

# Finance and Resources Committee

10.00am, Thursday, 21 September 2023

## The City of Edinburgh Council Charitable Trusts and The City of Edinburgh Council Charitable Funds – Audit of 2022/23 Annual Accounts

Executive/routine  
Wards

### 1. Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
- 1.1.1 approve the Trustee's Annual Reports and Accounts for 2022/23 and note that these will be submitted to the external auditor by no later than 30 September 2023 and to the Office of the Scottish Charity Regulator (OSCR) by 31 December 2023; and
  - 1.1.2 note that any relevant additional audit findings will be included in the Council's annual audit report to be considered at the Committee's following meeting on 21 November 2023.

**Dr Deborah Smart**

Executive Director of Corporate Services

Contact: John Aghodeaka, Accountant,

Finance and Procurement Division, Corporate Services Directorate

E-mail: [john.aghodeaka@edinburgh.gov.uk](mailto:john.aghodeaka@edinburgh.gov.uk) | Tel: 0131 469 5348

## The City of Edinburgh Council Charitable Trusts and The City of Edinburgh Council Charitable Funds – Audit of 2022/23 Annual Accounts

### 2. Executive Summary

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- 2.1 The report updates the Committee with the external auditor's view on matters arising from the Charitable Trusts and Charitable Funds audit in compliance with International Standard on Auditing 260.
- 2.2 An unmodified (unqualified) audit opinion is expected to be issued on the Trustee's Annual Reports and Accounts for 2022/23.

### 3. Background

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- 3.1 The purpose of this report is to update the Committee with the external auditor's view on matters arising from the annual audit in compliance with International Standard on Auditing 260 (ISA 260).
- 3.2 The Committee's remit includes the review of all matters relating to external audit of the Charitable Trusts and Charitable Funds.
- 3.3 The external auditor is required to comply with ISA 260. As part of the standard, the auditor is required to highlight relationships that bear on independence, unadjusted misstatements and material weaknesses in internal control.
- 3.4 The Council, as trustee, has overall responsibility for ensuring that:
  - i. there are appropriate systems of control;
  - ii. proper accounting records are maintained which disclose the financial position of the charities;
  - iii. suitable accounting policies are selected and applied consistently;
  - iv. judgements and estimates are reasonable and prudent;
  - v. assets of the charities are safeguarded against unauthorised use or disposition; and
  - vi. reasonable steps for the prevention and detection of fraud are taken and reasonable assurances are provided that the charities are operating efficiently and effectively.

## 4. Main report

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### Audit of 2022/23 annual accounts

- 4.1 As noted in Appendix 1, the independent auditor's reports to the trustee of The City of Edinburgh Council Charitable Trusts and Charitable Funds are expected to be unmodified (unqualified).
- 4.2 The Trustee's Annual Reports and Accounts for 2022/23 are included in Appendices 2 and 3 of this report. While any relevant additional audit findings will be included in the Council's annual audit report to be considered at the Committee's following meeting on 21 November 2023, as part of the Council's annual audit process to date, the external auditor has noted the following:
- i. **Basis of accounts and the going concern policy of the Charitable Trusts and Charitable Funds**

On 23 January 2018, the Finance and Resources Committee approved a proposal to use the remaining Boyd Anderson funds to build a modular log cabin-type classroom and storage space at Lagganlia Outdoor Education Centre. Consent to wind up this charitable trust was received from OSCR in December 2017. As a result, separate accounts have been prepared for Boyd Anderson Trust using a break-up basis of accounting, included as Appendix 3. The independent auditor's report includes an emphasis of matter paragraph to draw attention to this issue.
  - ii. **Lauriston Castle Trust**

On 20 June 2023, the Finance and Resources Committee considered a report on the Lauriston Castle Trust and options for reshaping governance arrangements. The committee approved, subject to onward ratification by Council on 31 August 2023, to apply to the Court of Session to use the *nobile officium* to approve the winding up of the Lauriston Castle Trust and the transfer of assets to the Council. Given that the process is yet to be formally initiated, the trust continues to have financial backing to utilise its assets and meet liabilities as they fall due and, particularly, as the intention is to transfer ownership to the Council, adoption of a going concern basis is considered appropriate.

## 5. Next Steps

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- 5.1 Subject to the Committee's approval, the audited Trustee's Annual Reports and Accounts for 2022/23 will be submitted to the external auditor by no later than 30 September 2023. Any relevant additional audit findings will be included in the Council's annual audit report to be considered at the Committee's following meeting on 21 November 2023.

## **6. Financial impact**

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- 6.1 The City of Edinburgh Council Charitable Trusts for 2022/23 generated a small loss of £0.059m (2021/22 – surplus £0.227m), with total net assets as of the year-end being £15.975m (2021/22 £16.034m).
- 6.2 The remaining funds in The City of Edinburgh Council Charitable Funds (Boyd Anderson Trust), currently £0.089m, will be disbursed once the construction work at Lagganlia is completed, after which the Boyd Anderson Trust will be dissolved. It is expected that there will be no material costs associated with this winding up.

## **7. Equality and Poverty Impact**

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- 7.1 Included in the Council's Collections Development Policy is a section dealing with equalities in the acquisition of new collections, expressing the desire to represent better communities underserved by the service. Acquisitions for the Jean F. Watson collections operate within this same framework. The focus of recent collecting has been aimed towards acquiring works by women but also by artists from other cultural backgrounds and traditions.
- 7.2 Edinburgh Education Trust supports the advancement of education, both academic and physical, including the giving of bursaries and school grants. Bursaries totalling £1,350 were awarded in 2022/23 (2021/22 - £1,300) and school grants to support extra-curricular activities totalling £2,000 were disbursed in the year (2021/22- £2,000).
- 7.3 Members of the public are allowed free access to several Trust facilities, such as the grounds of Lauriston Castle, Nelson Hall libraries, the Royal Scots Monument and viewing of the Jean F. Watson collections. There is a small charge for entry to the Lauriston Castle buildings with concessionary tickets available to seniors, students and children.

## **8. Climate and Nature Emergency Implications**

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- 8.1 There are no direct implications arising from the report's contents.

## **9. Risk, policy, compliance, governance and community impact**

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- 9.1 The Annual Report and Accounts were made available for public inspection from 3 July 2023 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. There was no correspondence received as part of this process in relation to the Charitable Trusts or Funds.

## 10. Background reading/external references

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- 10.1 [‘Guidance and good practice for Charity Trustees’](#), OSCR Website
- 10.2 [‘Charitable Trusts Reserves Policy’](#), Finance and Resources Committee, 17 March 2016
- 10.3 [‘Winding Up of Boyd Anderson Charitable Trust’](#), Finance and Resources Committee, 23 January 2018
- 10.4 [‘Spend to Save funding application – Lagganlia Outdoor Centre’](#), Finance and Resources Committee, 16 August 2018
- 10.5 [‘The City of Edinburgh Council Charitable Trusts - Report to those charged with Governance on the 2020/21 Audit’](#), Finance and Resources Committee, 18 November 2021
- 10.6 [Business Bulletin](#), Finance and Resources Committee, 16 June 2022
- 10.7 [Edinburgh Museums and Galleries: Policy Renewals 2023-2026](#), Culture and Communities Committee, 11 May 2023.

