

THE KIRKHOUSE TRUST SCIO
REPORT AND FINANCIAL STATEMENTS
For the year to 31 March 2024

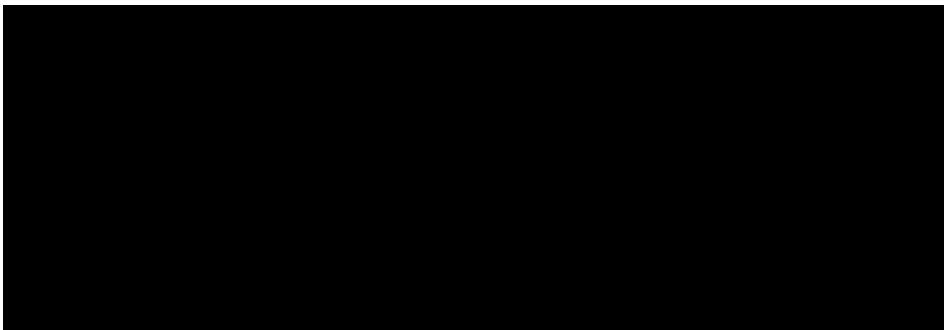
Scottish Charity No. SC047432

THE KIRKHOUSE TRUST SCIO

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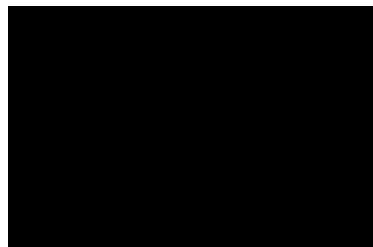
THE KIRKHOUSE TRUST SCIO

LEGAL AND ADMINISTRATION INFORMATION



Registered Office:
C/o Morton Fraser LLP
Quartermile Two
2 Lister Square
Edinburgh, EH3 9GL

Scottish charity number: SC047432



Bankers

Bank of Scotland
38 St Andrew Square
Edinburgh, EH2 2YR

Investment Managers

LGT Wealth Management
30 Lothian Road
Edinburgh, EH1 2DH

Rathbones Investment Management
28 St Andrew's Square
Edinburgh, EH2 1AF

Julius Baer International Limited
One Lochrin Square
92 Fountainbridge
Edinburgh, EH3 9QA

BNY Mellon
Client Service Centre
PO Box 366
Darlington, DL1 9RF

Solicitors

Morton Fraser
2 Lister Square
Quartermile Two
Simpson Loan
Edinburgh, EH3 9GL

Auditors

MHA
Chartered Accountants
6 St Colme Street
Edinburgh, EH3 6AD

REPORT OF THE TRUSTEES

For the year to 31 March 2024

The trustees present their seventh report as a SCIO along with the financial statements of the charity for the year to 31 March 2024. The financial statements have been prepared in accordance with the accounting policies set out herein and comply with the charity's Constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

OBJECTIVES AND ACTIVITIES

The trustees' vision is to enable the use of science and technology in African countries and in India. In particular: to address food and nutrition security by supporting the development of improved crops for smallholder farmers.

The trustees' strategy is to support scientists in the target countries by providing research grants, laboratory equipment and consumables, screenhouses, advice and training, to enable them to carry out molecular breeding work for crop improvement. The charity is also exploring the potential resilience to climate change of underutilised legume species in India and African countries. The charity presently focuses on important legume crops for several reasons: they provide essential nutrients not available from cereal or root crops; they improve soil by fixing nitrogen and stabilising it through their deep root systems; and they are relatively neglected by funding agencies. The charity focuses on crops adapted to smallholder farming in the regions where conditions are not favourable to large-scale commercial farming.

The charity's ultimate objectives are:

- to support the production of new varieties of locally important legume crops which mitigate losses from various constraints,
- to work with other partners at a scale appropriate to available resources to support farmer access to improved varieties,
- to strengthen and promote research skills in African countries where local support for science is under-funded.

Grant Making Policy

The focus of the charity is to enable the use of molecular biology tools to accelerate the development of improved crop varieties in conventional breeding programmes. The charity provides grants for a range of different types of activities, such as:

- Grants for crop breeding projects focused on legume crops important in African countries and in India. These projects aim to introduce resistances to important weeds and plant diseases, increase the nutrient content of grains and reduce cooking time using marker assisted selection.
- Grants to explore the potential value for climate change adaptation of a set of stress tolerant but less widely cultivated tropical legume crops. Funded activities include the publication of selected crop monographs to promote their cultivation.
- Grants for study visits and attendance of training events, workshops, and conferences.
- Post-graduate, PhD and MSc scholarships in Africa – usually provided to students associated with the charity's funded research projects.

