

10.00am, Thursday, 30 June 2016

The City of Edinburgh Council Charitable Trusts – Unaudited Trustee’s Annual Report and Accounts 2015/16

Item number 8.5
Report number
Executive/routine
Wards

Executive summary

The report presents the Charitable Trusts Unaudited Trustee’s Annual Report and Accounts for 2015/16. These statements present the financial position and performance of the Charitable Trusts for the year to 31 March 2016.

The unaudited Charitable Trusts financial statements will be issued to the External Auditor by 30 June 2016.

The Charitable Trusts UK equities and Global equities are held with the Chariguard UK Equity Fund and the Chariguard Overseas Equity Fund which is to be wound up on the 30 June 2016. As a result, Council is asked to delegate authority to the Acting Executive Director of Resources to review and implement new investment arrangements.

Links

Coalition pledges [P31](#), [P42](#)

Council outcomes [CO6](#), [C10](#)

Single Outcome Agreement [SO2](#), [SO3](#)

The City of Edinburgh Council Charitable Trusts – Unaudited Trustee's Report and Accounts 2015/16

Recommendations

- 1.1 It is recommended that the Council:
- 1.1.1 notes the unaudited Trustee's Annual Report and Accounts for 2015/16 will be submitted to the External Auditor by 30 June 2016;
 - 1.1.2 notes the audited Trustee's Annual Report and Accounts will be submitted to Finance and Resources Committee at the conclusion of the audit in September 2016 and the auditor's report will be submitted to Governance, Risk and Best Value Committee in September 2016 and thereafter to Council in October 2016; and
 - 1.1.3 agrees to delegate authority to the Acting Executive Director of Resources for the Charitable Trusts investments to be reinvested in a suitable fund, as outlined in paragraphs 3.6 to 3.9.

Background

- 2.1 This purpose of this report is to present the unaudited Trustee's Annual Report and Accounts for 2015/16 for Council's consideration.
- 2.2 The Charitable Trusts Trustee's Annual Report and Accounts, shown in Appendix 1, have been completed in accordance with proper accounting practices and are being presented to Council prior to submission to the external auditor by 30 June, as required by the Local Authority Accounts (Scotland) Regulations 2014.
- 2.3 The Council, as the trustee, has overall responsibility for ensuring that:
- there are appropriate systems of control;
 - proper accounting records are maintained which disclose the financial position of the charities;
 - assets of the charities are safeguarded against unauthorised use or disposition;
 - reasonable steps for the prevention and detection of fraud are taken and;
 - reasonable assurances are provided that the charities are operating efficiently and effectively.

- 3.1 The Unaudited Financial Statements for the City of Edinburgh Council Charitable Trusts are shown in Appendix 1.

Objectives and Activities

- 3.2 At the year end the Council acted as sole trustee for a total of seven trusts which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR). These Trusts were:

- Jean Fletcher Watson with the purpose of purchasing works of art by artists who have connections with Edinburgh.
- Edinburgh Education Trust with the purpose of funding activities to support looked after children and school prizes.
- Nelson Halls Trust with the purpose of providing reading rooms for those who require them, in the four Nelson Halls in Edinburgh.
- George Boyd Anderson with the purpose of provision of outdoor education and skiing opportunities.
- Usher Hall Conservation Appeal with the purpose of funding renovation of the Usher Hall.
- Lauriston Castle Trust with the purpose of making the artefacts and buildings available to be viewed by the public.
- The Royal Scots (The Royal Regiment) Monument Trust Fund with the purpose of maintenance of the Royal Scots Monument.

Achievements and Performance

- 3.3 The significant events and developments during the financial year included;

The Edinburgh Education Trust provided £13,000 to contribute to a range of activities for looked after children and school prizes.

At the January 2016 Finance and Resources Committee, it was agreed that £66,000 of the Boyd Anderson funds will be used to build a modular log cabin type classroom and storage space at Lagganlia. The remaining £54,000 had already been earmarked for the ski centre at Hillend.

