

**The City of Edinburgh Council Charitable Trusts
Audited Trustee's Annual Report and Accounts
for the year ended 31 March 2024**

Legal and Administrative Information

Trustee

The City of Edinburgh Council acts as sole Trustee for the charities in this report. 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 6 of the Trustee's Report, however, the individual members are not Trustees of the charitable trusts.

Reference and Administrative Details

At the year end the Council acted as sole Trustee for a total of five Trusts which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR). A list of five of the charities can be found on page 3 of this report and in the accounts.

The Council administers these charities but their assets are not available to the Council and have not been included in the Council's balance sheet but are consolidated in the The City of Edinburgh Council Group Accounts.

Registered Office

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

Auditor

Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Bankers

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

Investment Managers

CCLA Investment Management Ltd
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Legal Advisors

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

M&G Securities Ltd
10 Fenchurch Avenue
London
EC3M 5AG

Trustee's Annual Report 2023/24

The Trustee presents the Annual Report and Accounts of the City of Edinburgh Council Charitable Trusts for the year ending 31 March 2024. 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). One set of accounts for connected charities has been prepared under the provisions of these regulations.

Structure, Governance and Management

The charities that the Council administers are constituted in a variety of different ways. Details of how each charity was originally established are available from the Council.

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 OSCAR guidance which explains the role and responsibilities of the charity Trustee. 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.

The **Committee on the Jean F. Watson Bequest** has the following delegated authority: "With monies from the Jean F. Watson Bequest, to purchase and commission for the City's collection, works of artists and craftspeople born, practising in, or otherwise associated with Scotland, and in particular Edinburgh; all decisions to be guided by the Collection and Disposal Policy for the City Museums and Galleries."

Responsibilities of the Trustee

Charity law requires the charity Trustee 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 charities.
6. Taking reasonable steps for the prevention and detection of fraud and other irregularities.
7. Providing reasonable assurance that:
 - i) the charities are 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 charities is reliable; and
 - iv) the charities comply 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 2023/24

Objectives and Activities

Details of the charitable purposes of the charities as at 31 March 2024 are as follows:

Official Name (<i>Name Used in Accounts</i>)	Scottish Charity Registration Number	Purpose	Market Value at 31/3/24 £'000
Miss Jean Fletcher Watson Bequest (<i>Jean F. Watson</i>)	SC018971	The purchase of works of art by artists who have connections with the city	1,646
The Edinburgh Education Trust (<i>Edinburgh Education Trust</i>)	SC042754	To fund activities to support Looked after Children and school prizes	1,367
Nelson Halls Trust (<i>Nelson Halls</i>)	SC018946	Maintenance of the four "Nelson Halls" in Edinburgh to provide reading rooms for the poor	9,385
Lauriston Castle Trust (<i>Lauriston Castle</i>)	SC020737	To make the artefacts and buildings available to be viewed by the public	12,606
Royal Scots (The Royal Regiment) Monument Trust Fund (<i>The Royal Scots Trust</i>)	SC018945	Maintenance of the Royal Scots Monument	36
Total			25,040

The main activities undertaken in relation to the Trusts' purposes are outlined below;

Jean F. Watson purchased artwork totalling £81,060 during the financial year, with funding of £22,530 provided to contribute towards these purchases, as set out in Notes 2 and 5.

Additional purchases were approved at the **Committee on the Jean F Watson Bequest meeting on 23 February 2024**. The acquisition process was yet to be completed as at 31st March 2024, but was finalised in May 2024.

The Edinburgh Education Trust funded £2,000 of activities for looked after children (£1,948 2022/23) and £1,300 of school prizes (£1,350 2022/23). Unused funds from the year will be rolled forward into the new year.

The Nelson Halls Trust dates back to 1892 and relates to the provision of reading rooms for the working class and others. There are four Nelson Halls across the city, located in Dundee Street, McDonald Road, Hamilton Place and St Leonard's Street respectively. These buildings are currently primarily used as public libraries, with the building at St Leonard's Street used as a community centre. The interest received in 2023/24 was used to cover a small element of the running costs.

Lauriston Castle is open to the public with the interest received in 2023/24 used to cover a small element of the running costs.

For The Royal Scots Trust, the monument was erected to commemorate the past services of The Royal Scots. The interest received in 2023/24 was used to cover a small element of the running costs.

The Statement of Financial Activities includes the total income from and expenditure of running and maintaining Lauriston Castle, Nelson Halls and the Royal Scots Monument. This includes the support funding from the City of Edinburgh Council towards the operating and maintenance costs of these assets.

Trustee's Annual Report 2023/24

Achievements and Performance

Financial Investments Performance

The Trusts' investments are held in the Charibond Charities Fixed Interest Common Investment Fund managed by M&G Securities Ltd and the COIF Charities Investment Fund managed by CCLA Investment Management Ltd.

Charibond Charities Fixed Interest Fund

The investment held in Charibond is 20% of the total Trusts' investments.

Charibond recorded a total return of 4.63% over the 12 months to March 2024. The 50% ICE Bofaml 1-15 Gilt Index & 50% ICE Bofaml Non-Gilt Index - a composite index of UK Gilt and non-Gilt, returned 4.07% over the same period.