THE KIRKHOUSE TRUST SCIO

REPORT OF THE TRUSTEES (continued)

For the year to 31 March 2024

Grant Making Policy (continued)

- Miscellaneous molecular biology and pathology training activities, including online learning opportunities.

Applications for novel areas of funding are considered by all trustees before they can be approved. Generally, the charity does not award grants to unsolicited applications.

The charity's senior management team presents a two-year budget to the trustees for approval at their summer meeting. The Chair of Trustees' discretionary allowance is included in the budget to facilitate new activities and capital expenditure in the approved funding areas up to agreed annual limits, and to buffer currency fluctuations. An expenditure report and financial model is updated each year for review at the summer meetings of the trustees, to ensure they are aware of the impact of existing and provisional commitments on the charity's reserves.

PERFORMANCE AND ACHIEVEMENTS

The trustees remain satisfied with the evident contributions the charity's investments are making to crop improvement, in training and in capacity building. External events, and the lessons learnt from monitoring the charity's programmes, continue to feed into decisions and activities.

Key activities of the charity over the last 12 months

1. Funding research institutions through the provision of grants to support:

Crop Breeding research:

- 13 crop improvement research projects in sub-Saharan Africa (hosted by national agricultural research institutes and universities). These projects are grouped into three consortia:
 - The African Cowpea Programme (ACP) now includes research activities in three African countries: Cameroon, Zambia and a pilot project in Botswana. Projects in Malawi and Zimbabwe have closed.
 - The African Bean Consortium (ABC; on common bean) now includes research activities in eight African countries: Ethiopia, Kenya, Uganda, Zambia, Mozambique, Zimbabwe, and two pilot projects: one in Tanzania and one in Malawi.
 - The Stress Tolerant Orphan Legume (STOL) programme, a collaborative consortium between agricultural research centres in India and in Africa. STOL aims to determine the suitability of a common set of stress tolerant legume crops in areas where the production of commonly grown legume crops increasingly fail due to climate change, in view to diversify production systems and increase their resilience. There are two Indian institutions participating: one in New Delhi and one in Rajasthan, and three African institutions (in Burkina Faso, Namibia and Senegal). In addition, two pre-breeding pilot projects were approved under the STOL consortium, one in South Africa and one in Nigeria. These focus on one of the target crops of the programme: Bambara groundnut.
- Two research groups in the US and one in Spain support the African breeding activities, carrying out complementary research projects, facilitating the development of molecular breeding resources, and providing training opportunities to African scientists. The Principal Investigators (PIs) of these research groups also act as the scientific leaders and consultants for the charity's crop breeding consortia.

THE KIRKHOUSE TRUST SCIO

REPORT OF THE TRUSTEES (continued)

For the year to 31 March 2024

PERFORMANCE AND ACHIEVEMENTS (continued)

- The charity facilitated a grant from Innovate UK to support cooking tests and farmers' field trials of two improved bean varieties developed by the Zambian ABC project expected to be formally released soon.

This project included as a deliverable the development of a blueprint to aid dissemination of improved legume varieties in East Africa. The charity advanced the funding for the project and Innovate UK will reimburse the charity after the receipt of final activity and financial reports.

2. Providing dispatches of equipment and consumables from the UK to the charity's funded research groups with molecular breeding projects:

FY	No. dispatches	Total cost of goods £	Total weight of goods Kg	Total dispatch cost £	Customs import cost £	Total Dispatch and Customs £
22-23	16	54,459	1,773	32,225	10,425	42,650
23-24	17	41,183	992	19,171	7,410	26,581
'Standard' restock	5	17,965	934	18,621	7,410	26,031
Mini restock	6	3,467	58	550	n/a	550
African supplier	6	19,751	n/a	n/a	n/a	n/a

The charity's procurement and dispatch activities enabled a total of seventeen lab stocks or restocks, including five standard (large) lab restocks. An increasing number of the charity's projects receive lab goods by different methods: some are supplied using a local supplier and others, particularly projects in the pilot phase, receive "mini" consignments shipped from the charity by courier, such as FedEx and UPS. One dangerous goods consignment was sent, to a project in Uganda as a test, and was subject to delays in customs clearing when compared to non-hazardous goods, further confirming that our approach of sourcing dangerous goods chemicals locally is best practice.

African suppliers were used on six occasions, three of whom are new to the charity.