Jean F. Watson purchased 'The Craggs at Dawn' for £3,500, with 50% of the purchase cost received from the National Fund for Acquisitions, administered by the National Museums of Scotland.

Plans for the Future Period

- 3.4 Future plans include the full disbursement of the remaining funds of the Boyd Anderson and Usher Hall Conservation Appeal Trusts.
- 3.5 An external revaluation of the Lauriston Castle collection was undertaken in 2015/16 but the final figures were not available for inclusion within the accounts.
- 3.6 Letters dated 1 April 2016 were received to notify Trustees that the Chariguard UK Equity Fund and the Chariguard Overseas Equity Fund are to be wound up

with the funds liquidated as at 30 June 2016 and this paid out on 6 July 2016 to the relevant Charitable Trusts. Therefore plans will need to be in place to reinvest this money to ensure that investment income in the 2016/17 financial year is not adversely impacted.

- 3.7 It is therefore recommended that delegated authority is granted to the Acting Executive Director of Resources so that the monies paid out on 6 July 2016 can be reinvested to ensure that investment returns in 2016/17 are not significantly reduced.
- 3.8 The review will take place before the Chariguard UK Equity Fund and the Chariguard Overseas Equity Fund makes its capital repayment. In the event that it is not possible to identify and put in place an ideal solution before the capital is repaid, the proceeds will be held in cash pending reinvestment.
- 3.9 The Acting Executive Director of Resources will report the new investment arrangements to Finance and Resources Committee in September 2016.

Measures of success

- 4.1 The Charitable Trusts receive an unqualified audit certificate from the External Auditor by 30 September 2016.

Financial impact

- 5.1 There is no direct financial impact of the report's contents.

Risk, policy, compliance and governance impact

- 6.1 The Committee's remit includes the review of all matters relating to external audit of the Charitable Trusts.

Equalities impact

- 7.1 No full ERIA is required.

Sustainability impact

- 8.1 There are no impacts on carbon, adaptation to climate change and sustainable development arising directly from this report.

Consultation and engagement

- 9.1 The financial statements will be made available for public inspection from 1 July 2016 for a period of 15 working days in accordance with the provisions of Part VII of the Local Government (Scotland) Act 1973 and the Local Authority Accounts (Scotland) Regulations 2014. The Council received no requests for further information under these Regulations.

Background reading/external references

[Boyd Anderson Funds](#)

Hugh Dunn

Acting Executive Director of Resources

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Links

Coalition pledges	P31 – Maintain our city’s reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure. P42 – Continue to support and invest in our sporting infrastructure.
Council outcomes	CO6 – Our children’s and young people’s outcomes are not undermined by poverty and inequality. C10 – Improved health and reduced inequalities.
Single Outcome Agreement	SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential
Appendices	Appendix 1 – Unaudited Trustee’s Annual Report and Accounts for the year ended 31 March 2016

**The City of Edinburgh Council Charitable Trusts
Trustee's Annual Report and Accounts
for the year ended 31 March 2016**

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 responsibility from Council to act in the role of trustee of its charities.

In addition to the above a separate Committee exists to manage the Jean F. Watson Bequest Art Collection. 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."

Registered Office

The City of Edinburgh Council
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Auditor

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Assistant Director of Audit
Audit Scotland
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Bankers

Royal Bank of Scotland
36 St Andrew Square
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Investment Managers

Allianz Global Investors Europe Gmbh
UK Branch
PO Box 9031
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CM99 2WN

M&G Charities
PO Box 9038
Chelmsford
CM99 2XF

Trustee's Annual Report 2015/16

The trustee presents the Annual Report and Accounts of the City of Edinburgh Council Charitable Trusts for the year ending 31 March 2016. 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 (revised 2005), commonly referred to as the SORP.

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 Committees of the Council which are 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.

All major decisions relating to the strategic operation of the Trusts are undertaken by the Finance and Resources Committee. There is also a dedicated Jean F. Watson Committee which meets to discuss the finances and make decisions on art acquisitions. The Childrens Panel meets to approve funding for the Edinburgh Education Trust.

