equivalents		<u>5,687</u>	<u>2,566</u>
<i>Cash and cash equivalents at 1 April (Note 5)</i>	105,989		108,555
<i>Cash and cash equivalents at 31 March (Note 5)</i>	<u>100,302</u>		<u>105,989</u>
Net (increase) / decrease in cash and cash equivalents		<u>5,687</u>	<u>2,566</u>

Analysis of changes in Net Debt

	1 April 2020	Net Cash Flows	Non-Cash Changes	31 March 2021
	£	£	£	£
Cash at Bank	105,989	(5,687)	-	100,302
Total Funds	<u>105,989</u>	<u>(5,687)</u>	-	<u>100,302</u>

The City of Edinburgh Council Charitable Funds
Notes to the Accounts
For the year ended 31 March 2021

1 Accounting policies

a) Basis of preparation

The 2020/21 financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - Charities SORP (FRS 102) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

City of Edinburgh Council Charitable Funds meets the definition of a public benefit entity under Charities SORP (FRS 102). Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the Charitable Trust funds' transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The critical judgements and estimates for the trusts are included in note (j).

b) Going Concern Policy

The financial statements for the City of Edinburgh Council Charitable Funds have been prepared using a break-up basis of accounting as it is considered that it is not a going concern. A proposal to use the remaining funds to build a modular log cabin type classroom and storage space at Lagganlia was approved by **Finance and Resources Committee on 23 January 2018**.

c) Fund accounting

Unrestricted funds are general funds that are available for use at the Trustee's discretion in the furtherance of any of the objectives of the charities.

Endowment funds are held on Trust to be retained for the benefit of the charity as a capital fund. The income arising from the investments is available for the purposes of each charity and is added to the relevant unrestricted fund. In most cases the Trustee has discretion to expend endowment funds should the need arise, subject to Finance and Resources Committee approval. There is no endowment fund held for the City of Edinburgh Council Charitable Funds as at 31 March 2021.

d) Grant income

Revenue grants, including those from government, are recognised in the Statement of Financial Activities (SoFA) in the period in which the Charitable Trust is entitled to receipt, it is probable that the income will be received and the amount can be measured reliably. Such income is deferred when the Charitable Trust has to fulfil conditions before becoming entitled to it.

The City of Edinburgh Council Charitable Funds
Notes to the Accounts
For the year ended 31 March 2021

1 Accounting policies - continued

e) Expenditure

Expenditure is included in the financial statements on an accruals basis.

f) Reserves policy

No reserves policy has been created for the City of Edinburgh Council Charitable Funds as the existing funds have been agreed to be disbursed as per the report to Finance and Resources Committee on 14 January 2016 and 23 January 2018.

g) Creditors

Creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

h) Cash and cash equivalents

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

i) Financial assets and financial liabilities

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

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of Charities SORP (FRS 102). At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

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

j) Critical judgements and estimates

The preparation of financial statements in compliance with Charities SORP (FRS 102) requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Charitable Trust funds' accounting policies.

The Trustee do not consider there to be any accounting judgements required in preparing these accounts. The Trustee are satisfied that accounting policies are appropriate and applied consistently.

The City of Edinburgh Council Charitable Funds
Notes to the Accounts
For the year ended 31 March 2021

2 Analysis of Income	2020/21	2019/20
	£	£
<i>Interest - received</i>	-	508
Total Income	-	508

3 Analysis of Expenditure on Charitable Activities	2020/21	2019/20
	£	£
<i>Allocation of Governance and support costs</i>	(4,074)	(4,405)
Total Expenditure on Charitable Activities	(4,074)	(4,405)

There was no expenditure incurred on raising funds in 2020/21. (£nil 2019/20)

4 Analysis of Governance and Support Costs	Support	Governance	Total
	£	£	£
<i>City of Edinburgh Council Charitable Funds</i>	(1,938)	(2,136)	(4,074)
Total Support Costs	(1,938)	(2,136)	(4,074)

The basis of allocation for the support and governance costs was the cash held at bank at the time of allocation.