3. Monitoring and training trips and activities:

Details of events and meetings during the 2023-24 FY:

- In August 2023 the charity made an exploratory trip to South Africa, Botswana, and Madagascar to explore new funding opportunities. The charity now funds a project in Botswana and a project in South Africa.
- A STOL meeting in Senegal planned September 2023 was cancelled due to security concerns in the country linked to the national election. The meeting was rearranged and held online in November 2023.
- Online training on Field-Hub and Mr Bean (open-source R packages for the design and analysis of field experiments) were delivered by North Dakota State University to the charity's researchers and students.

THE KIRKHOUSE TRUST SCIO

REPORT OF THE TRUSTEES (continued)

For the year to 31 March 2024

PERFORMANCE AND ACHIEVEMENTS (continued)

- Conference grants were awarded to delegates attending the Bean Improvement Cooperative (BIC) meeting in the US, the African Plan Breeding Academy meeting (APBA) in Morocco and the International Legume Society (ILS) conference in Spain.

4. PhD Scholarships:

PhD scholarships are awarded based on the quality of a proposal, their alignment with scientific objectives of existing the charity's projects/broader scientific strategy and within budgetary limits.

The charity pursued two independent scholarships not associated with the funded breeding programmes:

- A scholarship to be funded in Zambia on cowpea will soon begin, and
- A prospective scholarship to be funded in South Africa for the national bean breeder of common bean in Zimbabwe is under review.

MONITORING AND IMPACT ASSESSMENT

The performance of the charity's charitable activities is assessed and monitored in a variety of ways. The charity takes a hands-on approach in relation to its research projects: all consortia have at least one scientific consultant associated with it who reviews project applications and progress reports received from approved projects. The annual meetings of the consortia programme hold team sessions to enable in-depth discussions with PIs and their students. The charity aims to keep in touch with the graduate students it funds to track their achievements.

Since the charity's ultimate objective is to develop new legume crop varieties for smallholder farmers, its success must reflect the extent to which this goal is achieved. However, a challenge in estimating the impact of charitable investments is the fact that the charity is unable to fund all the activities required for the widespread dissemination of an improved crop variety after formal release, and therefore the charity has limited control over these. The charity also lacks in-house scientific expertise to conduct socio-economic impact studies, and the resources to carry these studies out in all the countries the charity funds breeding programmes. Activities carried out to review relevant organisations funding related activities have resulted in the identification of stakeholders, particularly in seed release. Their representatives are now invited to the charity's annual meetings. The charity aims to be more strategic in establishing suitable endpoints for investment in breeding projects and in identifying the institutions willing to take over and drive the process of seed release.

The trustees are satisfied with progress made to date, 31 new varieties have been certified in the host countries and the cultivation of the improved legume varieties developed with the charity's support is growing, with their distribution supported mainly by other funding organisations (e.g., The Pan-Africa Bean Research Alliance (PABRA), the Gates Foundation and the Syngenta Foundation).

THE KIRKHOUSE TRUST SCIO

REPORT OF THE TRUSTEES (continued)

For the year to 31 March 2024

FINANCIAL REVIEW

The results of the charity for the year are detailed in the Statement of Financial Activities. They show net income and movement of funds of £7,389,058 (2023: net expenditure £2,755,206). Income from investments and other trading income was £1,427,5880 (2023: £1,262,719), expenditure was £1,418,134 (2023: £1,545,253) and total net income (before gains and losses on investments) was £9,746 (2023: £282,534). Gains on investments were £7,379,312 (2023: losses of £2,472,672). The reserves have increased to £72,751,076 at 31 March 2024 compared to £65,362,018 at 31 March 2023.

The free reserves of the charity are those unrestricted reserves not tied up in fixed assets. At 31 March 2024, free reserves were £2,973,013 (2023: £3,774,273). The charity operates as a permanent charity and the trustees judge a sustainable withdrawal from the investments for operational spending is 3-4%. Expenditure this year was impacted by COVID, because resources normally allocated for international travel were excluded. The trustees review the outcome of a financial modelling exercise at their annual summer meeting.

Investment Policy

The trustees have a policy of investing those surplus funds which have been identified as not immediately required for the charity's activities. This includes the utilisation of both listed investments and term deposits with reputable financial institutions. The trustees review the Investment Policy at least annually in conjunction with their winter meeting.