Reference and Administrative Details

At the year end the Council acted as sole trustee for a total of seven trusts which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR). A list of all 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, or its wider Group balance sheet.

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.
3. Safeguarding the assets of the charities.
4. Taking reasonable steps for the prevention and detection of fraud and other irregularities.
5. Providing reasonable assurance that:
 - the charities are operating efficiently and effectively;
 - the charitable assets are safeguarded against unauthorised use or disposition;
 - proper records are maintained and financial information used by the charities is reliable;
 - 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. Regular consideration by the charity trustee of financial results and non-financial performance indicators;
3. Delegation of authority and segregation of duties;
4. Identification and management of risks.

Exemptions From Disclosure

None.

Funds held as Custodian Trustee on Behalf of Others

None.

Trustee's Annual Report 2015/16
Objectives and Activities

Details of the charitable purposes of the charities as at 31 March 2016 are as follows:

Official Name (Name Used in Accounts)	Scottish Charity Registration Number	Purpose	Market Value at 31/3/16 £'000
Jean Fletcher Watson (<i>Jean F. Watson</i>)	SC018971	The purchase of works of art by artists who have connections with the city	6,173
Edinburgh Education Trust (<i>Edinburgh Education Trust</i>)	SC042754	To fund activities to support Looked after Children and school prizes	852
Nelson Halls Trust (<i>Nelson Halls</i>)	SC018946	Maintenance of the four "Nelson Halls" in Edinburgh to provide reading rooms for the poor	214
George Boyd Anderson (<i>Boyd Anderson</i>)	SC025067	Provision of outdoor education and skiing opportunities	118
Usher Hall Conservation Appeal (<i>Usher Hall</i>)	SC030180	Raise funds for the renovation of the Usher Hall	68
Lauriston Castle Trust (<i>Lauriston Castle</i>)	SC020737	To make the artefacts and buildings available to be viewed by the public	7,039
The Royal Scots (The Royal Regiment) Monument Trust Fund (<i>The Royal Scots Trust</i>)	SC018945	Maintenance of the Royal Scots Monument	30
Total			14,494

The Catherine Cowper Trust is not included in the accounts as it is not a registered charity.

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

Jean F. Watson purchased 'The Craggs at Dawn' by Catharine Davison during the financial year. Two additional planned purchases will be progressed throughout the next financial year, with these expected to take around a year to finalise.

The Edinburgh Education Trust funded £11,021 of activities for looked after children and £1,668 of school prizes. An improved process has been introduced to ensure that this funding is allocated to the recipients in a more timely and direct manner than had been the case previously.

The Nelson Halls are open to the public as part of the libraries and community centres they are attached to.

At the January 2016 Finance and Resources Committee, it was agreed that £64,000 of the Boyd Anderson funds will be used to build a modular log cabin type classroom and storage space at Lagganlia. The remaining £54,000 has already been earmarked for the ski centre at Hillend.

It is currently proposed that the Usher Hall funds will be used to purchase a new Steinway grand piano when a replacement becomes required.

The Lauriston Castle is open to the public with the interest received in 2015/16 used to cover some of the running costs.

For The Royal Scots Trust, the interest received in 2015/16 was used to cover some of the running costs.

Achievements and Performance

To assist Jean F. Watson in the purchase of 'The Craggs at Dawn', £1,750 (50% of the purchase cost) was received from the National Fund for Acquisitions administered by the National Museums of Scotland.

An external valuation by Art & Antiques Appraisals Ltd is nearing completion at the Lauriston Castle but the valuation was not available in time for inclusion in the 2015/16 Trustee's Annual Report and Accounts.

There was no material expenditure incurred by any of the Trusts in 2015/16 to raise income in future periods.