The single year performance for the last five years ending 31 March is outlined in the table below;

	2024	2023	2022	2021	2020
Charibond	4.6%	-5.0%	-2.6%	3.3%	3.8%

The fund invests mainly in UK government bonds (gilts) and high quality, sterling-denominated corporate bonds. In terms of its overall positioning, the fund favoured holding a mix of these assets throughout the period, but maintained a bias towards shorter dated gilts within the fund's allocation to government bonds.

As at 31 March 2024, the distribution yield of the fund was 3.62%. For comparison, on 31 March 2023, the fund's distribution yield was 2.42%.

COIF Charities Investment Fund

Investment held in COIF Charities Investment Fund is 80% of the total Trusts' investments.

The single year total return performance (net of expenses) for the COIF Charities Investment Fund for the 12 months to end March is outlined in the table below;

	2024	2023	2022	2021	2020
Fund	12.2%	-0.9%	11.6%	24.3%	-0.1%
Comparator	16.7%	-3.9%	11.8%	23.0%	-6.6%

The longer term total return performance (net of expenses) for the COIF Charities Investment Fund for the 12 months to end March is outlined in the table below;

	1 year	3 years p.a.	5 years p.a.
Fund	12.2%	7.5%	9.0%
Peer Group	9.4%	3.7%	5.0%
Market Comparator	16.7%	7.8%	7.6%

The Peer Group measure represents the total returns reported for the ARC Charities Steady Growth Index. The market comparator, which is not a target or a constraining benchmark, is intended to help investors understand the effects of the Fund's active management in different market circumstances, and to see how the Fund's returns vary in the shorter term from those that might be experienced by a more passive investor. The current market comparator, in summary, is 45% overseas equities, 30% UK equities, 15% UK bonds (gilts), 5% property & 5% 7 LIBID.

As at 31 March 2024 the actual holdings in the COIF Charities Investment Fund were; 66% overseas equities, 9% Infrastructure & Operating Assets, 8% Fixed interest (gilts), 7% UK Equities, 4% property, 3% in Private Equity & Other, 1% in Contractual & Other income and 2% in Cash. The overseas equities are split as follows: - North America 48%, Europe 13%, Pacific Ex. Japan 3%, Japan 1%, Other 1%.

The investment objective of the Fund is to provide real long-term growth in capital and income from a portfolio managed within a clear and consistent risk framework.

The forecast annual income for 2024/25 from the COIF Charities Investment Fund is £64,177, which represents an income yield of around 2.68% based on the current market value of investments.

Trustee's Annual Report 2023/24

Financial Review

The financial statements present the financial position of the Trusts for the year ended 31 March 2024. This section describes briefly the key points of each statement. Financial statements and notes have been rounded to the nearest thousand, and as such, are subject to rounding differences. All of the unrestricted funds of the charities are general and not designated.

The Statement of Financial Activities shows the total income to be £449,000 in 2023/24 (2022/23 £527,000 restated). This decrease in income compared to the previous year is primarily due to a reduced need for support funding from the City of Edinburgh Council compared to the prior year, as a result of reduction in the amount of repairs and maintenance works carried out at the Trusts' facilities. An analysis of income is available in Note 2.

The expenditure in the year is lower than last year at £373,000 compared to £473,000 (restated) in the prior year. An analysis of expenditure is detailed in Notes 3 and 4 with the values against Nelson Halls, Lauriston Castle and The Royal Scots Trusts being operating and ground maintenance costs.

The Balance Sheet Statement shows the fixed asset investments have increased to £2.755m from £2.554m. This increase is as a result of a net gain in the market valuation of the investments at the end of the first quarter of 2024. Movements on the valuation of the investments are further analysed in Notes 7, 16 and 17.

From 2023/24, a current valuation has been obtained for Lauriston Castle buildings and grounds, and these are the values reflected on the balance sheet. The revaluation of Lauriston Castle buildings and grounds increased Heritage Assets by £10.149m. In addition, assets in the grounds of Lauriston Castle valued at £0.402m, which were not accounted for in prior years, have now been included in the 2023/24 accounts with the prior year balances for these assets restated. Further details are available in Notes 1g, 5, 6, 13 and 16.

In light of clarification received on the ownership of Nelson Halls properties, Nelson Halls portfolio of assets have been reassessed with their current valuations. Nelson Halls buildings were previously revalued in 2018, increasing Heritage Assets by £5.442m at the time, and a recent valuation carried out in 2023 further increased the assets by £3.422m. The prior year balances for these assets in the financial statements have been restated. Further details are available in Notes 1g, 5, 6, 13 and 16.

From 2023/24, the collections held in Jean F. Watson and Lauriston Castle Trusts have been recognised at zero in the balance sheet, as there are no current valuations to reliably place a value on these items, except for the acquisitions to the Jean F. Watson collection since 2015, where actual cost information is available and they are recognised at historic cost. The Trustee's opinion is that the cost of obtaining a valuation for these collections is not commensurate with the benefit to the users of the accounts. The costs to maintain existing collections are charged to the statement of financial activity when they are incurred. The prior year balances for Heritage assets in the financial statements have been restated and further details are provided in Notes 1g, 5, 6 and 13.