## 11. Appendices

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- 11.1 The City of Edinburgh Council Charitable Trusts and The City of Edinburgh Council Charitable Funds – Audit of 2022/23 Annual Accounts – report to the Trustee
- 11.2 Audited Trustee’s Annual Report and Accounts for The City of Edinburgh Council Charitable Trusts, 2022/23.
- 11.3 Audited Trustee’s Annual Report and Accounts for The City of Edinburgh Council Charitable Funds (Boyd Anderson), 2022/23.

102 West Port  
Edinburgh  
EH3 9DN

8 Nelson Mandela Place  
Glasgow  
G2 1BT

The Green House  
Beechwood Business Park North  
Inverness  
IV2 3BL

T: 0131 625 1500

E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)



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## To the Trustee of The City of Edinburgh Council Charitable Trusts & The City of Edinburgh Council Charitable Funds

12 September 2023

### The City of Edinburgh Council Charitable Trusts & The City of Edinburgh Council Charitable Funds Audit of 2022/23 annual accounts

#### Independent auditor's report

1. Our audit work on the 2022/23 annual accounts is now substantially complete. Subject to receipt of the revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 21 September 2023 (the proposed reports are attached at [Appendix A](#)).

#### Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Finance and Resources Committee's consideration our report on the 2022/23 audit. The section headed "Significant findings and key audit matters" sets out the issues identified in respect of the annual accounts. Our Annual Audit Report covering all aspects of the 2022/23 audit will be presented to the Committee in the autumn.

#### Unadjusted misstatements

3. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected.

4. We have no unadjusted misstatements to be corrected.

#### Fraud, subsequent events and compliance with laws and regulations

5. In presenting this report to the Finance and Resources Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

#### Representations from the Trustee of the charities

6. As part of the completion of our audit, we are seeking written representations from the Trustee of the charities on aspects of the annual accounts, including the judgements and estimates made.

**7.** A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Convener of the Finance and Resources Committee on behalf of the Trustee of the charities with the signed annual accounts prior to the independent auditor's report being certified.

## Appendix Ai: Proposed Independent Auditor's Report

### Independent auditor's report to the Trustee of 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 2023 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 2023 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

##### Basis for opinion

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 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. I believe that the audit evidence I 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:

- 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](http://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

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

## Appendix Aii: Proposed Independent Auditor's Report

### Independent auditor's report to the Trustee of City of Edinburgh Council Charitable Funds 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 Funds for the year ended 31 March 2023 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 charity as at 31 March 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

##### Basis for opinion

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 am independent of the charity 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Emphasis of matter – basis of preparation

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

## **Responsibilities of the Trustee for the financial statements**

As explained more fully in the 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee intends to discontinue the charity's 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:

- 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 charity;
- 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 charity;
- inquiring of the Trustee and the management concerning the charity's 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 charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of

manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://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

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

## Appendix B: Letter of Representation (ISA 580)

Christopher Gardner, Senior Audit Manager  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear Christopher

### **The City of Edinburgh Council Charitable Trusts & The City of Edinburgh Council Charitable Funds Annual Accounts 2022/23**

1. This representation letter is provided about your audits of the annual accounts of The City of Edinburgh Council Charitable Trusts & The City of Edinburgh Council Charitable Funds for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Chief Executive and Corporate Management Team, the following representations given to you in connection with your audits of The City of Edinburgh Council Charitable Trusts & The City of Edinburgh Council Charitable Funds annual accounts for the year ended 31 March 2023.

#### **General**

3. The City of Edinburgh Council Charitable Trusts, The City of Edinburgh Council Charitable Funds and I have fulfilled our statutory responsibilities for the preparation of the 2022/23 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by The City of Edinburgh Council Charitable Trusts & The City of Edinburgh Council Charitable Funds have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

#### **Financial Reporting Framework**

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (2022/23 accounting code), and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.



**6.** In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of The City of Edinburgh Council Charitable Trusts & The City of Edinburgh Council Charitable Funds at 31 March 2023 and the transactions for 2022/23.

### **Accounting Policies & Estimates**

**7.** All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2022/23 accounting code where applicable. All accounting policies applied are appropriate to The City of Edinburgh Council Charitable Trusts & The City of Edinburgh Council Charitable Funds circumstances and have been consistently applied.

**8.** The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

### **Going Concern Basis of Accounting**

**9.** I have assessed The City of Edinburgh Council Charitable Trusts' ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on The City of Edinburgh Council Charitable Trusts' ability to continue as a going concern.

**10.** I have assessed The City of Edinburgh Council Charitable Funds' ability to continue to use the going concern basis of accounting and have concluded that it is not a going concern. I have considered all possible events, matters and contingencies in performing my going concern assessment and have prepared the accounts using a break-up basis of accounting as a result.

### **Assets**

**11.** Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2023 does not differ materially from that which would be determined if a revaluation had been carried out at that date.

**12.** I carried out an assessment at 31 March 2023 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

**13.** I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2023.

**14.** There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

**15.** Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

### **Liabilities**

**16.** All liabilities and contingent liabilities at 31 March 2023 of which I am aware have been recognised or disclosed in the annual accounts.

**17.** There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

## **Fraud**

**18.** I have provided you with all information in relation to:

my assessment of the risk that the financial statements may be materially misstated because of fraud

any allegations of fraud or suspected fraud affecting the financial statements

fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

## **Laws and Regulations**

**19.** I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

## **Related Party Transactions**

**20.** All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2022/23 accounting code. I have made available to you the identity of all The City of Edinburgh Council Charitable Trusts' & The City of Edinburgh Council Charitable Funds' related parties and all the related party relationships and transactions of which I am aware.

## **Remuneration Report**

**21.** The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

## **Management commentary**

**22.** I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

## **Corporate Governance**

**23.** I confirm that The City of Edinburgh Council Charitable Trusts & The City of Edinburgh Council Charitable Funds have undertaken a review of the system of internal control during 2022/23 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

**24.** I confirm that the Trustee's Annual Report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2023, which require to be reflected.

## **Events Subsequent to the Date of the Balance Sheet**

**25.** All events subsequent to 31 March 2023 for which the 2022/23 accounting code requires adjustment or disclosure have been adjusted or disclosed.

## **Prior period**

**26.** The City of Edinburgh Council Charitable Trusts, The City of Edinburgh Council Charitable Funds and I have fulfilled our statutory responsibilities for the preparation of the comparative period 2021/22 annual accounts. All the accounting records, documentation and other matters which I am aware which are relevant to the comparative period restatement have been made available to you for the purposes of your audit. All transactions undertaken by The City of Edinburgh Council Charitable Trusts & The City of Edinburgh Council Charitable Funds have been recorded in the accounting records and are properly reflected in the comparative period presented in the financial statements.

**27.** I confirm that the effects of uncorrected misstatements in the comparative period 2021/22 are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Yours sincerely

**Signed on behalf of the Trustee of the charities:**

**Councillor Mandy Watt**

**Convener of the Finance and Resources Committee**

**The City of Edinburgh Council Charitable Trusts  
Audited Trustee's Annual Report and Accounts  
for the year ended 31 March 2023**

## 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 six 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. Separate accounts have been prepared for City of Edinburgh Council Charitable Funds (Boyd Anderson Trust) using a break-up basis of accounting for which OSCR has granted consent to wind up the trust.