Trustee's Annual Report 2015/16
Achievements and Performance - continued

Financial Investments Performance

With regard to the performance to the year ended 31 December 2015, the Chariguard UK Equities Fund was just below the benchmark. The fund returned 1.90% compared to the benchmark of 1.98%. This is consistent with the Fund's index-tracking objectives. The performance of the Chariguard Overseas Equities Fund was below its benchmark, as it returned 1.12% compared to the benchmark of 2.05%.

Performance information for 12 months to 2 November 2015 by Charibond Charities Fixed Interest Common Investment Fund was a total return (capital performance with gross income reinvested) of 3.1% compared to the FTSE British Government All Stocks Index - a broad index of UK government bonds which does not include corporate bonds - which returned 5.5% over the same period. The reasons for the fund's underperformance were its defensive positioning and corporate bond holdings. Charibond's distribution yield on 2 November 2015 was 5.3% compared to the FTSE British Government All Stocks Index Yield of 2.3%, however, based on the Charibond's share price at 2 November 2015, this distribution yield will reduce to 3.7% next year.

The current allocation against the target allocation is outlined in the table below;

Asset Allocation		
	Current	Target
Fixed Interest	22%	25%
UK Equities	36%	37.50%
Global Equities	42%	37.50%
Total	100%	100%

The objective for each fund is to match the performance of its respective benchmark index. The Chariguard UK Equity Fund is benchmarked against the FTSE All-Share Index, the Chariguard Overseas Fund is benchmarked against the FTSE World Index ex UK (adjusted) and the Charibond Fixed Interest Fund is benchmarked against the FTSE British Government All-Stocks Index.

Financial Review

The financial statements present the financial position of the trusts for the year ended 31 March 2016. This section describes briefly the key points of each statement. Financial statements and notes have been rounded to the nearest thousand.

The Statement of Financial Activities shows the total income to be £56,000 in 2015/16. (2014/15 £64,000). This decrease in income compared to the previous year is due to the transfer of the Surplus Fire Fund (SFF) to Edinburgh Voluntary Organisation Trust (EVOT) during the 2014/15 financial year. Excluding the SFF income for 2014/15 would have resulted in £55,000 of income, therefore there has been a £1,000 increase when comparing like-for-like year-on-year income. This is due to the £1,750 grant received for purchasing art and stable although slightly underperforming investment returns.

The expenditure in the year is lower than last year at £37,000 compared to £1,311,000, however, when excluding the SFF again, the figure for comparison is £19,000. This actual like-for-like increase of £18,000 is as a result of £11,000 greater spend by the Edinburgh Education Trust on activities for looked after children and school prizes. Governance costs are £4,000 higher in 2015/16 as a result of the Audit Fee (£4,250) being charged directly to the Trusts. The purchase of 'The Craggs at Dawn' represents another £3,500 of additional expenditure in 2015/16, with the remainder representing small sums across the other Trusts. An analysis of expenditure is detailed in Note 3, with the values against Nelson Halls, Lauriston Castle and The Royal Scots Trusts being allocated to the maintenance of the assets.

The final movement in the Statement of Financial Activities relates to the unrealised losses on investments of £96,000. (Gain £140,000 2014/15) This is a result of the stock market performance outlined at the top of this page in the Financial Investments Performance section.

The Balance Sheet Statement shows the fixed asset investments have decreased from £1,940m to £1,843m. Movements on the valuation of the investments are further analysed in note 14 and note 15.

Trustee's Annual Report 2015/16

Financial Review - continued

Fixed asset properties and collections have been included in the accounts at their prior year valuations. The £7,000 increase in cash is further analysed in the Cash Flow Statement. The detail of the amount owed by each Trust to the Council as at 31 March 2016 is included within Note 15 of the Accounts.

Letters dated 1 April 2016 were received to notify that the Chariguard UK Equity Fund and the Chariguard Overseas Equity Fund are to be wound up with the funds liquidated as at 30 June 2016 and this paid out on 6 July 2016. Therefore plans will need to be in place to reinvest this money to ensure that investment income in the 2016/17 financial year is not adversely impacted.