The net movement in cash, which is further analysed in the Cash Flow Statement, is nil (£42,000 increase in 2022/23). The detail of the breakdown of the £29,000 owed by the Trusts as at 31 March 2024 is included within Note 17 of the Accounts with the year on year comparative included in Note 10.

Reserves Policy

The Charitable Trusts should follow the prevailing general principle that the "Capital" of the funds is held effectively as a permanent endowment, with only the annual income available for disbursement in the year. If the Trustee requires to use "Capital" balances, Finance and Resources Committee approval would be required on a case by case basis. This policy was approved at the **17 March 2016 Finance and Resources Committee**.

The annual income for the Edinburgh Education Trust averages around £34,000. This income is used for the advancement of education, academic and physical, formal and informal, to include the giving of bursaries and prizes as well as assistance for residents who find themselves in a state of financial hardship within the City of Edinburgh District and to pay for any expenses of administering the Trust. Any unused income in the year remains within the Trust's bank account. Based on concern raised by auditors regarding the small amount disbursed from the funds each year and the interests from council members to increase the use of the funds, there is on-going work intended to raise awareness and encourage applications for available funds. The Trust has total funds of £1,367,000 and a breakdown of the funds is included within Note 17 of the Accounts.

The annual income for Jean F. Watson averages around £50,000 in the last two years. This income can be used to purchase additional artwork, preserve existing artwork or to pay for any expenses of administering the Trust. Any unused income in the year remains within the Trust's bank account. The Trust has total funds of £1,646,000 and a breakdown of the funds is included within Note 17 of the Accounts.

Trustee's Annual Report 2023/24

Financial Review - continued

The annual income for Nelson Halls averages around £106,000, including the funding from the City of Edinburgh Council to support operating cost. This income is mainly used to fund the operating and maintenance costs of the Halls. The Trust has total funds of £9,385,000 and a breakdown of the funds is included within Note 17 of the Accounts.

The annual income for Lauriston Castle averages around £273,000, including the funding from the City of Edinburgh Council to support operating cost. This income is mainly used to fund the operating and maintenance costs of the Castle. The Trust has total funds of £12,606,000 and a breakdown of the funds is included within Note 17 of the Accounts. Cash will be available to fund liabilities as they fall due.

The annual income for The Royal Scots Trust averages around £25,000, including the funding from the City of Edinburgh Council to support maintenance cost. This income is mainly used to fund the cost of maintenance of the Monument. The Trust has total funds of £36,000 and a breakdown of the funds is included within Note 17 of the Accounts.

The total support funding from the City of Edinburgh Council across the Trusts in the year is £309,657 (2022/23 £412,017 restated).

The Heritage Assets, excluding Jean F. Watson collections, and the Investments stated above are endowment funds and are therefore not available for general purposes. An analysis of Heritage Assets is included within Notes 5 and 6 to the Accounts.

Plans for Future Period

The strategy to radically restructure the Charitable Trusts by a combination of: transfers to suitable external charities; consolidation; and expenditure of capital is almost complete.

On 20 June 2023, the Finance and Resources Committee approved to apply to the Court of Session to use its exceptional power – the *nobile officium* – to wind up Lauriston Castle Trust and transfer ownership of the asset, including the castle, grounds and collection to the City of Edinburgh Council, which is in progress. The underlying basis of this application is that the Council will continue to operate the Castle and its grounds in accordance with the Trust deeds and, as such, rather than adopting a break-up basis of accounting, a going concern basis has been used within these financial statements. There is no material difference to the figures presented as a result of adoption of this treatment.

A forecast will be prepared in 2024/25 to ensure relevant Council officers and Trustee are aware of the likely money available in 2025/26 to enable longer-term planning.

Signed on behalf of the Trustee of the charities:



Councillor Mandy Watt

Convener of the Finance and Resources Committee

Date: 20 November 2024

The other members of the Finance and Resources Committee as at 31 March 2024 are outlined below:

Councillor Alex Staniforth
Councillor Alys Mumford
Councillor Graeme Bruce
Councillor James Dalgleish
Councillor Lesley Macinnes
Councillor Lewis Younie
Councillor Marco Biagi
Councillor Neil Ross
Councillor Phil Doggart
Councillor Vicky Nicolson

Members of the Committee on Jean F. Watson Bequest as at 31 March 2024:

Councillor Val Walker (*Convener*)
Councillor Amy McNeese-Mechan
Councillor Catherine Fullerton
Councillor Edward Thornley
Councillor Hal Osler
Councillor Jane Meagher
Councillor Max Mitchell
Councillor Susan Rae

The City of Edinburgh Council Charitable Trusts
Statement of Financial Activities
For the year ended 31 March 2024