PLANS FOR THE FUTURE

The trustees plan to continue the same broad areas of support which have been the focus since 2001. Therefore, they expect to support research, training and capacity building in Africa and India with a focus on crop improvement of legumes. They will do this by supporting:

- The African Cowpea Programme, and the East African Bean Consortium which both independently include:
 - Marker Assisted Selection breeding programmes in African countries,
 - Training activities in Africa and the US (for African researchers),
 - The development of genomic and genetic breeding resources in the US, Spain and Africa.
- The Stress Tolerant Orphan Legume (STOL) programme to explore the potential value of orphan crops in hotter, drier climates, to include:
 - STOL partners continue to exchange promising germplasm under Material Transfer Agreements between the parties,
 - Multiplication and characterisation trials at multiple African and Indian locations,
 - The last in-person STOL meeting under the current STOL MoU was planned and took place in India, August 2024, with delegates from the current STOL projects in India and Africa,
 - Filming, planned to capture the STOL programme's objectives and achievements, took place in July and August 2024 and will be edited for release.
 - Monographs of STOL crops will be published in 2024,
 - Bambara groundnut has emerged from STOL as a crop of interest for the charity in view of the advanced stage of the genomic and genetic tools developed. Two pilot projects were funded, one in South Africa and one in Nigeria. These are the first partners of a new consortium the charity launched in 2024, the Bambara Breeding Initiative (BBI).

THE KIRKHOUSE TRUST SCIO

REPORT OF THE TRUSTEES (continued)

For the year to 31 March 2024

PLANS FOR THE FUTURE (continued)

- A combined cowpea, common bean and Bambara groundnut annual meeting took place in June 2024 in Arusha, Tanzania. Consortium teams were invited to share progress and network with invited stakeholders. The combined meeting included training sessions. Visits to selected KT-funded projects in East Africa preceded the meeting.
- The charity sponsored the participation of the cowpea researchers and selected graduate students it funds to the World Cowpea Conference, held in Cotonou, Benin, in September 2024.
- The charity continues to invite PhD proposal submissions from projects and support MSc scholarships based in Africa, usually in association with existing research projects the charity funds.
- Miscellaneous molecular biology and pathology training activities in Africa. These include the continuation of a project (started in 2013) to provide equipment and consumables to the University of Zimbabwe to enable undergraduate courses to include a molecular biology component which is appropriate for a range of disciplines.
- A grant to provide limited support to a project in Cameroon for up to two years to achieve financial sustainability in seed dissemination activities at a modest scale ended in May 2023. The charity has decided not to support new seed release projects directly but remains committed to support the production of breeder and foundation seed of improved varieties at a scale appropriate to available resources.
- A publication documenting the 20 years of Kirkhouse Trust was published in June 2024 in the Journal Plants Genetics, Genomics and Biotechnology 2024, 13(13), 1818: Special Issue Food Security: Successes and Struggles of Impact-Focused Crop Improvement Projects.

STRUCTURE GOVERNANCE AND MANAGEMENT

Constitution

The former Kirkhouse Trust (SC030508) was initially created by its Trust Deed, dated September 2000, as amended in March 2004, and by a supplementary Trust deed dated 30 March 2012. The charity was established through endowments from Sir Edwin Southern, the founder Trustee. On 18 May 2017, the Kirkhouse Trust SCIO was registered with OSCR, and the assets of the former charity were transferred to the SCIO on 1 November 2017. In February 2018, the former charity was wound up. The Kirkhouse Trust SCIO is governed by its Constitution. An amendment to the Constitution was made in June 2021 to enable to Trustees to meet remotely particularly if it is unsafe to meet in person. It remains the preference of the Trustees to meet in person, though due to location and schedules trustees may attend Board meetings via remote video conferencing (Zoom).

THE KIRKHOUSE TRUST SCIO

REPORT OF THE TRUSTEES (continued)

For the year to 31 March 2024

STRUCTURE GOVERNANCE AND MANAGEMENT (continued)

Organisation

The trustees who served during the year and to date are set out on page 1. At the Winter 2023 Trustees Meeting, Founder and Chair [REDACTED] recommended [REDACTED] place him as Chair, and this was unanimously accepted by the Board. The Chair passed to [REDACTED] at the Summer Meeting of the Trustees 2022 [REDACTED] remains a trustee for life. The current five trustees have served for more than three years, and all were selected based on personal competence and professional skills which can benefit the charity. Newly appointed trustees receive an induction, are briefed by the Chair of Trustees on the charity's operation and are provided literature to make them fully aware of their responsibilities as trustees.

The trustees attend two in person sessions per annum; the June 2023 and November 2023 meeting were held in London. The trustees are updated by email and personal contact co-ordinated by the Chair, Chief Executive, and the Head of Administration. The day-to-day management of the charity's activities is delegated through the Chair to the Chief Executive. In addition, five scientific consultants with relevant research experience play key roles directing the research within the different research programmes.