An overall review of the current asset allocation will be undertaken and consideration of whether the investment mix should be updated accordingly. Social, environmental and ethical considerations will also be taken into account when determining the best place for these investments.

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 using "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 Jean F. Watson averages around £25,000. 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 Trusts bank account. The Trust has total funds of £6,173,000, consisting of £858,000 in Investments, £5,232,000 in Fixed Assets, £84,000 in Cash less Creditors of £1,000.

The annual income for the Edinburgh Education Trust averages around £20,000. 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 or to pay for any expenses of administering the Trust. Any unused income in the year remains within the Trusts bank account. The Trust has total funds of £852,000, consisting of £725,000 in Investments, £131,000 in Cash less Creditors of £4,000.

The annual income for Nelson Halls averages around £5,000. This income should be used in full towards costs incurred by the City of Edinburgh Council for the maintenance of the Halls. The Trust has total funds of £214,000, consisting of £193,000 in Investments, £19,000 in Heritable Assets, £8,000 in Cash less Creditors of £6,000.

No reserves policy has been created for Boyd Anderson as the existing funds have been agreed to be disbursed as per the report to Finance and Resources Committee on 14 January 2016.

The annual income for Usher Hall averages around £250. This income is used towards costs incurred by the City of Edinburgh Council for the maintenance of the Usher Hall. However, the remaining cash at bank for the Trust, around £70,000, can also be used, following Committee approval, on fabric enhancements at the Usher Hall. The current understanding is that this is likely to be used in relation to the grand piano in 2016/17. The Trust has total funds of £68,000, consisting of £71,000 in Cash less Creditors of £3,000.

The annual income for the Lauriston Castle averages around £1,000. This income is used in full to cover costs incurred by the City of Edinburgh Council for the maintenance of the Castle. The Trust has total funds of £7,039,000, consisting of £7,001,000 in Heritable Assets, £38,000 in Investments, £4,000 in Cash less Creditors of £4,000.

The annual income for The Royal Scots Trust averages around £800. This income is used in full to cover costs incurred by the City of Edinburgh Council for the maintenance of the Monument. The Trust has total funds of £30,000, consisting of £29,000 in investments, £2,000 in Cash less Creditors of £1,000.

The Heritable Assets and the Investments stated above are restricted funds and are therefore not available for general purposes.

Trustee's Annual Report 2015/16

Financial Review - continued

Plans for Future Period

The strategy to radically restructure the trusts by a combination of: transfers to suitable external charities; consolidation; and expenditure of capital is almost complete. Future plans include the full disbursement of the remaining funds of the Boyd Anderson and Usher Hall Trusts in the 2016/17 financial year, which will leave five Trusts remaining.

Future plans also include maximising realised investment gain when the Allianz funds are wound up. It will also be important for the long-term future of the Trusts that these funds are reinvested promptly and to preserve capital whilst generating strong annual income returns.

In the 2015/16 financial year the Trusts have improved processes regarding the transfer of funds and this should be continued in 2016/17 to ensure individuals are aware of the money available to them and that this is transferred promptly. Forecasting should be carried out in 2016/17 to ensure that they are also aware of the likely money available in 2017/18.

Signed on behalf of the trustee of the charities:

Councillor Alasdair Rankin

Convener of the Finance and Resources Committee

Date:

The City of Edinburgh Council Charitable Trusts
Statement of Financial Activities
For the year ended 31 March 2016