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 2022/23

The Trustee presents the Annual Report and Accounts of the City of Edinburgh Council Charitable Trusts for the year ending 31 March 2023. 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 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;
  - 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 2022/23

### Objectives and Activities

Details of the charitable purposes of the charities as at 31 March 2023 are as follows:

Official Name <i>(Name Used in Accounts)</i>	Scottish Charity Registration Number	Purpose	Market Value at 31/3/23 £'000
<b>Miss Jean Fletcher Watson Bequest</b> <i>(Jean F. Watson)</i>	<b>SC018971</b>	The purchase of works of art by artists who have connections with the city	<b>6,734</b>
<b>The Edinburgh Education Trust</b> <i>(Edinburgh Education Trust)</i>	<b>SC042754</b>	To fund activities to support Looked after Children and school prizes	<b>1,257</b>
<b>Nelson Halls Trust</b> <i>(Nelson Halls)</i>	<b>SC018946</b>	Maintenance of the four "Nelson Halls" in Edinburgh to provide reading rooms for the poor	<b>275</b>
<b>Lauriston Castle Trust</b> <i>(Lauriston Castle)</i>	<b>SC020737</b>	To make the artefacts and buildings available to be viewed by the public	<b>7,675</b>
<b>Royal Scots (The Royal Regiment) Monument Trust Fund</b> <i>(The Royal Scots Trust)</i>	<b>SC018945</b>	Maintenance of the Royal Scots Monument	<b>34</b>
<b>Total</b>			<b>15,975</b>

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

Jean F. Watson purchased artwork totalling £13,995 during the financial year, with funding of £6,997 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 2 February 2023. The acquisition process was yet to be completed as at 31st March 2023, but will be progressed and finalised in the next financial year.

The Edinburgh Education Trust funded £1,948 of activities for looked after children (£2,028 2021/22) and £1,350 of school prizes (£1,300 2021/22). Unused funds from the current year will be rolled forward into the new year.

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

Lauriston Castle is open to the public with the interest received in 2022/23 used to cover some of the running costs.

For The Royal Scots Trust, the interest received in 2022/23 was used to cover some 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 2022/23

### 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 -9.32% over the 12 months to November 2022. The 50% ICE Bofaml 1-15 Gilt Index & 50% ICE Bofaml Non-Gilt Index - a composite index of UK Gilt and non-Gilt, returned -12.79% over the same period.

The single year performance for the last five years ending 15 November is outlined in the table below;

	2022	2021	2020	2019	2018
<b>Charibond</b>	-9.3%	-0.6%	3.3%	3.8%	0.0%

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 15 November 2022, the distribution yield of the fund was 1.99%. For comparison, on 15 November 2021, the fund's distribution yield was 2.05%.

#### 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;

	2023	2022	2021	2020	2019	2018
<b>Fund</b>	-0.9%	11.6%	24.3%	-0.1%	12.2%	6.0%
<b>Comparator</b>	-4.0%	11.7%	22.9%	-6.4%	8.5%	2.2%

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.
<b>Fund</b>	-0.9%	11.2%	8.9%
<b>Peer Group</b>	-4.0%	8.2%	4.3%

Market comparator: For the Investment Fund's total return objective (CPI+5% p.a. on average) it is only possible to assess progress over a long time horizon such as the course of a business cycle, which may be ten years or more. 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 75% overseas equities, 15% UK government bonds (gilts), 5% UK commercial property & 5% London Interbank Bid Rate (LIBID).

As at 31 March 2023 the actual holdings in the COIF Charities Investment Fund were; 63.4% in overseas equities, 8.1% in UK equities, 7.8% in Fixed Interest, 3.1% in Property, 8.3% in Infrastructure & Operating Assets, 2.7% in Private Equity & Other, 1.9% in Contractual & Other income and 4.7% in Cash. The overseas equities are split as follows: - North America 43.6%, Europe 14.6%, Pacific Ex. Japan 3.1%, Japan 1.0%, Other 1.1%

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 from the COIF Charities Investment Fund is £63,900, which represents an income yield of around 2.91% based on the current market value of investments.



## Trustee's Annual Report 2022/23

### Financial Review

The financial statements present the financial position of the Trusts for the year ended 31 March 2023. 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 £491,000 in 2022/23 (2021/22 £427,000). This increase in income compared to the previous year is primarily due to an increased need for support funding from the City of Edinburgh Council compared to the prior year. An analysis of income is available in Note 2.

The expenditure in the year is higher than last year at £436,000 compared to £364,000. 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 decreased to £2.554m from £2.668m. This decrease is as a result of a net loss in the market valuation of the investments at the end of the first quarter of 2023. Movements on the valuation of the investments are further analysed in Notes 7, 16 and 17.

Fixed asset properties and collections have been included in the accounts at their most recent valuations. An external revaluation of Lauriston Castle collections was completed in November 2020 and Lauriston Castle building was revalued in March 2019, with further details available in Notes 5 and 16.

The £42,000 increase in cash is further analysed in the Cash Flow Statement (£21,000 increase in 2021/22). The detail of the breakdown of the £23,000 owed by the Trusts as at 31 March 2023 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 £32,000. 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 Trust's bank account. The Trust has total funds of £1,257,000, consisting of £1,092,000 in Investments, £165,000 in Cash, £7,000 of debtors less Creditors of £7,000.

The annual income for Jean F. Watson has averaged around £44,000 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 £6,734,000, consisting of £1,128,000 in Investments, £5,433,000 in Fixed Assets, £173,000 in Cash, £7,000 of debtors less Creditors of £7,000.

The annual income for Nelson Halls averages around £75,000, 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 £275,000, consisting of £253,000 in Investments, £19,000 in Heritage Assets, £8,000 in Cash, £2,000 of debtors less Creditors of £7,000.

The annual income for Lauriston Castle averages around £285,000, 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 £7,675,000, consisting of £7,625,000 in Heritage Assets, £50,000 in Investments, £1,000 in Cash less Creditors of £1,000. Cash will be available to fund liabilities as they fall due.

The annual income for The Royal Scots Trust averages around £23,000, 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 £34,000, consisting of £31,000 in Investments, £1,000 in Heritage Assets and £3,000 in Cash less Creditors of £1,000.

## **Trustee's Annual Report 2022/23**

### **Financial Review - continued**

The total support funding from the City of Edinburgh Council across the Trusts in the year is £375,782 (2021/22 £299,817).

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. Future plans include the full disbursement of the remaining funds of the Boyd Anderson Trust which has been approved by Committee, leaving the five Trusts covered in this report remaining. Separate accounts have been prepared for Boyd Anderson Trust using a break-up basis of accounting.

