

George Watson's Family Foundation
(formerly the George Watson's 250 Appeal)

**Trustees' Annual Report and
financial statements**

Registered number SC 004818

31 July 2023

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Trustees and advisers

Trustees

Principal office

Treasurer

Auditors

Henderson Loggie LLP
11 – 15 Thistle Street
Edinburgh
EH2 1DF

Bankers

The Royal Bank of Scotland plc
36 St Andrews Square
Edinburgh
EH2 1AF

Investment advisers

Baillie Gifford
Carlton Square
1 Greenside Row
Edinburgh
EH1 3AN

Aubrey Capital Management
10 Coates Crescent
Edinburgh
EH3 7AL

Trustees' annual report

The trustees are pleased to present their annual report and audited financial statements for the year ended 31 July 2023. These have been extracted from the audited financial statements of the Edinburgh Merchant Company Education Board.

Structure, governance and management

Nature of governing document

George Watson's Family Foundation was established as a separate fund within the Edinburgh Merchant Company Education Board. Originally set up as the 250 Appeal, it was granted a change of name to allow a continuous programme of fundraising.

Appointment of trustees

The Trustees of the Foundation are Governors of George Watson's College and up to three co-opted individuals appointed by the Governing Council, chaired by the Chair of the Governing Council, subject to the proviso that the Chair and Governors must always comprise a majority of trustees.

Policies and procedures for induction and training of trustees

Trustees are appointed on the basis of their skills and experience in finance, fundraising, charities and other relevant disciplines. All trustees served throughout the financial year and comprise:

██████████ is a Director of WYM Real estate and has 40 years of experience in the UK property industry advising clients in consultancy, development and brokerage services. He was Master of the Royal Company of Merchants of the City of Edinburgh from 2017 to 2019 and succeeded Roddy MacLennan as Chair of the George Watson's Governing Council and Chair of the Trustees from 1 July 2023.

██████████ was appointed as Principal of George Watson's College in August 2014 and has attended meetings of the trustees since then. He was appointed as a trustee in August 2018.

██████████ qualified as a solicitor in 1996 and was called to the Scottish Bar in 2004. He is a Writer to the Signet and a Fellow of the Chartered Institute of Arbitrators. He was appointed as a sheriff in November 2019. He joined the Property Committee as a Committee Member in August 2018 and became a Governor in August 2019 when he transferred to the Finance Committee. He retired as a Trustee and Governor on 13 March 2023.

██████████ is a recently retired Business Owner who worked for over 20 years in the outsourced IT management sector. He is an active member of the Merchant Company, served on the Master's Court from 2019 to 2022 and now serves as a Mentor on their Mentoring Programme. He was appointed as a Governor in November 2019 and sits on the Finance, Audit and Risk, and Compliance Committees.

██████████ is a Business Angel, with thirty years' experience spanning British Gas, BP, the Scottish Environment Protection Agency and the National Trust for Scotland. She is Chair and Trustee of The Castansa Trust and is a member of the Scottish Grant-Making Trusts Group. She was a Governor of George Watson's College for six years until May 2019 and was co-opted as a trustee in June 2019. She retired as a Trustee and Governor of George Watson's College on 13 March 2023 and retired as a Trustee of the Foundation on 14 June 2023.

██████████ is a chartered accountant who retired as partner of Deloitte in November 2016. He now provides consultancy services to a number of businesses and was co-opted as a trustee in March 2019.

Trustees' annual report *(continued)*

Policies and procedures for induction and training of trustees (continued)

An induction programme is arranged for all new trustees. Trustees are also expected to attend strategy days and are encouraged to attend relevant training courses and seminars.

Decision making structure

Ultimate responsibility for the George Watson's Family Foundation rests with the Merchant Company Education Board. The Trustees of the Foundation are legally responsible for the overall management and control of the charity and meet at least three times a year. Day to day management of the Foundation is devolved to [REDACTED] Principal of George Watson's College and [REDACTED] Director of Development. Financial control is exercised by [REDACTED] Bursar of George Watson's College, who is also responsible for financial reporting.

Risk management

The management of risks faced by the Foundation is carried out as part of the overall risk management process of George Watson's College and is the responsibility of the George Watson's College Governing Council. Risks are identified and recorded in a Risk Register together with an assessment of their likelihood and impact on the organisation and the controls which are in place to mitigate risk. The senior management of George Watson's College is tasked with developing specific measures for controlling key risks identified by the Governing Council. The Risk Register is reviewed by the Governing Council at Governing Council meetings, of which there are at least three in each year.