		2015/16			2014/15		
	Note	Unrestricted funds	Endowment funds	Total funds 2015/16	Unrestricted funds	Endowment funds	Total funds 2014/15
		£'000	£'000	£'000	£'000	£'000	£'000
Income and Endowments from:							
<i>Charitable activities</i>	2	(2)	-	(2)	-	-	-
<i>Investments</i>	2	(54)	-	(54)	(64)	-	(64)
Total		<u>(56)</u>	<u>-</u>	<u>(56)</u>	<u>(64)</u>	<u>-</u>	<u>(64)</u>
Expenditure on:							
<i>Charitable activities</i>	3, 4	37	-	37	19	-	19
<i>Other - Trusts transferred to external charities</i>		-	-	-	84	1,208	1,292
Total		<u>37</u>	<u>-</u>	<u>37</u>	<u>103</u>	<u>1,208</u>	<u>1,311</u>
<i>Net gains / (losses) on investments</i>	14	-	(97)	(97)	-	140	140
Net income / (expenditure)		<u>-</u>	<u>(97)</u>	<u>(97)</u>	<u>-</u>	<u>140</u>	<u>140</u>
Other recognised gains/(losses):							
<i>Gains on revaluation of fixed assets</i>	5	-	-	-	1,304	-	1,304
Net movement in funds		<u>19</u>	<u>(97)</u>	<u>(78)</u>	<u>1,265</u>	<u>(1,068)</u>	<u>197</u>
Reconciliation of funds							
<i>Capital as 1 April</i>		1,227	1,734	2,961	1,266	2,802	4,068
<i>Revaluation Reserve</i>		4,377	7,001	11,378	3,073	7,001	10,074
<i>Market Value Adjustment</i>		8	225	233	8	225	233
<i>Total funds brought forward</i>		<u>5,612</u>	<u>8,960</u>	<u>14,572</u>	<u>4,347</u>	<u>10,028</u>	<u>14,375</u>
Total funds carried forward	15	<u>5,631</u>	<u>8,863</u>	<u>14,494</u>	<u>5,612</u>	<u>8,960</u>	<u>14,572</u>

The City of Edinburgh Council Charitable Trusts
Balance Sheet
As at 31 March 2016

		2015/16			2014/15		
	Note	Unrestricted funds	Endowment funds	Total funds 2015/16	Unrestricted funds	Endowment funds	Total funds 2014/15
		£'000	£'000	£'000	£'000	£'000	£'000
Fixed Assets:							
<i>Jean F. Watson Collection</i>	5	5,232	-	5,232	5,232	-	5,232
<i>Heritable Property</i>	6		7,020	7,020	-	7,020	7,020
<i>Investments</i>	7		1,843	1,843	-	1,940	1,940
<i>Total fixed assets</i>		5,232	8,863	14,095	5,232	8,960	14,192
Current Assets:							
<i>Cash at Bank</i>	8	420	-	420	413	-	413
<i>Total current assets</i>		420	-	420	413	-	413
Liabilities:							
<i>Creditors due within one year</i>	9, 10	21	-	21	33	-	33
<i>Total Liabilities</i>		21	-	21	33	-	33
Net Current Assets		399	-	399	380	-	380
Total Net Assets		5,631	8,863	14,494	5,612	8,960	14,572
The funds of the charity:							
<i>Unrestricted Funds</i>	15	1,254	-	1,254	1,235	-	1,235
<i>Endowment Funds</i>	15	-	1,862	1,862	-	1,959	1,959
<i>Revaluation Reserve</i>	14	4,377	7,001	11,378	4,377	7,001	11,378
Total Charity Funds		5,631	8,863	14,494	5,612	8,960	14,572

The unaudited accounts were issued on 30 June 2016.

Signed on behalf of the charity trustee:

Councillor Alasdair Rankin
Convener of the Finance and Resources Committee

Date:

The City of Edinburgh Council Charitable Trusts
Cash Flow Statement
As at 31 March 2016

	31 March 2016	31 March 2015
	£'000	£'000
Operating Activities		
<i>Dividend Income and Interest received (Note 2)</i>	(54)	(64)
Cash inflows generated from operating activities	<u>(54)</u>	<u>(64)</u>
<i>Cash paid to Schools and Pupils (Note 3)</i>	13	2
<i>Cash paid to Purchase Art (Note 3)</i>	4	1
<i>Cash paid to the Council (Note 9)</i>	30	-
Cash outflows generated from operating activities	<u>47</u>	<u>3</u>
Net cash flows from operating activities	<u>(7)</u>	<u>(61)</u>
Investing Activities		
<i>Transfer of Surplus Fire Fund to Edinburgh Voluntary Organisations Trust</i>	-	127
Net cash flows from investing activities	<u>-</u>	<u>127</u>
Net cash flows from financing activities	<u>-</u>	<u>-</u>
Net (increase) / decrease in cash and cash equivalents	<u>(7)</u>	<u>66</u>
	April 2015	April 2014
<i>Cash and cash equivalents (Note 8)</i>	413	479
	March 2016	March 2015
<i>Cash and cash equivalents (Note 8)</i>	420	413
Net (increase) / decrease in cash and cash equivalents	<u>(7)</u>	<u>66</u>