The Trusts continue to make improvements to the processes regarding the transfer of funds to ensure individuals are aware of the money available to them and that this is transferred promptly. Forecasting will be prepared in 2023/24 to ensure that they are also aware of the likely money available in 2024/25 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:**

**The other members of the Finance and Resources Committee as at 31 March 2023 are outlined below:**

Councillor Mandy Watt (*Convener*)  
Councillor Alex Staniforth  
Councillor Alys Mumford  
Councillor Euan Hyslop  
Councillor Graeme Bruce  
Councillor Joan Griffiths  
Councillor Lesley MacInnes  
Councillor Lewis Younie  
Councillor Neil Ross  
Councillor Phil Daggart  
Councillor Vicky Nicolson

**Members of the Committee on Jean F. Watson Bequest as at 31 March 2023:**

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 2023

	Note	2022/23			2021/22		
		Unrestricted funds	Endowment funds	Total funds	Unrestricted funds	Endowment funds	Total funds
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and Endowments from:</b>							
<i>Charitable activities</i>	2	7	-	7	17	-	17
<i>Investments</i>	2	74	-	74	71	-	71
<i>Donations and Legacies</i>	2	376	-	376	300	-	300
<i>Other trading activities</i>	2	34	-	34	39	-	39
<b>Total</b>		<b>491</b>	<b>-</b>	<b>491</b>	<b>427</b>	<b>-</b>	<b>427</b>
<b>Expenditure on:</b>							
<i>Charitable activities</i>	3	(422)	-	(422)	(351)	-	(351)
<i>Governance costs</i>	3, 4	(14)	-	(14)	(13)	-	(13)
<b>Total</b>		<b>(436)</b>	<b>-</b>	<b>(436)</b>	<b>(364)</b>	<b>-</b>	<b>(364)</b>
<i>Net gains / (losses) on investments</i>	7	-	(114)	(114)	-	164	164
<b>Total</b>		<b>-</b>	<b>(114)</b>	<b>(114)</b>	<b>-</b>	<b>164</b>	<b>164</b>
<b>Net income / (expenditure)</b>		<b>55</b>	<b>(114)</b>	<b>(59)</b>	<b>63</b>	<b>164</b>	<b>227</b>
<b>Transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds:</b> Increase/ (Decrease)		<b>55</b>	<b>(114)</b>	<b>(59)</b>	<b>63</b>	<b>164</b>	<b>227</b>
<b>Reconciliation of funds</b>							
<i>Total funds brought forward</i>		<b>5,721</b>	<b>10,313</b>	<b>16,034</b>	<b>5,658</b>	<b>10,149</b>	<b>15,807</b>
<b>Total funds carried forward</b>	17	<b>5,776</b>	<b>10,199</b>	<b>15,975</b>	<b>5,721</b>	<b>10,313</b>	<b>16,034</b>

**The City of Edinburgh Council Charitable Trusts**  
**Balance Sheet**  
**As at 31 March 2023**

	Note	2022/23			2021/22		
		Unrestricted funds £'000	Endowment funds £'000	Total funds £'000	Unrestricted funds £'000	Endowment funds £'000	Total funds £'000
<b>Fixed Assets:</b>							
<i>Jean F. Watson Collection</i>	5	5,433	-	5,433	5,419	-	5,419
<i>Other Heritage Assets</i>	5	-	7,645	7,645	-	7,645	7,645
<i>Investments</i>	7	-	2,554	2,554	-	2,668	2,668
<b>Total fixed assets</b>		<b>5,433</b>	<b>10,199</b>	<b>15,632</b>	<b>5,419</b>	<b>10,313</b>	<b>15,732</b>
<b>Current Assets:</b>							
<i>Cash at Bank</i>	8	350	-	350	308	-	308
<i>Debtors</i>	9	16	-	16	16	-	16
<b>Total current assets</b>		<b>366</b>	<b>-</b>	<b>366</b>	<b>324</b>	<b>-</b>	<b>324</b>
<b>Liabilities:</b>							
<i>Creditors due within one year</i>	10	(23)	-	(23)	(22)	-	(22)
<b>Total Liabilities</b>		<b>(23)</b>	<b>-</b>	<b>(23)</b>	<b>(22)</b>	<b>-</b>	<b>(22)</b>
<b>Net Current Assets</b>		<b>343</b>	<b>-</b>	<b>343</b>	<b>302</b>	<b>-</b>	<b>302</b>
<b>Total Net Assets</b>		<b>5,776</b>	<b>10,199</b>	<b>15,975</b>	<b>5,721</b>	<b>10,313</b>	<b>16,034</b>
<b>The funds of the charity:</b>							
<i>Unrestricted Funds</i>	17	1,399	-	1,399	1,344	-	1,344
<i>Endowment Funds</i>	17	-	9,575	9,575	-	9,689	9,689
<i>Revaluation Reserve</i>	17	4,377	624	5,001	4,377	624	5,001
<b>Total Charity Funds</b>		<b>5,776</b>	<b>10,199</b>	<b>15,975</b>	<b>5,721</b>	<b>10,313</b>	<b>16,034</b>

The unaudited accounts were issued on 30 June 2023.

**Signed on behalf of the charity Trustee:**

**Councillor Mandy Watt**  
**Convener of the Finance and Resources Committee**

**Date:**

**The City of Edinburgh Council Charitable Trusts**  
**Cash Flow Statement**  
**As at 31 March 2023**

	31 March 2023		31 March 2022	
	£'000	£'000	£'000	
<b>Operating Activities</b>				
<i>Dividend Income and Interest received (Note 2)</i>	(58)		(55)	
<i>Receipt of Prior Year Accrued Interest (Note 2)</i>	(16)		(15)	
<i>Grant Income for Purchase of Art (Note 2)</i>	(7)		(17)	
<b>Cash inflows generated from operating activities</b>		<b>(81)</b>	<b>(87)</b>	
<i>Cash paid to Schools and Pupils (Note 3)</i>	3		3	
<i>Cash paid for Purchase of Art (Note 5)</i>	14		37	
<i>Cash paid to the Council</i>	22		26	
<b>Cash outflows generated from operating activities</b>		<b>39</b>	<b>66</b>	
<b>Net cash (inflows) / outflows from operating activities</b>		<b>(42)</b>	<b>(21)</b>	
<b>Investing Activities</b>				
<i>Proceeds from Realised Investment</i>	-		-	
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>-</b>	
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>	
<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>(42)</b>	<b>(21)</b>	
<i>Cash and cash equivalents at 1 April (Note 8)</i>	308		287	
<i>Cash and cash equivalents at 31 March (Note 8)</i>	350		308	
<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>(42)</b>	<b>(21)</b>	
<b>Analysis of changes in Net Debt</b>				
	<b>1 April 2022</b>	<b>Net Cash Flows</b>	<b>Non-Cash Changes</b>	<b>31 March 2023</b>
	£	£	£	£
Cash at Bank	308	42	-	350
Total Funds	<b>308</b>	<b>42</b>	<b>-</b>	<b>350</b>

**The City of Edinburgh Council Charitable Trusts**  
**Notes to the Accounts**  
**For the year ended 31 March 2023**

**1 Accounting policies**

**a) Basis of preparation**

The 2022/23 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 remaining five Trusts, after the closure of Boyd Anderson, are prepared on the going concern basis. The Trustee is of the opinion those 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.

**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 2023**

**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 deemed to have indeterminate lives and a high residual value; hence it is not considered appropriate to charge depreciation. Heritage Assets are in two groups: Heritage Asset Collections and Heritage Asset Buildings & Monument.

Heritage Asset Collections are based on valuation. This asset group includes collections of paintings, ceramics, textiles, silverware, clocks, books, and furniture. These collections are reviewed for impairment or changes in valuation throughout the year by the Council's curatorial team and are preserved within the Council's or the Trust's facilities if not on display. Valuations for this group of Heritage Assets are either based on market values or insurance replacement values as detailed in Note 5 (i).