The George Watson's College Governing Council is satisfied that all major risks, including those affecting the Foundation, have been identified and that adequate controls are in place to reduce the likelihood and/or impact of each risk. It is recognised that any system of controls can only provide reasonable but not absolute assurance that risks have been adequately managed.

In the Risk Register of George Watson's College, the most significant risks which are directly relevant to the Foundation are shown below with strategies and control measures for managing those risks:

Risk	Strategies/control measures
1. Fundraising strategy not properly developed or implemented, resulting in fundraising targets not being achieved, resulting in the School not being able to deliver strategic priorities with planned timescales. The <i>No Limits</i> fundraising campaign, which was launched in summer 2020, has an ambitious target to raise £25m by 2030.	<ul style="list-style-type: none"> • Fundraising strategy developed and overseen by the External Relations and Development Committee of the School. • Financial targets and fundraising reported through monthly management accounts to the Finance Committee and Governors of the School. • Director of Fundraising works closely with the Principal and Bursar of George Watson's College.
2. Fraud	<ul style="list-style-type: none"> • Segregation of duties between Principal, Bursar, Assistant Bursar and budget holders. • At least two authorised signatories, one a Governor, are required to authorise expenditure over £10,000. • Training of staff.
3. Failure to manage investments <ul style="list-style-type: none"> • £2.6m invested in three Baillie Gifford funds at year end. • £0.6m of funds managed by Aubrey Capital Management. 	<ul style="list-style-type: none"> • Investment performance monitored against benchmark indicators on a quarterly basis. • Periodic investment review meetings with Baillie Gifford and Aubrey Capital Management. • Independent financial advisor appointed in 2022.
4. Failure of management controls	<ul style="list-style-type: none"> • Selection and retention of skilled and experienced staff. • Appointment of relevant, appropriate individuals to the senior management teams • Management accounting process • External audit of internal controls. • Reporting and accountability to the Trustees and the Finance Committee and Governing Council.

Trustees' annual report *(continued)*

Key Management Remuneration

The Trustees and Treasurer of the charity are considered to be key management but are not remunerated.

Objectives and activities

The objectives of the George Watson's Family Foundation are to raise funds to:

- provide financial support for pupils who would otherwise be unable to attend George Watson's College;
- provide support for pupils whose families experience short term financial difficulties;
- provide support for former pupils who experience financial difficulties;
- provide funds to maintain and develop the property and facilities of George Watson's College;
- provide funds to support or promote other activities for the benefit of George Watson's College.

Grants payable

Family Foundation awards are granted on a means tested basis to assist with the payment of school fees for pupils whose families would otherwise not be able to afford the school fees. Awards of 75% to 100% of the value of school fees are known as Foundation Places; awards of less than 75% are referred to as Financial Assistance to Parents. Grants from individual restricted funds are made subject to any conditions imposed by the original donor.

Grants to maintain and develop the property and facilities of George Watson's College, or for any other purpose within the objectives of the Foundation, are decided by the Trustees of the Foundation subject to any conditions imposed by the donor where the grant is made from restricted funds.

Achievements and performance

Review of activities and performance

The Trustees would like to express their appreciation and gratitude to the hundreds of members of the Watsonian family, our friends, and the trusts and companies who have donated to the Family Foundation during the year.

In the year to 31 July 2023 George Watson's Family Foundation raised £1,527,943 through fundraising and donations (2022- £1,182,717).

The George Watson's College Endowment Trust, which was set up in January 2019 to manage an endowment for the sole purpose of funding Foundation Places at George Watson's College, has received donations of £1,376,000 and a legacy of £40,000 to date, of which £1,350,000 has been invested. The work of the Endowment Trust closely aligns to the work of the Family Foundation.

Raising funds that directly support pupils, through the Foundation Places programme, remained a key priority. A total of £567,737 was received in cash and new pledges during the year. Thanks to this support, Trustees were able to disburse £491,695 to the School (2022: £396,640), which made awards totalling £1,977,035 (2022: £1,775,606) to 191 pupils (2022: 186 pupils).

As well as providing financial support towards fees, 23 pupils were awarded £7,348 from the Enrichment Fund. This transformational fund ensures that every child at Watson's has an equal opportunity to participate in the school's diverse enrichment programme. During the year, the Development Office launched a new Patrons programme to allow individuals to support music and drama at Watson's.