	Note	2023/24			2022/23		
		Unrestricted funds	Endowment funds	Total funds	Unrestricted funds	Endowment funds	Total funds
		£'000	£'000	£'000	Restated £'000	Restated £'000	Restated £'000
Income and Endowments from:							
<i>Charitable activities</i>	2	22	-	22	7	-	7
<i>Investments</i>	2	84	-	84	74	-	74
<i>Donations and Legacies</i>	2	310	-	310	412	-	412
<i>Other trading activities</i>	2	33	-	33	34	-	34
Total		449	-	449	527	-	527
Expenditure on:							
<i>Charitable activities</i>	3	(355)	-	(355)	(459)	-	(459)
<i>Governance costs</i>	3, 4	(18)	-	(18)	(14)	-	(14)
Total		(373)	-	(373)	(473)	-	(473)
<i>Net gains / (losses) on investments</i>	7	-	201	201	-	(114)	(114)
Total		-	201	201	-	(114)	(114)
Net income / (expenditure)		76	201	277	54	(114)	(60)
Transfers between funds		-	-	-	-	-	-
Other recognised gains/(losses):							
<i>Gains on revaluation of fixed assets</i>	16	-	10,375	10,375	-	3,422	3,422
Total		-	10,375	10,375	-	3,422	3,422
Net movement in funds:							
Increase/ (Decrease)		76	10,576	10,652	54	3,308	3,362
Reconciliation of funds							
<i>Total funds brought forward</i>		547	13,841	14,388	493	10,533	11,026
Total funds carried forward	17	623	24,417	25,040	547	13,841	14,388

The City of Edinburgh Council Charitable Trusts
Balance Sheet
As at 31 March 2024

	Note	2023/24			2022/23		
		Unrestricted	Endowment	Total	Unrestricted	Endowment	Total
		funds	funds	funds	funds	funds	funds
		£'000	£'000	£'000	Restated	Restated	Restated
		£'000	£'000	£'000	£'000	£'000	£'000
Fixed Assets:							
<i>Heritage Assets at Cost</i>	5	285	1	286	204	1	205
<i>Heritage Assets at Valuation</i>	5	-	21,661	21,661	-	11,286	11,286
<i>Investments</i>	7	-	2,755	2,755	-	2,554	2,554
Total fixed assets		285	24,417	24,702	204	13,841	14,045
Current Assets:							
<i>Cash at Bank</i>	8	350	-	350	350	-	350
<i>Debtors</i>	9	16	-	16	16	-	16
Total current assets		366	-	366	366	-	366
Liabilities:							
<i>Creditors due within one year</i>	10	(29)	-	(29)	(23)	-	(23)
Total Liabilities		(29)	-	(29)	(23)	-	(23)
Net Current Assets		338	-	338	343	-	343
Total Net Assets		623	24,417	25,040	547	13,841	14,388
The funds of the charity:							
<i>Unrestricted Funds</i>	17	623	-	623	547	-	547
<i>Endowment Funds</i>	17	-	4,409	4,409	-	4,409	4,409
<i>Revaluation Reserve</i>	17	-	19,239	19,239	-	8,864	8,864
<i>Investments Value Adjustment</i>	17	-	769	769	-	568	568
Total Charity Funds		623	24,417	25,040	547	13,841	14,388

The Audited accounts were issued on 19 November 2024.

Signed on behalf of the charity Trustee:



Councillor Mandy Watt
Convener of the Finance and Resources Committee

Date: 20 November 2024

The City of Edinburgh Council Charitable Trusts
Cash Flow Statement
As at 31 March 2024

	31 March 2024		31 March 2023	
	£'000	£'000	£'000	
Operating Activities				
<i>Dividend Income and Interest received (Note 2)</i>	(68)		(58)	
<i>Receipt of Prior Year Accrued Interest (Note 2)</i>	(16)		(16)	
<i>Grant Income for Purchase of Art (Note 2)</i>	(22)		(7)	
Cash inflows generated from operating activities		(106)	(81)	
<i>Cash paid to Schools and Pupils (Note 3)</i>	2		3	
<i>Cash paid for Purchase of Art (Note 5)</i>	81		14	
<i>Cash paid to the Council</i>	23		22	
Cash outflows generated from operating activities		106	39	
Net cash (inflows) / outflows from operating activities		-	(42)	
Net cash flows from investing activities		-	-	
Net cash flows from financing activities		-	-	
Net (increase) / decrease in cash and cash equivalents		-	(42)	
<i>Cash and cash equivalents at 1 April (Note 8)</i>	350		308	
<i>Cash and cash equivalents at 31 March (Note 8)</i>	350		350	
Net (increase) / decrease in cash and cash equivalents		-	(42)	
Analysis of changes in Net Debt				
	1 April 2023	Net Cash Flows	Non-Cash Changes	31 March 2024
	£	£	£	£
Cash at Bank	350	-	-	350
Total Funds	350	-	-	350

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2024

1 Accounting policies

a) Basis of preparation

The 2023/24 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) (effective 1 January 2019) - Charities SORP (FRS 102) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

These financial statements have been prepared on the basis that the Trusts for which the City of Edinburgh Council acts as sole Trustee are connected charities. As such, the accounts for the individual charities have been prepared on a collective basis. These financial statements contain all the relevant information that the individual charity accounts would have contained if they had been prepared on an individual basis. These Trusts meet 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 Statement of Financial Activities includes the total income from and expenditure of running and maintaining Lauriston Castle, Nelson Halls and The Royal Scots Monument. This includes the support funding from the City of Edinburgh Council towards the operating and maintenance costs of these assets.

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 (m).

b) Going Concern Policy

The financial statements for the five Trusts are prepared on the going concern basis. The Trustee is of the opinion these trusts are a going concern from reviewing activities undertaken, based on expected expenditure commitments in the 12 months following the signing of these financial statements. Going concern basis is still considered appropriate for Lauriston Castle Trust since its resources are to be transferred to the Council and the activities of the Trust will continue.