Heritage Asset Buildings & Monument are based at cost. This group of assets includes buildings and grounds, and Monument. These assets are reviewed for impairment or changes in valuation, together with other Council's properties, throughout the year by the Council's estate team. The assets are managed by Council staff and are revalued on a 5-year rolling programme or at the date of a material change if sooner. The assets will be stated in the accounts at a revalued amount where this is available. Where this is not available, historic cost will be used as detailed in Note 5 (ii).

**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.

**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.

**The City of Edinburgh Council Charitable Trusts**  
**Notes to the Accounts**  
**For the year ended 31 March 2023**

**1 Accounting policies - continued**

**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 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 operating cost for Nelson Halls is based on the total floorspace (in sqm) covered by the halls as a percentage of the entire floorspace of the libraries or community centres to which they are attached.

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 the monument is situated.



**The City of Edinburgh Council Charitable Trusts**  
**Notes to the Accounts**  
**For the year ended 31 March 2023**

<b>2 Analysis of Income</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
<i>Dividend income - received</i>	58	55
<i>Dividend income - accrued</i>	16	16
<i>Jean F. Watson grant received for purchase of art</i>	7	17
<i>Donations and Legacies</i>	376	300
<i>Other trading activities</i>	34	39
<b>Total Income</b>	<b>491</b>	<b>427</b>

<b>3 Analysis of Expenditure on Charitable Activities</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
<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>	(291)	(280)
<i>Nelson Halls - Operating cost</i>	(103)	(46)
<i>The Royal Scots Trusts - Operating cost</i>	(25)	(22)
<i>Jean F. Watson- Art Impairment Loss</i>	-	-
	<b>(422)</b>	<b>(351)</b>
<i>Allocation of Governance and support costs</i>	(14)	(13)
<b>Total Expenditure on Charitable Activities</b>	<b>(436)</b>	<b>(364)</b>

There was no expenditure incurred on raising funds in 2022/23. (£nil 2021/22)

<b>4 Analysis of Governance and Support Costs</b>	<b>Support</b>	<b>Governance</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Edinburgh Education Trust</i>	(3)	(3)	(6)
<i>Jean F. Watson</i>	(3)	(4)	(7)
<i>Others</i>	-	(1)	(1)
<b>Total Support Costs</b>	<b>(6)</b>	<b>(8)</b>	<b>(14)</b>

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 2023 (£nil 2021/22). 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 2023**

**5 Heritage Assets**

**5 (i) Heritage Asset Collections**

	<b>Jean F. Watson Collection</b>	<b>Lauriston Castle Collection</b>	<b>Total</b>
	<b>2022/23</b>	<b>2022/23</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Balance brought forward at 1 April</i>	5,419	5,624	11,043
<i>Additions</i>	14	-	14
<i>Disposals</i>	-	-	-
<i>Depreciation/ impairment</i>	-	-	-
<i>Revaluation</i>	-	-	-
<i>Balance carried forward at 31 March</i>	<u>5,433</u>	<u>5,624</u>	<u>11,057</u>

  

	<b>Jean F. Watson Collection</b>	<b>Lauriston Castle Collection</b>	<b>Total</b>
	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Balance brought forward at 1 April</i>	5,382	5,624	11,006
<i>Additions</i>	37	-	37
<i>Disposals</i>	-	-	-
<i>Depreciation/ impairment</i>	-	-	-
<i>Revaluation</i>	-	-	-
<i>Balance carried forward at 31 March</i>	<u>5,419</u>	<u>5,624</u>	<u>11,043</u>

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. There have been various purchases in 2022/23 per the list below and no disposals.

Marriage in Ankara and Handle with Care by Olivia Irvine, Study for a Kiss by Virginia Hutchison, Perdendosi by Norman MacBeath, Fisherman with Creels by Donald Smith and Walk of Faith by David McCulloch were purchased.

Items in the Jean F. Watson collection are first valued at cost and the valuation is reviewed on an on-going basis by the Council's curators.

Lauriston Castle collection is based on full inventory valuation. An external revaluation of the collection, based on insurance replacement, was completed in November 2020 by James Glennie (*RICS, Fine Art*) of Art & Antiques Appraisals.

There are no impairment or changes in valuation to be reported for Heritage Asset Collections in 2022/23 (£nil 2021/22).

**The City of Edinburgh Council Charitable Trusts**  
**Notes to the Accounts**  
**For the year ended 31 March 2023**

**5 Heritage Assets**

**5 (ii) Heritage Asset Buildings & Monument**

	<b>Nelson Halls Buildings 2022/23 £'000</b>	<b>Lauriston Castle Buildings 2022/23 £'000</b>	<b>Royal Scots Monument 2022/23 £'000</b>	<b>Total 2022/23 £'000</b>
<i>Balance brought forward at 1 April</i>	19	2,001	1	2,021
<i>Additions</i>	-	-	-	-
<i>Disposals</i>	-	-	-	-
<i>Depreciation/impairment</i>	-	-	-	-
<i>Revaluation</i>	-	-	-	-
<i>Balance carried forward at 31 March</i>	19	2,001	1	2,021

  

	<b>Nelson Halls Buildings 2021/22 £'000</b>	<b>Lauriston Castle Buildings 2021/22 £'000</b>	<b>Royal Scots Monument 2021/22 £'000</b>	<b>Total 2021/22 £'000</b>
<i>Balance brought forward at 1 April</i>	19	2,001	1	2,021
<i>Additions</i>	-	-	-	-
<i>Disposals</i>	-	-	-	-
<i>Depreciation/impairment</i>	-	-	-	-
<i>Revaluation</i>	-	-	-	-
<i>Balance carried forward at 31 March</i>	19	2,001	1	2,021

Lauriston Castle buildings and grounds valuation are based on historic cost, and the Nelson Halls properties have not been valued for the purposes of these accounts and are stated at cost. Nelson Halls buildings are, in the main, incorporated into the fabric of existing buildings and are therefore difficult to revalue.

The Royal Scots Monument valuation has been based on historic cost.

There are no impairment or changes in valuation to be reported for Heritage Asset Buildings & Monument in 2022/23 (£nil 2021/22).