Trustees' annual report *(continued)*

Achievements and performance *(continued)*

Review of activities and performance (continued)

As part of Phase 1 of the School's Fit For Purpose project - a new vision for sport and fitness at Watson's - Trustees allocated funds to establish a new cricket square at Craiglockhart. Additional funds are being sought to upgrade the Craiglockhart Pavilion and increase the number of practice nets, with a view to Craiglockhart becoming the home of cricket for pupils and Watsonians.

As well as supporting projects at George Watson's College, the Family Foundation also raises funds for outreach and partnership programmes. The Swire Chinese Foundation donated £345,327 in the year to support the Swire Language Centre Edinburgh, a joint venture with Boroughmuir High School and James Gillespie's High School, which provided Mandarin language teaching in schools across Edinburgh and East Lothian. The Engineering and Computer Science in Edinburgh Schools project, which aims to tackle the challenges many schools face in recruiting and retaining Computer Science teachers secured donations of £190,000 during the year. A further £66,000 is required to fully fund this three-year partnership project.

The School and Development Office continues to foster a fundraising culture within the school community, promotes an active former pupil programme and maintains and develops good relations with staff, parents, pupils, former pupils, former staff and other friends of the School.

Investment performance

Investments decreased in value by £91,870 or 2.9% in the year. Investment performance is regularly reviewed against investment objectives and appropriate benchmark indices. The Trustees have been supported by an independent financial advisor since March 2022.

Financial review

George Watson's Family Foundation recorded net income of £475,194 in the year (2022: £264,479) as stated in the Statement of Financial Activities. Unrealised losses on investments reduced this by £91,870 (2022: unrealised losses of £478,278), taking the net movement in funds to a surplus of £383,324 (2022: deficit of £213,799).

Income of £1,771,598 was received in the year (2022 - £1,284,081), of which £336,436 was unrestricted and £1,435,162 was restricted.

Expenditure on raising funds of £7,728 was incurred in the year (2022 - £15,564), mainly being residual costs relating to the celebration of the George Watson's Ladies College 150th anniversary in the previous year. Expenditure on charitable activities totalled £1,288,676 (2022 - £1,004,038) of which £78,951 was from unrestricted funds and £1,209,725 from restricted funds. Means tested financial assistance accounted for £548,301 in the form of awards to Foundationers and short-term financial support to families who had fallen on hard times. The remainder included grants to support general school expenditure of £551,318, capital expenditure of £183,479 and the audit fee of £5,578.

The salary and administration costs of running the Foundation are funded by George Watson's College and are included in the accounts of the Merchant Company Education Board (which includes George Watson's College).

Reserves policy

As salary and administration costs of running the Foundation are borne by George Watson's College, there is little need to build up unrestricted reserves within the Foundation to provide a buffer to protect the Foundation in the event of an adverse change in its financial circumstances. Most of the balance on unrestricted reserves will be applied over time to provide means tested financial assistance or to fund future capital development, as determined by the trustees. At year-end the Foundation held total reserves of £5,815,418 of which £3,873,286 was restricted, £106,846 was designated and £1,835,286 unrestricted.

Trustees' annual report *(continued)*

Plans for future periods

The key objectives of the George Watson's Family Foundation for future periods are as follows:

1. To maintain and grow all areas of the fundraising programme - annual fund, major gifts and legacies.
2. To continue to work towards reaching our *No Limits* Fundraising Campaign, to raise £25 million by 2030.
3. To support the development of the George Watson's College Endowment Trust to fund Foundation Places.
4. To hold and facilitate successful fundraising events.
5. To maintain and develop good relations with the Watsonian community for the benefit of the Foundation and George Watson's College.
6. To improve the quality of the constituent information on the database to allow it to be used more efficiently and effectively.

Approval of the trustees' annual report

So far as each trustee is aware, there is no relevant audit information of which the auditors are unaware. Each trustee has taken the appropriate steps as a trustee to make themselves aware of such information and to establish that the auditors are aware of it.

Signed on behalf of the Trustees



Chair of Trustees

..... 2024

Trustees' responsibilities

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable Law and United Kingdom Generally Accepted Accounting Practice (UK GAAP).

The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the charity and financial information on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the trustees of the George Watson's Family Foundation

Opinion

We have audited the financial statements of George Watson's Family Foundation (the 'charity') for the year ended 31 July 2023 which comprise statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2023 and of its income and expenditure 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 (as amended)

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we 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 as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the trustees of the George Watson's Family Foundation (continued)

Other information

The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, set out on page 7, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine 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 Trustees are 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 Trustees either intend to liquidate the charity or to cease operations or have no realistic alternative but to do so.