No Trustee received any remuneration or expenses during the year ending 31 March 2021. There are no employees of the City of Edinburgh Council Charitable Funds.

The City of Edinburgh Council Charitable Funds
Notes to the Accounts
For the year ended 31 March 2021

5 Analysis of Cash and Cash Equivalents	2020/21	2019/20
	£	£
<i>Cash at Bank</i>	100,302	105,989
Total Cash and Cash Equivalents	<u>100,302</u>	<u>105,989</u>

6 Analysis of Creditors Due Within One Year	Unrestricted funds	Endowment funds	2020/21 Total	2019/20 Total
	£	£	£	£
<i>Amounts due</i>	(4,074)	-	(4,074)	(5,687)
Total Liabilities	<u>(4,074)</u>	<u>-</u>	<u>(4,074)</u>	<u>(5,687)</u>

7 Analysis of Financial Assets and Liabilities	2020/21	2019/20
	£	£
<i>Financial assets measured at amortised cost</i>	100,302	105,989
<i>Financial liabilities measured at amortised cost</i>	(4,074)	(5,687)
<i>Financial assets measured at market value</i>	-	-
Total Financial Assets and Liabilities	<u>96,228</u>	<u>100,302</u>

8 Related Party Transactions

During the year the City of Edinburgh Council made payments on behalf of the Charitable Trust. At the end of the year £1,938 was owed to the Council by the Trusts (2019-20 £3,330).

9 Prior Year Adjustment

There have been no prior year adjustments that require disclosure within these accounts.

10 Post Balance Sheet Event

There have been no events since 31 March 2021, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

11 Audit Fee

The allocated fee payable to Azets Audit Services in respect of the audit services for the City of Edinburgh Council Charitable Funds is £2,136 for 2020/21. The figure for 2019/20 was £2,356. This fee is included in the overall governance costs in Notes 3 and 4.

The City of Edinburgh Council Charitable Funds
Notes to the Accounts
For the year ended 31 March 2021

12 (i) Trusts at Market Value - Year Ended 31 March 2021

Unrestricted Funds

Charity Name	SC Number	Cash at Bank £	Amounts owed £	2020/21 Market Value £
<i>City of Edinburgh Council Charitable Funds</i>	SC025067	100,302	(4,074)	96,228
Total Funds		<u>100,302</u>	<u>(4,074)</u>	<u>96,228</u>

12 (ii) Trusts at Market Value - Year Ended 31 March 2020

Unrestricted Funds

Charity Name	SC Number	Cash at Bank £	Amounts owed £	2019/20 Market Value £
<i>City of Edinburgh Council Charitable Funds</i>	SC025067	105,989	(5,687)	100,302
Total Funds		<u>105,989</u>	<u>(5,687)</u>	<u>100,302</u>

Independent auditor's report to the Trustee of the City of Edinburgh Council Charitable Funds and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the statement of accounts of the City of Edinburgh Council Charitable Funds for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the 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 accompanying financial statements:

- give a true and fair view of the state of affairs of the charities as at 31 March 2021 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the **Code of Audit** Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Emphasis of matter - basis of accounting

We draw attention to note 1 in the financial statements, which describes the basis of preparation. The Trustee has prepared the financial statements using a break-up basis of accounting as they consider that it is not a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Trustee for the financial statements

As explained more fully in the Responsibilities of the Trustee, the Trustee is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is 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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charities are complying with that framework;
- identifying which laws and regulations are significant in the context of the charities;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on other requirements

Statutory other information

The Trustee is responsible for the statutory other information in the statement of accounts. The statutory other information comprises the Trustee's Annual Report.

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this statutory other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the statutory other information and we do not express any form of assurance conclusion thereon except to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Report on other requirements

Opinion prescribed by the Accounts Commission

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustee's Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Charities SORP (FRS 102).

Matters on which we are required to report by exception

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Nick Bennett, for and on behalf of Azets Audit Services

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date.....

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