Additional information on heritage assets can be found in the Trustee's Annual Report under Reserves Policy 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 2023

6 Five-year Summary Analysis of Heritage Assets Transactions

	2022/23	2021/22	2020/21	2019/20	2018/19
	£'000	£'000	£'000	£'000	£'000
<b>Purchases</b>					
<i>Heritage Asset Collections</i>	14	37	18	49	42
<i>Heritage Asset Buildings &amp; Monument</i>	-	-	-	-	-
<b>Donations</b>					
<i>Heritage Asset Collections</i>	-	-	-	-	-
<i>Heritage Asset Buildings &amp; Monument</i>	-	-	-	1	-
<b>Total additions</b>	14	37	18	50	42
<b>Charge for impairment</b>					
<i>Heritage Asset Collections</i>	-	-	2	-	-
<i>Heritage Asset Buildings &amp; Monument</i>	-	-	-	-	-
<b>Total charge for impairment</b>	-	-	2	-	-
<b>Revaluation</b>					
<i>Heritage Asset Collections</i>	-	-	624	-	-
<i>Heritage Asset Buildings &amp; Monument</i>	-	-	-	-	-
<b>Total Revaluation</b>	-	-	624	-	-

7 Analysis of Investments

	At 31/3/22	Realised Investments	Purchases at cost	Net Gain/ (Loss) on revaluation	At 31/3/23
	£'000	£'000	£'000	£'000	£'000
<i>Edinburgh Education Trust</i>	1,140	-	-	(48)	1,092
<i>Jean F. Watson</i>	1,179	-	-	(51)	1,128
<i>Lauriston Castle</i>	52	-	-	(2)	50
<i>Nelson Halls</i>	264	-	-	(11)	253
<i>The Royal Scots Trust</i>	33	-	-	(2)	31
<b>Total Investments</b>	2,668	-	-	(114)	2,554

**The City of Edinburgh Council Charitable Trusts**  
**Notes to the Accounts**  
**For the year ended 31 March 2023**

<b>8 Analysis of Cash and Cash Equivalents</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
<i>Edinburgh Education Trust</i>	165	142
<i>Jean F. Watson</i>	173	154
<i>Lauriston Castle</i>	1	1
<i>Nelson Halls</i>	8	8
<i>The Royal Scots Trust</i>	3	3
<b>Total Cash and Cash Equivalents</b>	<b>350</b>	<b>308</b>

<b>9 Analysis of Debtors</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
<i>Edinburgh Education Trust</i>	7	7
<i>Jean F. Watson</i>	7	7
<i>Nelson Halls</i>	2	2
<b>Total Debtors</b>	<b>16</b>	<b>16</b>

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

<b>10 Analysis of Creditors Due Within One Year</b>	<b>Unrestricted funds</b>	<b>Endowment funds</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>Total</b>	<b>Total</b>
			<b>£'000</b>	<b>£'000</b>
<i>Amounts due</i>	(23)	-	(23)	(22)
<b>Total Liabilities</b>	<b>(23)</b>	<b>-</b>	<b>(23)</b>	<b>(22)</b>

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

<b>11 Analysis of Financial Assets and Liabilities</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
<i>Financial assets measured at amortised cost</i>	366	324
<i>Financial liabilities measured at amortised cost</i>	(23)	(22)
<i>Financial assets measured at market value</i>	2,554	2,668
<b>Total Financial Assets and Liabilities</b>	<b>2,897</b>	<b>2,970</b>

**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 £15,998 was owed to the Council by the Trusts (2021/22 £14,738).

**13 Prior Year Adjustment**

Lauriston Castle buildings and collections endowment was moved from revaluation reserve to endowment funds and restated for the prior year in the balance sheet.

**14 Post Balance Sheet Event**

There have been no events since 31 March 2023, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

On 20 June 2023, the Finance and Resources Committee approved, subject to onward ratification by Council on 31 August 2023, 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 property to the Council.

**15 Audit Fee**

The fee payable to Audit Scotland in respect of the audit services for the Council's Charitable Trusts is £7,123 for 2022/23. The figure for 2021/22 was £6,859 paid to Azets Audit Services. 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 2023

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

Charity Name	SC Number	Funds brought forward £'000	Income in year £'000	Expenditure in year £'000	Loss on investments £'000	Funds carried forward £'000
<i>Edinburgh Education Trust</i>	<b>SC042754</b>	1,282	32	(9)	(48)	<b>1,257</b>
<i>Jean F. Watson</i>	<b>SC018971</b>	6,754	39	(7)	(52)	<b>6,734</b>
<i>Lauriston Castle</i>	<b>SC020737</b>	7,676	292	(291)	(2)	<b>7,675</b>
<i>Nelson Halls</i>	<b>SC018946</b>	287	103	(104)	(11)	<b>275</b>
<i>The Royal Scots Trust</i>	<b>SC018945</b>	35	25	(25)	(1)	<b>34</b>
<b>Total Funds</b>		<b>16,034</b>	<b>491</b>	<b>(436)</b>	<b>(114)</b>	<b>15,975</b>

16 (ii) Trusts at Market Value - Year Ended 31 March 2022

Charity Name	SC Number	Funds brought forward £'000	Income in year £'000	Expenditure in year £'000	Gains on investments £'000	Funds carried forward £'000
<i>Edinburgh Education Trust</i>	<b>SC042754</b>	1,189	30	(9)	72	<b>1,282</b>
<i>Jean F. Watson</i>	<b>SC018971</b>	6,641	48	(6)	71	<b>6,754</b>
<i>Lauriston Castle</i>	<b>SC020737</b>	7,673	280	(280)	3	<b>7,676</b>
<i>Nelson Halls</i>	<b>SC018946</b>	271	47	(47)	16	<b>287</b>
<i>The Royal Scots Trust</i>	<b>SC018945</b>	33	22	(22)	2	<b>35</b>
<b>Total Funds</b>		<b>15,807</b>	<b>427</b>	<b>(364)</b>	<b>164</b>	<b>16,034</b>

The City of Edinburgh Council Charitable Trusts  
Notes to the Accounts  
For the year ended 31 March 2023

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

Charity Name	SC Number	Revaluation Reserve										2022/23 Market Value
		Unrestricted Funds					Endowment Funds					
		Cash at Bank	Debtors	Amounts owed	Jean F. Watson Collection	Jean F. Watson Collection	Heritage Assets incl. Lauriston Castle	Other Heritage Assets	Investments	Investments Market Value	Adjustment	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<i>Edinburgh Education Trust</i>	<b>SC042754</b>	165	7	(7)	-	-	-	-	844	248		<b>1,257</b>
<i>Jean F. Watson</i>	<b>SC018971</b>	173	7	(7)	1,056	4,377	-	-	881	247		<b>6,734</b>
<i>Lauriston Castle</i>	<b>SC020737</b>	1	-	(1)	-	-	624	7,001	39	11		<b>7,675</b>
<i>Nelson Halls</i>	<b>SC018946</b>	8	2	(7)	-	-	-	19	198	55		<b>275</b>
<i>The Royal Scots Trust</i>	<b>SC018945</b>	3	-	(1)	-	-	-	1	24	7		<b>34</b>
<b>Total Funds</b>		<b>350</b>	<b>16</b>	<b>(23)</b>	<b>1,056</b>	<b>4,377</b>	<b>624</b>	<b>7,021</b>	<b>1,986</b>	<b>568</b>		<b>15,975</b>

17 (ii) Trusts at Market Value - Year Ended 31 March 2022

Charity Name	SC Number	Revaluation Reserve										2021/22 Market Value
		Unrestricted Funds					Endowment Funds					
		Cash at Bank	Debtors	Amounts owed	Jean F. Watson Collection	Jean F. Watson Collection	Heritage Assets incl. Lauriston Castle	Other Heritage Assets	Investments	Investments Market Value	Adjustment	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<i>Edinburgh Education Trust</i>	<b>SC042754</b>	142	7	(6)	-	-	-	-	843	296		<b>1,282</b>
<i>Jean F. Watson</i>	<b>SC018971</b>	154	7	(6)	1,042	4,377	-	-	882	298		<b>6,754</b>
<i>Lauriston Castle</i>	<b>SC020737</b>	1	-	(2)	-	-	624	7,001	39	13		<b>7,676</b>
<i>Nelson Halls</i>	<b>SC018946</b>	8	2	(7)	-	-	-	19	198	67		<b>287</b>
<i>The Royal Scots Trust</i>	<b>SC018945</b>	3	-	(1)	-	-	-	1	24	8		<b>35</b>
<b>Total Funds</b>		<b>308</b>	<b>16</b>	<b>(22)</b>	<b>1,042</b>	<b>4,377</b>	<b>624</b>	<b>7,021</b>	<b>1,986</b>	<b>682</b>		<b>16,034</b>