Independent auditor's report to the trustees of the George Watson's Family Foundation *(continued)*

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereafter.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: charity law and GDPR;
- We considered the incentives and opportunities that exist in the charities, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the charity, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board meeting minutes for discussions of irregularities including fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular fair value of investments;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
- Testing key revenue lines, in particular cut-off, for evidence of management bias; and
- Review the financial statement disclosures and determining whether accounting policies have been appropriately applied.

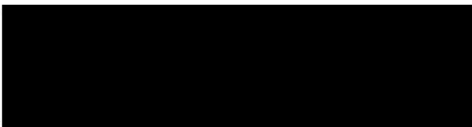
Independent auditor's report to the trustees of the George Watson's Family Foundation *(continued)*

Owing to the inherent limitations of an audit, there is unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees.

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

Use of our report

This report is made solely to the trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body for our audit work, for this report, or for the opinions we have formed.



Henderson Loggie LLP
Chartered Accountants
Statutory Auditor
(Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)
11-15 Thistle Street
Edinburgh
EH2 1DF

Statement of financial activities
(including income and expenditure account)
for the year ended 31 July 2023

	Note	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Unrestricted 2022 £	Restricted 2022 £	Total 2022 £
Income and endowments from:							
Donations and legacies	2	280,188	1,331,201	1,611,389	166,111	1,016,606	1,182,717
Other trading activities	2	-	-	-	-	112	112
Investments	2	56,248	103,961	160,209	1,753	99,499	101,252
Total		336,436	1,435,162	1,771,598	167,864	1,116,217	1,284,081
Expenditure on:							
Raising funds	3	(72)	(7,656)	(7,728)	-	(15,564)	(15,564)
Charitable activities	3	(78,951)	(1,209,725)	(1,288,676)	(111,059)	(892,979)	(1,004,038)
Total		(79,023)	(1,217,381)	(1,296,404)	(111,059)	(908,543)	(1,019,602)
Net Income/(expenditure) before investment gains		257,413	217,781	475,194	56,805	207,674	264,479
Net gains/(losses) on investments		(15,372)	(76,498)	(91,870)	(175,026)	(303,252)	(478,278)
Net movement in funds		242,041	141,283	383,324	(118,221)	(95,578)	(213,799)
Total funds brought forward		1,700,091	3,732,003	5,432,094	1,818,312	3,827,581	5,645,893
Total funds carried forward		1,942,132	3,873,286	5,815,418	1,700,091	3,732,003	5,432,094

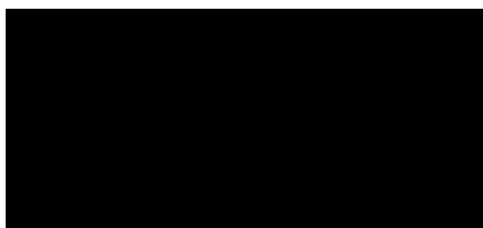
All activities of the fund relate to continuing operations.

Balance sheet at 31 July 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Investments	4		3,106,221		3,198,088
Current assets					
Debtors	5	213,022		272,665	
Cash at bank		2,539,994		1,982,424	
		<u>2,753,016</u>		<u>2,255,089</u>	
Creditors : amounts falling due within one year	6	(43,819)		(21,083)	
		<u>2,709,197</u>		<u>2,234,006</u>	
Net current assets					
			2,709,197		2,234,006
Net assets			<u>5,815,418</u>		<u>5,432,094</u>
Funds					
Unrestricted funds	7	1,942,132		1,700,091	
Restricted funds	8	3,873,286		3,732,003	
		<u>5,815,418</u>		<u>5,432,094</u>	
Total funds			<u>5,815,418</u>		<u>5,432,094</u>

These financial statements were approved and authorised for issue by the trustees on

..... 2024 and were signed on their behalf by:



Statement of cash flows
for the year ended 31 July 2023

	2023 £	2023 £	2022 £	2022 £
Cash flows from operating activities:				
Net (expenditure)/ income	383,324		(213,799)	
(Gains)/losses on investments	91,870		478,278	
Income from investments	(160,209)		(101,252)	
Decrease/(increase) in debtors	59,643		68,767	
(Decrease)/increase in creditors	22,735		(63,923)	
	<hr/>		<hr/>	
Net cash provided by operating activities		397,363		138,071
Cash flows from investing activities:				
Income from investments	160,209		101,252	
Proceeds from sale of investments	249,661		399,908	
Payment to acquire investments	(249,663)		(399,896)	
	<hr/>		<hr/>	
Net cash provided by investing activities		160,207		101,264
		<hr/>		<hr/>
Increase in cash and cash equivalents in the year		557,570		239,335
Cash and cash equivalents at the beginning of the year		1,982,424		1,743,089
		<hr/>		<hr/>
Cash and cash equivalents at the end of the year		2,539,994		1,982,424
		<hr/>		<hr/>
Cash and cash equivalents comprise:				
Cash at bank		2,539,994		1,982,424
		<hr/>		<hr/>

Notes to the accounts

1. Accounting policies

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the entity's financial statements.

Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention with the exception of investments which are included at market value. The charity is a Public Benefit Entity. The financial statements are compliant with the charity's constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice (SORP) FRS 102 "Accounting and Reporting by Charities", and in accordance with Financial Reporting Standard 102 (FRS 102) (revised 2018). The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern

These financial statements have been prepared on a going concern basis which assumes that the charity will continue its operations. There are no material uncertainties which exist or material changes in the way the charity operates and the trustees consider it appropriate to prepare accounts on a going concern basis.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Grants receivable

Grants received to provide means tested financial assistance to the families of pupils attending George Watson's College or maintain and develop the property and facilities of the School are held in restricted funds until the expenditure is incurred subject to any conditions imposed by the donor.

Legacy income

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made; or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from investments

Investment income is applied to the funds on the basis of investments held within each fund. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank. Other investment income is accounted for in the accounting period in which it is received.

Notes to the accounts *(continued)*

1. Accounting policies *(continued)*

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds include the costs of raising donations and legacies, the costs of other trading activities and their associated support costs.
- Expenditure on charitable activities include the costs of grants made to beneficiaries. Grants are paid in accordance with the grant making policy as set out in the Trustees Annual Report.

Governance costs are those associated with the constitutional and statutory requirements of the Foundation. Governance costs are included within support costs in expenditure on charitable activities.

Grants payable

Family Foundation awards are granted on a means tested basis to assist with the payment of school fees for pupils whose families would otherwise not be able to afford the school fees. Grants from individual restricted funds are made subject to any conditions imposed by the original donor.

Grants to maintain and develop the property and facilities of George Watson's College, or for any other purpose within the objectives of the Foundation, are decided by the Trustees of the Foundation subject to any conditions imposed by the donor where the grant is made from restricted funds.

Value Added Tax

The George Watson's Family Foundation is not registered for value added tax and accordingly expenditure includes value added tax where applicable.

Taxation

The George Watson's Family Foundation is recognised by HM Revenue & Customs as a charity. Accordingly, no provision for taxation is made in these accounts.

Investments and Investment Income

Investments are a form of basic financial instrument. The investments are brought into account at fair value. The value applied to listed investment is the middle market price of that investment at the close of business as at the financial year end. The main form of financial risk faced by the charity is that of volatility in the investment markets due to wider economic conditions.

Investment income and gains and losses are recognised in the statement of financial activities in the year in which they arise. Unrealised gains and losses are included in the statement of financial activities on the same basis of investments held within each relevant fund.

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Notes to the accounts (continued)

1. Accounting policies (continued)

Funds

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Restricted funds are funds subject to specific purposes, which may be declared by the donor, on or with their authority. Restricted funds may be restricted income funds which are expendable at the discretion of the trustees in the furtherance of a particular aspect of the objects of the charity or may be capital funds, where the assets are required to be invested or retained for actual use rather than expended.

Payments to trustees and employees

No trustee received any remuneration, other benefits or reimbursement of expenses in the year (2022: £Nil). As noted in the Trustees' Annual Report, the Foundation has no direct employees with all salary and administration costs being borne by George Watson's College. The trustees and treasurer are considered to be key management but are not remunerated.