The City of Edinburgh Council Charitable Trusts
Notes to the accounts
For the year ended 31 March 2016

1 Accounting policies

a) Basis of preparation

The 2015/16 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 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

In line with Regulation 7 of the 2006 Regulations, 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 FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) 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.

Almost all of the charities have an endowment fund consisting of invested capital and any heritable property. 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.

c) 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.

d) Expenditure

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

e) Heritable property and depreciation

Heritable properties are stated in the accounts at a revalued amount where this is available. Where this is not available historic cost has been used, this is the case for the Nelson Halls. Depreciation is not currently provided for heritable property.

f) Heritable assets and depreciation

Heritage assets are deemed to have indeterminate lives and a high residual value; hence it is not considered appropriate to charge depreciation. The type of assets includes collections of: paintings, ceramics, textiles, silverware, clocks and books. The valuations used for these assets are based on values for insurance purposes.

g) Investments

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

h) 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 2016

2 Analysis of Income	2015/16 £'000	2014/15 £'000
<i>Dividend income</i>	(53)	(63)
<i>Interest received</i>	(1)	(1)
<i>Grant for purchase of art</i>	(2)	-
Total Income	(56)	(64)

3 Analysis of Expenditure on Charitable Activities	2015/16 £'000	2014/15 £'000
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Activities undertaken directly:

<i>Education Grants - to Individuals</i>	11	2
<i>Education Grants - to Schools</i>	2	-
<i>Jean F. Watson Art Collection</i>	4	-
<i>Lauriston Castle</i>	1	1
<i>Nelson Halls</i>	5	6
<i>The Royal Scots Trusts</i>	1	-
<i>Surplus Fire Fund Legal Fees</i>	n/a	1
	24	10

<i>Allocation of support costs</i>	13	9
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Total Expenditure on Charitable Activities	37	19
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4 Analysis of Support Costs	Governance	Finance	Total
<i>Edinburgh Education Trust</i>	2	3	5
<i>Boyd Anderson</i>	1	1	2
<i>Jean F. Watson</i>	1	2	3
<i>Usher Hall</i>	2	1	3
Total Support Costs	6	7	13

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

No trustee received any remuneration or expenses during year ending 31 March 2016. There are no employees of the City of Edinburgh Council Charitable Trusts.

5 Jean F. Watson Collection	2015/16 £'000	2014/15 £'000
<i>Balance brought forward at 1 April</i>	5,232	3,928
<i>Revaluation during the year</i>	-	1,304
Balance carried forward at 31 March	5,232	5,232

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 who have connections with the city. The agreement allows for existing items in the collection to be sold and the proceeds used to purchase other works of art.

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For the year ended 31 March 2016

6 Analysis of Heritable Property	2015/16 £'000	2014/15 £'000
<i>Nelson Halls</i>	19	19
<i>Lauriston Castle</i>	7,001	7,001
Total Heritable Property	7,020	7,020

The Lauriston Castle valuation includes £5m based on full inventory evaluation of the collection. An external revaluation of the collection commenced in 2015/16 but the final figures were not available for inclusion in the 2015/16 Trustee's Unaudited Annual Report and Accounts.

The Nelson Halls properties have not been valued for the purposes of these accounts and are stated at cost. These buildings are now often incorporated into the fabric of existing buildings and are therefore difficult to revalue.