## **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 2023 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 2023 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 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. I believe that the audit evidence I 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](http://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

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

Charity Number: SC025067

**City of Edinburgh Council Charitable Funds  
Audited Trustee's Annual Report and Accounts  
for the year ended 31 March 2023**

## **Legal and Administrative Information**

### **Trustee**

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

### **Reference and Administrative Details**

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

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

### **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

### **Legal Advisors**

The City of Edinburgh Council  
City Chambers  
High Street  
Edinburgh

## **Trustee's Annual Report 2022/23**

The Trustee presents the Annual Report and Accounts of the City of Edinburgh Council Charitable Funds for the year ending 31 March 2023. The Annual Accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Accounts (Scotland) Regulations 2006 and the principles of Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102), commonly referred to as the Charities SORP (FRS 102).

### **Structure, Governance and Management**

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

### **Responsibilities of the Trustee**

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

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

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

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

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

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

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

None.

## **Trustee's Annual Report 2022/23**

### **Objectives and Activities**

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

At the **14 January 2016 Finance and Resources Committee**, it was agreed that £66,000 of the City of Edinburgh Council Charitable Funds would be used to build a modular log cabin type classroom and storage space at Lagganlia. Further to that, a proposal to use the remaining funds for the same purpose was approved by Committee on 23 January 2018. A preferred contractor was appointed following a tender process, however, the work was delayed due to the impact of Covid-19 restrictions. The project has been reviewed post-Covid and a revised proposal has been accepted by the Council's commissioning team. It is now expected that the construction work at Lagganlia will be completed by August 2024, after which the funds will be transferred. OSCR has granted consent to wind up the Trust, and the wind up process is projected to be completed by September 2024 once the log cabin and storage space has been completed.

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

### **Financial Review**

The financial statements present the financial position of the Trust for the year ended 31 March 2023. This section describes briefly the key points of the statement. All of the unrestricted funds of the charity are general and not designated.

The expenditure in the year is £3,710 (2021/22 £4,009). An analysis of expenditure is detailed in Note 3.

The £3,969 decrease in cash related to the settlement of creditors is further analysed in the Cash Flow Statement (£4,074 decrease in 2021/22).

### **Reserves Policy**

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

### **Plans for Future Period**

Future plans include the full disbursement of the remaining funds of the City of Edinburgh Council Charitable Funds, which has been approved by the Finance and Resources Committee. It is the intention to wind up the Trust once all funds are distributed, which is currently projected for completion by September 2024.

**Signed on behalf of the Trustee of the charities:**

**Councillor Mandy Watt**

**Convener of the Finance and Resources Committee**

**Date:**

**The other members of the Finance and Resources Committee as at 31 March 2023 are outlined below:**

Councillor Mandy Watt (Convener)

Councillor Alex Staniforth

Councillor Alys Mumford

Councillor Euan Hyslop

Councillor Graeme Bruce

Councillor Joan Griffiths

Councillor Lesley MacInnes

Councillor Lewis Younie

Councillor Neil Ross

Councillor Phil Doggart

Councillor Vicky Nicolson

The City of Edinburgh Council Charitable Funds  
Statement of Financial Activities  
For the year ended 31 March 2023

		2022/23			2021/22		
	Note	Unrestricted funds	Endowment funds	Total funds	Unrestricted funds	Endowment funds	Total funds
		£	£	£	£	£	£
<b>Income and Endowments from:</b>							
<i>Interest Received</i>	2	925	-	925	40	-	40
<b>Total</b>		<u>925</u>	<u>-</u>	<u>925</u>	<u>40</u>	<u>-</u>	<u>40</u>
<b>Expenditure on:</b>							
<i>Governance costs</i>	3	(3,710)	-	(3,710)	(4,009)	-	(4,009)
<b>Total</b>		<u>(3,710)</u>	<u>-</u>	<u>(3,710)</u>	<u>(4,009)</u>	<u>-</u>	<u>(4,009)</u>
<b>Net income / (expenditure)</b>		<u>(2,785)</u>	<u>-</u>	<u>(2,785)</u>	<u>(3,969)</u>	<u>-</u>	<u>(3,969)</u>
<b>Transfers between funds</b>		-	-	-	-	-	-
<b>Net movement in funds:</b> Increase/ (Decrease)		<u>(2,785)</u>	<u>-</u>	<u>(2,785)</u>	<u>(3,969)</u>	<u>-</u>	<u>(3,969)</u>
<b>Reconciliation of funds</b>							
<i>Capital as 1 April</i>		92,259	-	92,259	96,228	-	96,228
<i>Revaluation Reserve</i>		-	-	-	-	-	-
<i>Market Value Adjustment</i>		-	-	-	-	-	-
<i>Total funds brought forward</i>		<u>92,259</u>	<u>-</u>	<u>92,259</u>	<u>96,228</u>	<u>-</u>	<u>96,228</u>
<b>Total funds carried forward</b>	11	<u>89,474</u>	<u>-</u>	<u>89,474</u>	<u>92,259</u>	<u>-</u>	<u>92,259</u>

**The City of Edinburgh Council Charitable Funds**  
**Balance Sheet**  
**For the year ended 31 March 2023**

	Note	2022/23			2021/22		
		Unrestricted funds	Endowment funds	Total funds	Unrestricted funds	Endowment funds	Total funds
		£	£	£	£	£	£
<b>Current Assets:</b>							
<i>Cash at Bank</i>	4	92,259	-	92,259	96,228	-	96,228
<i>Total current assets</i>		<u>92,259</u>	<u>-</u>	<u>92,259</u>	<u>96,228</u>	<u>-</u>	<u>96,228</u>
<b>Liabilities:</b>							
<i>Creditors due within one year</i>	5	(2,785)	-	(2,785)	(3,969)	-	(3,969)
<i>Total Liabilities</i>		<u>(2,785)</u>	<u>-</u>	<u>(2,785)</u>	<u>(3,969)</u>	<u>-</u>	<u>(3,969)</u>
<b>Net Current Assets</b>		89,474	-	89,474	92,259	-	92,259
<b>Total Net Assets</b>		<u>89,474</u>	<u>-</u>	<u>89,474</u>	<u>92,259</u>	<u>-</u>	<u>92,259</u>
<b>The funds of the charity:</b>							
<i>Unrestricted Funds</i>	11	89,474	-	89,474	92,259	-	92,259
<b>Total Charity Funds</b>		<u>89,474</u>	<u>-</u>	<u>89,474</u>	<u>92,259</u>	<u>-</u>	<u>92,259</u>

The unaudited accounts were issued on 30 June 2023.