2. Analysis of income

	2023 Unrestricted £	2023 Restricted £	2023 Total £
Donations and legacies			
Legacies	237,565	3,312	240,877
Other donation income	42,623	1,327,889	1,370,512
	<hr/>	<hr/>	<hr/>
	280,188	1,331,201	1,611,389
Income from investments			
Bank interest	56,248	-	56,248
Dividends	-	103,961	103,961
	<hr/>	<hr/>	<hr/>
	56,248	103,961	160,209
Total Income 2023	<hr/>	<hr/>	<hr/>
	336,436	1,435,162	1,771,598
	<hr/>	<hr/>	<hr/>
	2022 Unrestricted £	2022 Restricted £	2022 Total £
Donations and legacies			
Legacies	124,221	100,000	224,221
Other donation income	41,890	916,606	958,496
	<hr/>	<hr/>	<hr/>
	166,111	1,016,606	1,182,717
Other trading activities			
Fundraising activities	-	112	112
Income from investments			
Bank interest	1,753	9,852	11,605
Dividends	-	89,647	89,647
	<hr/>	<hr/>	<hr/>
	1,753	99,499	101,252
Total income 2022	<hr/>	<hr/>	<hr/>
	167,864	1,116,217	1,284,081
	<hr/>	<hr/>	<hr/>

Notes to the accounts (continued)

3. Analysis of expenditure

	2023 Unrestricted £	2023 Restricted £	2023 Total £
Expenditure on raising funds			
Fundraising costs	72	7,656	7,728
Charitable activities			
<i>Direct costs:</i>			
Foundationers grants	72,526	475,775	548,301
School expenditure	847	550,471	551,318
Capital expenditure	-	183,479	183,479
<i>Support costs:</i>			
Governance – Audit fee	5,578	-	5,578
Total charitable activities	78,951	1,209,725	1,288,676
Total expenditure 2023	79,023	1,217,381	1,296,404
	2022 Unrestricted £	2022 Restricted £	2022 Total £
Expenditure on raising funds			
Fundraising costs	-	15,564	15,564
Charitable activities			
<i>Direct costs:</i>			
Foundationers grants	70,363	326,277	396,640
School expenditure	37,896	372,986	410,882
Capital expenditure	-	193,716	193,716
<i>Support costs:</i>			
Governance – Audit fee	2,800	-	2,800
Total charitable activities	111,059	892,979	1,004,038
Total expenditure 2022	111,059	908,543	1,019,602

4. Investments

	2023 Listed Investments £	2023 Cash In portfolio £	2023 Total £
At beginning of year	3,166,147	31,941	3,198,088
Additions	283,301	(30,516)	252,785
Disposals at opening market value	(293,538)	-	(293,538)
Revaluation in year	(51,114)	-	(51,114)
At end of year	3,104,796	1,425	3,106,221
		2023 £	2022 £
Historical cost		2,985,670	3,015,672

Notes to the accounts (continued)

4. Investments (continued)

The portfolios are managed by Baillie Gifford and Aubrey Capital Management. All investments are carried at fair value based on market value using the bid price.

The main risk to the Foundation from financial instruments lies in the combination of uncertain investment markets and the volatility of growth and income. The investment strategy is to maximise income and ensure capital growth of the funds in excess of inflation each year from a mix of low to medium risk holdings. Liquidity risk is considered low as all investments are traded in markets with good liquidity and high trading volumes and this is expected to continue. The trustees manage these investment risks by retaining expert advisors to manage its investment portfolio.

5. Debtors

	2023 £	2022 £
Accrued income	213,022	272,665
	<u>213,022</u>	<u>272,665</u>

6. Creditors: amounts falling due within one year

	2023 £	2022 £
Amounts due to George Watson's College	37,819	18,007
Accruals	6,000	3,076
	<u>43,819</u>	<u>21,083</u>

7. General unrestricted funds

2023 Fund	At beginning of year £	Income £	Expenditure £	Transfer £	Investment (losses) £	At end of year £
General fund	1,578,610	336,436	64,388	-	(15,372)	1,835,286
Designated fund	121,481	-	14,635	-	-	106,846
	<u>1,700,091</u>	<u>336,436</u>	<u>79,023</u>	<u>-</u>	<u>(15,372)</u>	<u>1,942,132</u>
2022 Fund	At beginning of year £	Income £	Expenditure £	Transfer £	Investment (losses) £	At end of year £
General fund	1,683,803	167,341	97,508	-	(175,026)	1,578,610
Designated fund	134,509	523	13,551	-	-	121,481
	<u>1,818,312</u>	<u>167,864</u>	<u>111,059</u>	<u>-</u>	<u>(175,026)</u>	<u>1,700,091</u>

The designated fund relates to proceeds generated from the sale of the Cadell painting to provide bursary support to GWC pupils and for the purchase of Art for pupils within the Art School.