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.

All of the charities have an endowment fund consisting of invested capital and any Heritage Assets. 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.

d) Investment income

Investment income is accounted for in the period in which the charity is entitled to receive it and the amount can be measured with reasonable certainty.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2024

1 Accounting policies - continued

e) Grant and other 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. Sums generated by the direct activities of the Trusts are included as other trading activities income, subject to the conditions above. In-kind support from the Council, equal to the net operating cost of the Trusts during the year after consideration of this income and income from investments, is included within income from donations and legacies.

f) Expenditure

Expenditure is included in the financial statements on an accruals basis and includes sums incurred by the Council in the furtherance of the Trusts' activities.

g) Heritage assets and depreciation

Heritage assets are defined as tangible assets with historical, artistic, scientific, technological, geophysical, or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are deemed to have indeterminate lives and a high residual value; hence it is not considered appropriate to charge depreciation. Information on the valuation of Heritage Assets is noted below.

The Trusts' collections include paintings, ceramics, textiles, silverware, clocks, books and furniture. These collections are managed by the Council's curatorial team on the Trusts' behalf and are preserved within the Council's or the Trusts' facilities if not on display. The Trustee's opinion is that the cost of obtaining a valuation for these collections is not commensurate with the benefit to the users of the accounts. The Trusts, therefore, have recognised these collections at zero in the balance sheet, with the exception of acquisitions since 2015 to the Jean F. Watson collection where reliable cost information is available. Jean F. Watson collection items acquired since 2015 have been recognised at historic cost in the balance sheet. The costs to maintain existing collections are charged to the statement of financial activity when they are incurred.

Heritage Assets recognised on the Trusts balance sheet are in two groups: Heritage Asset at cost and Heritage Assets at valuation.

Heritage Assets at cost comprises the Jean F. Watson collection, for acquisitions since 2015, and The Royal Scots Monument. The collection and the monument are maintained and reviewed for impairment each year by Council staff. These assets are carried at historic cost subject to any impairment as detailed in Notes 5 and 6.

Heritage Assets at Valuation are separated in two sub-groups; Heritage Land & Buildings and Operational Heritage Assets.

Heritage Land & Buildings comprise Lauriston Castle buildings and grounds, while Operational Heritage Assets are the Nelson Halls buildings. These assets are managed by Council staff on the Trusts' behalf and are revalued on a 5-year rolling programme or at the date of a material change if sooner as part of the annual impairment review carried out by the Council's estates team. These assets are stated in the accounts at a revalued amount as detailed in Notes 5 and 6.

h) Investments

Investments are included at market value at the balance sheet date in accordance with the principles of the Charities SORP (FRS 102). Any gain or loss on revaluation is shown on the Statement of Financial Activities.

i) Reserves policy

The endowment fund is maintained for the charity as a capital fund. The amount of income generated by investments is available for expenditure on charitable purposes. The Finance and Resources Committee agreed the current Reserves Policy on 17 March 2016.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2024

1 Accounting policies - continued

j) 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.

k) Cash and cash equivalents

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

l) 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.

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

The reported operating cost for Lauriston Castle incorporates time-based estimates of curatorial and management costs where relevant staff also have responsibility for other Council-operated venues. An estimate of gardening costs, comprising employee and associated materials expenditure, is also included.

The reported expenditure for The Royal Scots Monument is based on the estimated cost, as originally provided by Parks and Greenspace services and adjusted for inflation, for maintaining the specific grounds where the monument is sited.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2024

	2023/24	2022/23
		<i>Restated</i>
	£'000	£'000
2 Analysis of Income		
<i>Dividend income - received</i>	68	58
<i>Dividend income - accrued</i>	16	16
<i>Jean F. Watson grant received for purchase of art</i>	22	7
<i>Donations and Legacies</i>	310	412
<i>Other trading activities</i>	33	34
Total Income	<u>449</u>	<u>527</u>

	2023/24	2022/23
		<i>Restated</i>
	£'000	£'000
3 Analysis of Expenditure on Charitable Activities		
<i>Edinburgh Education Trust - Grants to Individuals</i>	(1)	(1)
<i>Edinburgh Education Trust - Grants to Schools</i>	(2)	(2)
<i>Lauriston Castle - Operating cost</i>	(255)	(291)
<i>Nelson Halls - Operating cost</i>	(72)	(140)
<i>The Royal Scots Trusts - Operating cost</i>	(25)	(25)
	<u>(355)</u>	<u>(459)</u>
<i>Allocation of Governance and support costs</i>	(18)	(14)
Total Expenditure on Charitable Activities	<u>(373)</u>	<u>(473)</u>

There was no expenditure incurred on raising funds in 2023/24. (£nil 2022/23)

	Support	Governance	Total
	£'000	£'000	£'000
<i>Edinburgh Education Trust</i>	(6)	(4)	(10)
<i>Jean F. Watson</i>	(4)	(3)	(7)
<i>Others</i>	-	(1)	(1)
Total Support Costs	<u>(10)</u>	<u>(8)</u>	<u>(18)</u>

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

The Trustee received no remuneration or expenses during the year ending 31 March 2024 (£nil 2022/23). There are no employees of the City of Edinburgh Council Charitable Trusts.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2024