**Signed on behalf of the charity Trustee:**

**Councillor Mandy Watt**  
**Convener of the Finance and Resources Committee**

**Date:**

The City of Edinburgh Council Charitable Funds  
Cash Flow Statement  
For the year ended 31 March 2023

	31 March 2023		31 March 2022
	£	£	£
<b>Operating Activities</b>			
<i>Cash paid to the Council</i>	3,969		4,074
<b>Cash outflows generated from operating activities</b>	<u>3,969</u>	<b>3,969</b>	<u>4,074</u>
<b>Net cash (inflows) / outflows from operating activities</b>		<u>3,969</u>	<u>4,074</u>
<b>Net cash flows from investing activities</b>		-	-
<b>Net cash flows from financing activities</b>		-	-
<b>Net (increase) / decrease in cash and cash equivalents</b>		<u>3,969</u>	<u>4,074</u>
<i>Cash and cash equivalents at 1 April (Note 4)</i>	96,228		100,302
<i>Cash and cash equivalents at 31 March (Note 4)</i>	<u>92,259</u>		<u>96,228</u>
<b>Net (increase) / decrease in cash and cash equivalents</b>		<u>3,969</u>	<u>4,074</u>

**Analysis of changes in Net Debt**

	1 April 2022	Net Cash Flows	Non-Cash Changes	31 March 2023
	£	£	£	£
Cash at Bank	96,228	(3,969)	-	92,259
<b>Total Funds</b>	<u>96,228</u>	<u>(3,969)</u>	-	<u>92,259</u>



**The City of Edinburgh Council Charitable Funds**  
**Notes to the Accounts**  
**For the year ended 31 March 2023**

**1 Accounting policies**

**a) Basis of preparation**

The 2022/23 financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - Charities SORP (FRS 102) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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

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

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

**b) Going Concern Policy**

The financial statements for the City of Edinburgh Council Charitable Funds have been prepared using a break-up basis of accounting as it is considered that it is not a going concern. A proposal to use the remaining funds to build a modular log cabin type classroom and storage space at Lagganlia was approved by **Finance and Resources Committee on 23 January 2018**. OSCR has granted consent to wind up the Trust, and the wind up process is projected to be completed by September 2024. It is expected that there will be no material costs associated with winding up the Charitable Funds.

**c) Fund accounting**

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

Endowment funds are held on Trust to be retained for the benefit of the charity as a capital fund. The income arising from the investments is available for the purposes of each charity and is added to the relevant unrestricted fund. In most cases the Trustee has discretion to expend endowment funds should the need arise, subject to Finance and Resources Committee approval. There is no endowment fund held for the City of Edinburgh Council Charitable Funds as at 31 March 2023.

**d) Grant income**

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

**e) Expenditure**

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

**f) Reserves policy**

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

**The City of Edinburgh Council Charitable Funds**  
**Notes to the Accounts**  
**For the year ended 31 March 2023**

**1 Accounting policies - continued**

**g) Creditors**

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

**h) Cash and cash equivalents**

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

**i) Financial assets and financial liabilities**

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

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

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

**j) Critical judgements and estimates**

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

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

**The City of Edinburgh Council Charitable Funds**  
**Notes to the Accounts**  
**For the year ended 31 March 2023**

<b>2 Analysis of Income</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£</b>	<b>£</b>
<i>Interest - received</i>	925	40
<b>Total Income</b>	<u>925</u>	<u>40</u>

<b>3 Analysis of Governance and Support Costs</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£</b>	<b>£</b>
<i>Support</i>	(1,833)	(1,868)
<i>Governance</i>	(1,877)	(2,141)
<b>Total Support Costs</b>	<u>(3,710)</u>	<u>(4,009)</u>

There was no expenditure incurred on raising funds in 2022/23. (£nil 2021/22)

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 2023 (£nil 2021/22). There are no employees of the City of Edinburgh Council Charitable Funds.

<b>4 Analysis of Cash and Cash Equivalents</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£</b>	<b>£</b>
<i>Cash at Bank</i>	92,259	96,228
<b>Total Cash and Cash Equivalents</b>	<u>92,259</u>	<u>96,228</u>

<b>5 Analysis of Creditors Due Within One Year</b>	<b>Unrestricted funds</b>	<b>Endowment funds</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£</b>	<b>£</b>	<b>Total</b>	<b>Total</b>
			<b>£</b>	<b>£</b>
<i>Amounts due</i>	(2,785)	-	(2,785)	(3,969)
<b>Total Liabilities</b>	<u>(2,785)</u>	<u>-</u>	<u>(2,785)</u>	<u>(3,969)</u>

**The City of Edinburgh Council Charitable Funds**  
**Notes to the Accounts**  
**For the year ended 31 March 2023**

<b>6 Analysis of Financial Assets and Liabilities</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£</b>	<b>£</b>
<i>Financial assets measured at amortised cost</i>	92,259	96,228
<i>Financial liabilities measured at amortised cost</i>	(2,785)	(3,969)
<i>Financial assets measured at market value</i>	-	-
<b>Total Financial Assets and Liabilities</b>	<u>89,474</u>	<u>92,259</u>

**7 Related Party Transactions**

During the year the City of Edinburgh Council made payments on behalf of the Charitable Fund. At the end of the year £908 was owed to the Council by the Trust (2021-22 £1,828).

**8 Prior Year Adjustment**

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

**9 Post Balance Sheet Event**

There have been no events since 31 March 2023, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

**10 Audit Fee**

The allocated fee payable to Audit Scotland in respect of the audit services for the City of Edinburgh Council Charitable Funds is £1,877 for 2022/23. The figure for 2021/22 was £2,141, payable to Azets Audit Services. This fee is included in the overall governance costs in Note 3.

The City of Edinburgh Council Charitable Funds  
Notes to the Accounts  
For the year ended 31 March 2023

11 (i) Trusts at Market Value - Year Ended 31 March 2023

<b>Unrestricted Funds</b>
---------------------------

Charity Name	SC Number	Cash at Bank £	Amounts owed £	2022/23 Market Value £
<i>City of Edinburgh Council Charitable Funds</i>	<b>SC025067</b>	92,259	(2,785)	<b>89,474</b>
<b>Total Funds</b>		<u>92,259</u>	<u>(2,785)</u>	<u><b>89,474</b></u>

11 (ii) Trusts at Market Value - Year Ended 31 March 2022

<b>Unrestricted Funds</b>
---------------------------

Charity Name	SC Number	Cash at Bank £	Amounts owed £	2021/22 Market Value £
<i>City of Edinburgh Council Charitable Funds</i>	<b>SC025067</b>	96,228	(3,969)	<b>92,259</b>
<b>Total Funds</b>		<u>96,228</u>	<u>(3,969)</u>	<u><b>92,259</b></u>

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

### **Reporting on the audit of the financial statements**

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the statement of accounts of The City of Edinburgh Council Charitable Funds for the year ended 31 March 2023 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 charity as at 31 March 2023 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 am independent of the charity 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of matter - basis of preparation**

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

#### **Responsibilities of the Trustee for the financial statements**

As explained more fully in the 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee intends to discontinue the charity's 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 charity;
- 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 charity;
- inquiring of the Trustee and the management concerning the charity's 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 charity's controls, and the nature, timing and extent of the audit procedures performed.

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://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

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