Notes to the accounts (continued)

8 Restricted funds

2023 Fund	At beginning of year £	Income £	Expenditure £	Investment gains/ (losses) £	At end of year £
Gibson Kerr Memorial Fund	585,542	-	-	(54,543)	530,999
Dr Catriona Collins Legacy	577,515	-	-	(8,281)	569,234
Carol Jackson Scholarship	552,285	-	-	(7,919)	544,366
Mary Cowan Bursary Fund	401,330	616	(616)	(5,755)	395,575
PE Fund	63,094	-	-	-	63,094
The Dewar Fund	498,934	126,000	(66,876)	-	558,058
Donald Mercer Exchange	62,837	-	-	-	62,837
Enablement Fund	14,065	-	(7,725)	-	6,340
Ian MacQuarrie Bursary	33,405	-	-	-	33,405
Michael Duncan Legacy	3,947	-	(3,947)	-	-
L R Lyall Bursary Prize Fund	42,920	-	-	-	42,920
John Martin Cricket Fund	80,496	-	(80,496)	-	-
Donald Brydon Bursary	5,031	-	-	-	5,031
Alice McCartney Bursary	5,031	14,635	(14,634)	-	5,032
B & M Miller Bursary	64,327	40,000	(11,487)	-	92,840
Ian Simpson Bursary	50,466	-	-	-	50,466
Rod Slater S3 Projects Fund	28,482	-	(1,301)	-	27,181
Young Family Foundation Place	96,784	177,248	(11,167)	-	262,865
J Balfour Allan Legacy	100,000	-	(100,000)	-	-
Pipe Band Parents Fund	83,607	34,263	(25,394)	-	92,476
Pipes and Drums Drill Hall	55,144	-	(535)	-	54,609
Myreside Pavilion Fund	-	489	-	-	489
Myreside Squash Courts Fund	183,479	-	(183,479)	-	-
Swire Chinese Teaching Fund	-	345,327	(345,327)	-	-
Art Fund	-	27,450	-	-	27,450
Foundation Places	-	188,959	(188,959)	-	-
Computing Science Project	15,058	190,000	(5,000)	-	200,058
Other	128,224	290,176	(170,439)	-	247,961
Total	3,732,003	1,435,163	(1,217,382)	(76,498)	3,873,286

2022 Fund	At beginning of year £	Income £	Expenditure £	Investment gains/ (losses) £	At end of year £
Bursary Fund	2,642	115,032	(115,310)	-	2,364
Gibson Kerr Memorial Fund	638,820	-	-	(53,278)	585,542
Dr Catriona Collins Legacy	671,799	-	-	(94,284)	577,515
Carol Jackson Scholarship	642,453	-	-	(90,168)	552,285
Mary Cowan Bursary Fund	466,852	-	-	(65,522)	401,330
PE Fund	83,247	411	(20,564)	-	63,094
The Dewar Fund	407,477	139,619	(48,162)	-	498,934
Donald Mercer Exchange	62,593	244	-	-	62,837
Enablement Fund	29,942	112	(15,989)	-	14,065
Ian MacQuarrie Bursary	33,276	129	-	-	33,405
Michael Duncan Legacy	17,429	69	(13,551)	-	3,947
L R Lyall Bursary Prize Fund	42,768	167	(15)	-	42,920
John Martin Cricket Fund	80,185	311	-	-	80,496
Donald Brydon Bursary	18,510	72	(13,551)	-	5,031
Alice McCartney Bursary	15,800	2,782	(13,551)	-	5,031
B & M Miller Bursary	19,555	55,302	(10,530)	-	64,327
Ian Simpson Bursary	50,271	195	-	-	50,466

Notes to the accounts (continued)

8 Restricted funds (continued)

2022 Fund	At beginning of year £	Income £	Expenditure £	Investment gains/ (losses) £	At end of year £
Rod Slater S3 Projects Fund	24,297	6,512	(2,327)	-	28,482
Young Family Foundation Place	-	96,764	-	-	96,764
J Balfour Allan Legacy	-	100,000	-	-	100,000
Pipe Band Parents Fund	4,350	91,909	(12,652)	-	83,607
Pipes and Drums Drill Hall	24,331	30,813	-	-	55,144
Myreside Pavilion Fund	185,369	8,347	(193,716)	-	-
Myreside Squash Courts Fund	182,758	721	-	-	183,479
Swire Chinese Teaching Fund	-	288,567	(288,567)	-	-
Other	122,857	178,139	(160,058)	-	140,938
Total	3,827,581	1,116,217	(908,543)	(303,252)	3,732,003

The purpose of the Bursary Fund is to provide means tested financial assistance towards school fees for pupils who would otherwise not be able to attend George Watson's College through the Foundation Places and Financial Assistance to Parents schemes, and to provide support for pupils whose families experience short term financial difficulties.