5 Heritage Assets

5 (i) Heritage Assets at Cost

	Jean F. Watson Collection 2023/24 £'000	Jean F. Watson Collection 2022/23 <i>Restated</i> £'000
<i>Balance brought forward at 1 April</i>	204	190
<i>Additions</i>	81	14
<i>Disposals</i>	-	-
<i>Impairment</i>	-	-
<i>Balance carried forward at 31 March</i>	285	204
	Royal Scots Monument 2023/24 £'000	Royal Scots Monument 2022/23 £'000
<i>Balance brought forward at 1 April</i>	1	1
<i>Additions</i>	-	-
<i>Disposals</i>	-	-
<i>Impairment</i>	-	-
<i>Balance carried forward at 31 March</i>	1	1
<i>Total</i>	286	205

In 1961 an agreement was signed by Miss Jean F. Watson and the Corporation of the City of Edinburgh which set up a fund to purchase works of art in memory of Miss Watson's parents. The Trust acquires works of art for public viewing in Edinburgh by artists and craftspeople born, practising in, or otherwise associated with Scotland, and in particular Edinburgh. The collection includes paintings, ceramics, textiles and silverware. The agreement allows for existing items in the collection to be sold and the proceeds used to purchase other works of art. There have been various purchases in 2023/24 per the list below and no disposals.

The Lost Travelogue Writer by Steven Campbell, A Hint of Blue I and II by Sekai Machache, Mariner's Museum / Taxonomy of Tides, De Bestis Marins and Gaelic Text by Will MacLean, Remembered Places Places Remembered: Arches, Remembered Places Places Remembered: Tower and Before long ago became long ago by Leena Nammari were purchased.

Lauriston Castle, sited near Cramond in the North-West of Edinburgh, was left to the Nation by its last owners, Mr and Mrs Reid. The building dates from the 16th century, with extensive alterations in the 19th century. Lauriston Castle extensive collections, assembled by the Reids, include rare Southern Italian and Dutch furniture, collection of Blue John ornaments, Crossley Wool mosaics, tapestries, ceramics, Sheffield Plate, silverware and a large library of books.

As set out in accounting policy 1g, the assets of the Lauriston Castle collection and the Jean F. Watson collection are recognised at zero in the balance sheet except for acquisitions made from 2015 for the Jean F. Watson collection, which have reliable costs information available.

The Jean F. Watson collection and The Royal Scots Monument are stated at cost subject to any impairment. There are no impairment to be reported for these assets in 2023/24 (£nil 2022/23).

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2024

5 Heritage Assets

5 (ii) Heritage Assets at Valuation

	Nelson Halls Buildings 2023/24 £'000	Nelson Halls Buildings 2022/23 <i>Restated</i> £'000
<i>Balance brought forward at 1 April</i>	8,883	5,461
<i>Additions</i>	-	-
<i>Disposals</i>	-	-
<i>Impairment</i>	-	-
<i>Revaluation</i>	226	3,422
<i>Balance carried forward at 31 March</i>	9,109	8,883
	Lauriston Castle Buildings & Grounds 2023/24 £'000	Lauriston Castle Buildings & Grounds 2022/23 <i>Restated</i> £'000
<i>Balance brought forward at 1 April</i>	2,403	2,403
<i>Additions</i>	-	-
<i>Disposals</i>	-	-
<i>Impairment</i>	-	-
<i>Revaluation</i>	10,149	-
<i>Balance carried forward at 31 March</i>	12,552	2,403
<i>Total</i>	21,661	11,286

Nelson Halls properties and the Lauriston Castle buildings and grounds have been valued for the purposes of these accounts. These assets are now stated at their current valuation, which includes assets valued at £0.402m on the grounds of Lauriston Castle that were not accounted for in prior years. Revaluation of the Nelson Halls buildings were carried out in 2022/23, increasing the valuation of these assets by £3.422m as restated in 5 (ii) above and in Note 16 (ii). Since Nelson Halls buildings did not have a full revaluation in 2023/24, using the BCIS build cost indices, an increase of 3.3% has been applied to the building value of the properties using a depreciated replacement cost approach.

Revaluation of the Lauriston Castle buildings and grounds were carried out in 2023/24, increasing the valuation of these assets by £10.149m as shown in 5 (ii) above and in Note 16 (i). Further details on prior year adjustments are available in Note 13.

Additional information on heritage assets can be found in the Trustee's Annual Report under Financial Review and in Note 1 (g), Accounting Policies, but there have been no acquisitions or disposals, except for those mentioned for Jean F. Watson in Note 5 (i) above.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2024

6 Five-year Summary Analysis of Heritage Assets Transactions

	2023/24	2022/23	2021/22	2020/21	2019/20
		<i>Restated</i>		<i>Restated</i>	<i>Restated</i>
	£'000	£'000	£'000	£'000	£'000
Purchases					
<i>Heritage Assets at Cost</i>	81	14	37	18	49
<i>Heritage Assets at Valuation</i>	-	-	-	-	-
Donations					
<i>Heritage Assets at Cost</i>	-	-	-	-	1
<i>Heritage Assets at Valuation</i>	-	-	-	-	402
Total additions	81	14	37	18	452
Charge for impairment					
<i>Heritage Assets at Cost</i>	-	-	-	-	-
<i>Heritage Assets at Valuation</i>	-	-	-	-	-
Total charge for impairment	-	-	-	-	-
Revaluation					
<i>Heritage Assets at Cost</i>	-	-	-	-	-
<i>Heritage Assets at Valuation</i>	10,375	3,422	-	-	5,442
Total Revaluation	10,375	3,422	-	-	5,442