7 Analysis of Investments	At 31/3/15 £'000	Net Loss on revaluation £'000	At 31/3/16 £'000
<i>Investments</i>	1,940	(97)	1,843
Total Investments	1,940	(97)	1,843

8 Analysis of Cash and Cash Equivalents	2015/16 £'000	2014/15 £'000
<i>Edinburgh Education Trust</i>	131	130
<i>Boyd Anderson</i>	120	127
<i>Jean F. Watson</i>	84	65
<i>Lauriston Castle</i>	4	2
<i>Nelson Halls</i>	8	13
<i>The Royal Scots Trust</i>	2	4
<i>Usher Hall</i>	71	72
Total Cash at Bank	420	413

9 Analysis of Creditors Due Within One Year	Unrestricted funds £'000	Endowment funds £'000	2015/16 Total £'000	2014/15 Total £'000
<i>Amounts due to the Council</i>	21	-	21	33
Total Liabilities	21	-	21	33

Detail of the amounts due to the Council per Trust is available in Note 15.

10 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 £21,422 was owed to the Council by the Trusts (2014-15 £33,287). Detail of the amounts due to the Council per Trust is available in Note 15.

11 Prior Year Adjustment

There are no prior year adjustments included in the 2015/16 Accounts.

The City of Edinburgh Council Charitable Trusts
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For the year ended 31 March 2016

12 Post Balance Sheet Event

Events after the balance sheet date

A revaluation of the Lauriston Castle collection commenced in January 2016. It is likely there will be a significant increase in the value of these assets when the details of the revaluation become available, which will need to be reflected in the Accounts.

13 Audit Fee

The fee payable to Audit Scotland in respect of the audit services for the Council's Charitable Trusts is £4,250 for 2015/16. (2014/15 £4,250) This fee was included in the overall governance costs and allocated proportionately to each individual Trust. In prior years, this fee was included in the overall fee for the Council and not allocated directly to the individual Trusts.

The City of Edinburgh Council Charitable Trusts

Notes to the accounts

For the year ended 31 March 2016

14 Trusts at Market Value - Year Ended 31 March 2016

Charity Name	SC Number	Funds brought forward £'000	Income in year £'000	Expenditure in year £'000	Losses on investments £'000	Funds carried forward £'000	2014/15 Market Value £'000
Edinburgh Education Trust	SC042754	886	(21)	17	(38)	852	886
Boyd Anderson	SC025067	120	-	2	-	118	120
Jean F. Watson	SC018971	6,198	(27)	7	(45)	6,173	6,198
Lauriston Castle	SC020737	7,041	(1)	1	(2)	7,039	7,041
Nelson Halls	SC018946	224	(6)	6	(10)	214	224
The Royal Scots Trust	SC018945	33	(1)	2	(2)	30	33
Usher Hall	SC030180	70	-	2	-	68	70
Total Funds		14,572	(56)	37	(97)	14,494	14,572

The City of Edinburgh Council Charitable Trusts

Notes to the accounts

For the year ended 31 March 2016

15 Trusts at Market Value - Year Ended 31 March 2016

Charity Name	SC Number	Jean F. Watson Collection	Heritable Property incl. Lauriston Castle	Investments	Investments Market Value Adjustment	Cash at Bank	Amounts due to Council	2015/16 Market Value	2014/15 Market Value
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Edinburgh Education Trust	SC042754	-	-	657	69	131	(5)	852	886
Boyd Anderson	SC025067	-	-	-	-	120	(2)	118	120
Jean F. Watson	SC018971	5,232	-	747	111	84	(1)	6,173	6,198
Lauriston Castle	SC020737	-	7,001	33	5	4	(4)	7,039	7,041
Nelson Halls	SC018946	-	19	168	25	8	(6)	214	224
The Royal Scots Trust	SC018945	-	-	25	3	2	-	30	33
Usher Hall	SC030180	-	-	-	-	71	(3)	68	70
Total Funds		5,232	7,020	1,630	213	420	(21)	14,494	14,572