The most generous lifetime gift ever received by the Foundation was applied to establish the Gibson Kerr Memorial Fund to fund Foundation Places.

The Catriona Collins Legacy, the Carol Jackson Scholarship and the Mary Cowan Bursary Fund were all set up from legacy receipts to fund Foundation Places.

The PE Fund was established to collect funds raised for the development of the PE facilities of the School.

The Dewar Fund was set up in 2018 to cover the cost of a 100% Foundation Place from P7 to S6. It has since been added to and now covers the cost of five full Foundation Places.

The Donald Mercer Australian Exchange fund was set up with a donation to be used to cover the travel expenses of pupils taking part in an exchange programme between George Watson's College and an Australian school.

The purpose of the Enablement Fund is to provide assistance for pupils with a physical disability to meet any additional costs associated with attending George Watson's College.

The Ian MacQuarrie Bursary provides grants to worthy pupils to pursue further education in the sciences.

The Michael Duncan Legacy was received in the year to fund Foundation Places.

The L R Lyall Bursary Prize Fund finances an annual school prize for technical studies.

The John Martin Cricket Fund provides funds to develop the cricket facilities of the School.

The Donald Brydon Bursary and the Alice McCartney Bursary each fund a 100% Foundation Place.

The B & M Miller Bursary funds a Foundation Place for a pupil in P6 or P7.

Notes to the accounts (continued)

8. Restricted funds (continued)

The Ian Simpson Bursary was set up to fund a Foundation Place for a pupil with additional support for learning needs.

The Rod Slater Fund provides assistance towards the cost of clothing and equipment for pupils taking part in S3 Projects.

The purpose of the Young Family Foundation Place Fund is to fund a 100% Foundation Places for a pupil from P6 to S6.

The J Balfour Allan Legacy was donated to fund Foundation Places.

The Pipe Band Parents Fund is made up of funds donated by parents to subsidise the cost of Pipe Band trips and competitions. In previous years this was accounted for by George Watson's College, so most of the income received in the year represents the transfer of the balance built up over previous years to the Foundation.

The Pipes and Drums Drill Hall Fund was set up to fund the capital cost of a drill hall for the Pipe Band.

An appeal to raise funds to redevelop the squash courts at Myreside was launched in January 2022, with the funds being credited to the Myreside Squash Courts Fund. Cost pressures and various construction issues delayed this project, which was finally completed in February 2024.

The Swire Chinese Language Centre Edinburgh was founded in 2016 to provide teaching in Chinese language at schools in Edinburgh funded by donations from the Swire Chinese Language Foundation. These donations are transferred to George Watson's College to fund the Chinese teaching programme.

Other funds include a number with individual balances of less than £20,000. The purposes of these funds are varied, but in general are to fund Foundation Places or to develop the property or facilities of the School or to support a curricular or extra-curricular activity.

9. Net assets reconciliation

	Unrestricted £	Restricted £	Total £
Fund balances as at 31 July 2023 are represented by:			
Investments	1,056,540	2,049,681	3,106,221
Current assets	904,222	1,848,793	2,753,016
Creditors: due in less than one year	(18,630)	(25,189)	(43,819)
Net assets	1,942,132	3,873,285	5,815,418
	Unrestricted £	Restricted £	Total £
Fund balances as at 31 July 2022 are represented by:			
Investments	1,071,912	2,126,176	3,198,088
Current assets	636,820	1,618,269	2,255,089
Creditors: due in less than one year	(8,641)	(12,442)	(21,083)
Net assets	1,700,091	3,732,003	5,432,094

Notes to the accounts *(continued)*

10. Related party transactions

In the year to 31 July 2023, two (2022: *three*) trustees donated a total of £1,577 (2022: £2,727) to the Foundation in the financial year.

11. Ultimate controlling party

The ultimate controlling party is the Merchant Company Education Board, a charity registered in Scotland with the registration number SC009747, which has the power to elect trustees of the Foundation. The primary purpose of the Merchant Company Education Board is to provide education for boys and girls aged 3-18. Copies of the financial statements are available from the Merchants' Hall, 22 Hanover Street, Edinburgh, EH2 2EB.

12. Financial instruments

	2023 £	2022 £
Carrying amount of financial assets:		
Measured at fair value through profit or loss	3,106,221	3,198,093

Financial assets measured at fair value through profit or loss consist of investments.