7 Analysis of Investments

	At 31/3/23	Realised Investments	Purchases at cost	Net Gain/ (Loss) on revaluation	At 31/3/24
	£'000	£'000	£'000	£'000	£'000
<i>Edinburgh Education Trust</i>	1,092	-	-	87	1,179
<i>Jean F. Watson</i>	1,128	-	-	88	1,216
<i>Lauriston Castle</i>	50	-	-	4	54
<i>Nelson Halls</i>	253	-	-	20	273
<i>The Royal Scots Trust</i>	31	-	-	2	33
Total Investments	2,554	-	-	201	2,755

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2024

8 Analysis of Cash and Cash Equivalents	2023/24	2022/23
	£'000	£'000
<i>Edinburgh Education Trust</i>	193	165
<i>Jean F. Watson</i>	144	173
<i>Lauriston Castle</i>	1	1
<i>Nelson Halls</i>	9	8
<i>The Royal Scots Trust</i>	3	3
Total Cash and Cash Equivalents	<u>350</u>	<u>350</u>

9 Analysis of Debtors	2023/24	2022/23
	£'000	£'000
<i>Edinburgh Education Trust</i>	7	7
<i>Jean F. Watson</i>	7	7
<i>Nelson Halls</i>	2	2
Total Debtors	<u>16</u>	<u>16</u>

The figures above predominately relate to the accrued interest for the CCLA and M&G investments.

10 Analysis of Creditors Due Within One Year	Unrestricted	Endowment	2023/24	2022/23
	funds	funds	Total	Total
	£'000	£'000	£'000	£'000
<i>Amounts due</i>	(29)	-	(29)	(23)
Total Liabilities	<u>(29)</u>	<u>-</u>	<u>(29)</u>	<u>(23)</u>

Detail of the amounts due per Trust is available in Note 17.

11 Analysis of Financial Assets and Liabilities	2023/24	2022/23
	£'000	£'000
<i>Financial assets measured at amortised cost</i>	366	366
<i>Financial liabilities measured at amortised cost</i>	(29)	(23)
<i>Financial assets measured at market value</i>	2,755	2,554
Total Financial Assets and Liabilities	<u>3,092</u>	<u>2,897</u>

12 Related Party Transactions

During the year the City of Edinburgh Council made payments on behalf of the Charitable Trusts. At the end of the year £21,057 was owed to the Council by the Trusts (2022/23 £15,998).

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2024

13 Prior Year Adjustments

Additional assets on the grounds of Lauriston Castle valued at £0.402m, omitted from prior years' accounts, have now been included in the 2023/24 accounts retrospectively. With full valuation of Nelson Halls buildings and the Lauriston Castle buildings and grounds now available, these assets are reflected in the balance sheet at their current valuations. Nelson Halls buildings were previously revalued in 2018, increasing Heritage Assets by £5.442m at the time, and a recent valuation carried out in 2022/23 further increased the assets by £3.422m. The fixed assets for "Other Heritage Assets" in the balance sheet has been restated for the prior year as a result and the prior year comparative figures in Notes 5, 6, 16 and 17 have also been restated.

As noted in the Trustee's Annual Report under Financial Review, from 2023/24, the collections held in the Trusts have been recognised at zero in the balance sheet except for acquisitions made from 2015 for the Jean F. Watson collection, which have reliable costs information available. The fixed assets for "Jean F. Watson" in the balance sheet has been restated for the prior year and the prior year comparative figures in Notes 5, 6, and 17 have also been restated.

Fixed Assets: Heritage Assets at Valuation	Nelson Halls Buildings	Lauriston Castle Other Assets	Lauriston Castle Collection	2022/23 Totals
	£'000	£'000	£'000	£'000
<i>Balance brought forward at 1 April</i>	19	2,001	5,624	7,644
<i>Asset Recognition/ (De-recognition)</i>	5,442	402	(5,624)	220
<i>Revaluation movement</i>	3,422	-	-	3,422
<i>Balance carried forward at 31 March (restated)</i>	8,883	2,403	-	11,286

Fixed Assets: Heritage Assets at Cost	Jean F. Watson Collection	Royal Scots Monument	2022/23 Totals
	£'000	£'000	£'000
<i>Balance brought forward at 1 April</i>	5,419	1	5,420
<i>Asset Recognition/ (De-recognition)</i>	(5,229)	-	(5,229)
<i>Purchases</i>	14	-	14
<i>Balance carried forward at 31 March (restated)</i>	204	1	205

Considering clarification received on the ownership of Nelson Halls properties, the operating cost for maintaining the buildings charged to the Trusts account has been adjusted in retrospect, therefore, increasing the amount of support funding from the Council.

	2022/23	Council Support Funding	Operating Costs	Totals Restated
	£'000	£'000	£'000	£'000
Income and Endowments from:				
<i>Donations and Legacies</i>	376	36	-	412
Expenditure on:				
<i>Charitable activities</i>	(422)	-	(37)	(459)
	(46)	36	(37)	(47)

14 Post Balance Sheet Event

There have been no events since 31 March 2024, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

15 Audit Fee

The fee payable to Audit Scotland in respect of the audit services for the Council's Charitable Trusts is £7,597 for 2023/24 (2022/23 £7,123). This fee is included in the overall governance costs and allocated proportionately to each individual Trust based on cash held at bank.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2024

16 (i) Trusts at Market Value - Year Ended 31 March 2024

Charity Name	SC Number	Funds brought forward £'000	Income in year £'000	Expenditure in year £'000	Gains on investments £'000	Heritage Assets Revaluation £'000	Funds carried forward £'000
<i>Edinburgh Education Trust</i>	SC042754	1,257	36	(13)	87	-	1,367
<i>Jean F. Watson</i>	SC018971	1,505	60	(7)	88	-	1,646
<i>Lauriston Castle</i>	SC020737	2,453	255	(255)	4	10,149	12,606
<i>Nelson Halls</i>	SC018946	9,139	72	(72)	20	226	9,385
<i>The Royal Scots Trust</i>	SC018945	34	26	(26)	2	-	36
Total Funds		14,388	449	(373)	201	10,375	25,040

16 (ii) Trusts at Market Value - Year Ended 31 March 2023

Charity Name	SC Number	Funds brought forward <i>Restated</i> £'000	Income in year <i>Restated</i> £'000	Expenditure in year <i>Restated</i> £'000	Loss on investments £'000	Heritage Assets Revaluation <i>Restated</i> £'000	Funds carried forward <i>Restated</i> £'000
<i>Edinburgh Education Trust</i>	SC042754	1,284	31	(10)	(48)	-	1,257
<i>Jean F. Watson</i>	SC018971	1,523	40	(7)	(51)	-	1,505
<i>Lauriston Castle</i>	SC020737	2,455	291	(291)	(2)	-	2,453
<i>Nelson Halls</i>	SC018946	5,728	140	(140)	(11)	3,422	9,139
<i>The Royal Scots Trust</i>	SC018945	36	25	(25)	(2)	-	34
Total Funds		11,026	527	(473)	(114)	3,422	14,388

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2024

17 (i) Trusts at Market Value - Year Ended 31 March 2024

Charity Name	Unrestricted Funds					Endowment Funds					2023/24 Market Value £'000
	Cash at	Debtors	Amounts owed	Jean F. Watson Collection	Total	Heritage Assets	Investments	Total	Heritage Assets Revaluation	Investments Market Value Adjustment	
	Bank										
<i>Edinburgh Education Trust</i>	193	7	(11)	-	189	-	844	844	-	334	1,367
<i>Jean F. Watson</i>	144	7	(7)	285	429	-	881	881	-	336	1,646
<i>Lauriston Castle</i>	1	-	(2)	-	(1)	2,403	39	2,442	10,149	15	12,606
<i>Nelson Halls</i>	9	2	(8)	-	3	19	198	217	9,090	75	9,385
<i>The Royal Scots Trust</i>	3	-	(1)	-	2	1	24	25	-	9	36
Total Funds	350	16	(29)	285	623	2,423	1,986	4,409	19,239	769	25,040

17 (ii) Trusts at Market Value - Year Ended 31 March 2023

Charity Name	Unrestricted Funds					Endowment Funds					2022/23 Market Value £'000
	Cash at	Debtors	Amounts owed	Jean F. Watson Collection	Total	Heritage Assets	Investments	Total	Heritage Assets Revaluation	Investments Market Value Adjustment	
	Bank										
<i>Edinburgh Education Trust</i>	165	7	(7)	-	165	<i>Restated</i> -	844	844	-	248	1,257
<i>Jean F. Watson</i>	173	7	(7)	204	377	<i>Restated</i> -	881	881	-	247	1,505
<i>Lauriston Castle</i>	1	-	(1)	-	-	2,403	39	2,442	-	11	2,453
<i>Nelson Halls</i>	8	2	(7)	-	3	19	198	217	8,864	55	9,139
<i>The Royal Scots Trust</i>	3	-	(1)	-	2	1	24	25	-	7	34
Total Funds	350	16	(23)	204	547	2,423	1,986	4,409	8,864	568	14,388

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

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of The City of Edinburgh Council Charitable Trusts for the year ended 31 March 2024 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 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 my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charities as at 31 March 2024 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 of opinion

I conducted my 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. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 5 June 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the charities in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Charitable Trusts. I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charities ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Responsibilities of the Trustee for the financial statements

As explained more fully in the Statement of Responsibilities, 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 charities' 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 trustee intends to discontinue the charities' operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

Auditor's responsibilities for the audit of the financial statements (contd)

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, the Charities and Trustee Investment (Scotland) Act 2005, and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charities;
- inquiring of the Trustee and the management as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charities;
- inquiring of the Trustee and the management concerning the charities' policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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 my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charities' 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 my auditor's report.

Reporting on other requirements

Other information

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

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustee's Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustee's Annual Report

In my 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 I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Use of my 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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Christopher Gardner

Audit Scotland, 8 Nelson Mandela Place
Glasgow, G2 1BT 20 November 2024

Christopher Gardner is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.