Four of the scientific consultant group are members of the Science Policy Advisory Group (SPAG) which is chaired by the Chief Executive. SPAG's remit is to ensure that the charity is using its resources effectively. SPAG addresses high-level operational and strategic issues raised by the Board of Trustees. This ensures the trustees can effectively review the charity's performance, agree on strategy and future areas of activity.

The first in-person SPAG meeting since 2019 took place in the UK in September 2023 and was the first SPAG to be attended by new consultants [REDACTED]

The charity purchased its own building in January 2015 consisting of an office, meeting room, store, and small laboratory.

Related parties

The Edina Trust, a charity of which [REDACTED] is also a Trustee, shares certain staff employed by KT, and the premises owned and occupied by, the Kirkhouse Trust SCIO. The share of those costs incurred by the Kirkhouse Trust SCIO which are attributable to the Edina Trust are recharged to that charity on an arm's length, commercial basis.

Transactions with related parties in the year are more fully disclosed in note 19 to the financial statements.

Risk management

The trustees have assessed the major risks to which the charity is exposed, including those related to the operations and finances of the charity and are satisfied systems are in place to prevent and mitigate exposure to major risks. A Risk Management Action Plan is reviewed and approved by the trustees at their summer meeting.

The trustees acknowledge the inevitable risks of funding research projects in countries with low scientific capacity and infrastructure and the importance of effective remote project monitoring to detect problems early and minimise their impact.

THE KIRKHOUSE TRUST SCIO

REPORT OF THE TRUSTEES (continued)

For the year to 31 March 2024

Risk Management (continued)

The trustees highlight the following as significant risks currently facing the charity:

- **Problems with overseas projects:** failure to achieve project objectives (e.g., improved varieties do not reach farmers, poor project management, scientific misconduct etc.). This subset of project risks is deemed likely to occur because of the type of charitable work, however the impact on the charity would depend on the number of projects affected. The trustees accept not all projects will be successful. The charity has improved its project monitoring procedures to identify problems with projects. Project video submissions and video conferencing were formally incorporated into the charity's procedures. The charity is planning seed resource management discussions with project leaders which may result in investment to risk manage seed loss.
- **Poor uptake of research products** due to low levels of regional investment in agriculture, extension, and seed systems. The charity engages with regional stakeholders and invites key delegates to meetings with project leaders. A meeting planned in Tanzania June 2024 will include several stakeholder delegates.
- **Cybersecurity:** The increase in malicious online activities such as hacking, and ransomware attacks is well documented. There is the potential for an event which would cause reputational damage and stop the charity operating. The charity engages the services of a tertiary IT support and follows an annual roadmap and disaster recovery plan. Staff receive internal cyber security training and formal cybersecurity modules delivered free by Cyber Griffin London Police.

Key management personnel

The trustees consider the Board of Trustees, Chief Executive and Financial Oversight and Investment Liaison Officer as comprising the key management personnel of the charity. They are supported by a Senior Management Team chaired by the Chief Executive comprising a Head of Administration and Operations Manager. All trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in notes 9 and 19 of the financial statements.

Trustees are required to disclose all relevant interests. The charity maintains a Register of Interests which trustees are asked to review and update annually as necessary. It is charity policy that trustees withdraw from decisions if a potential conflict of interest arises.

The charity appointed five scientific consultants to help direct the research programmes and ensure the charity has access to relevant and up to date research.

THE KIRKHOUSE TRUST SCIO

REPORT OF THE TRUSTEES (continued)

For the year to 31 March 2024

TRUSTEES' RESPONSIBILITIES STATEMENT

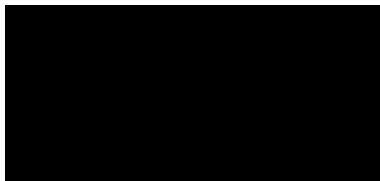
The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 of the state of affairs of the charity and of the incoming resources and application of resources, including income and expenditure, of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgments 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;
- prepare the financial statements on a 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 that disclose with reasonable accuracy at any time the financial position of the charity and to 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 provisions of the charity's constitution. 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.

Approved by the Trustees on the 25 November 2024 and signed on their behalf:



**INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF THE KIRKHOUSE TRUST SCIO**

Opinion

We have audited the financial statements of Kirkhouse Trust (the 'charity') for the year ended 31 March 2024 which comprise the statement of financial activities, the balance sheet, the statement of cashflows 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2024, and of its incoming resources and application of resources, including 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.

Basis for 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 charity's 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.

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 contained within the report of the trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF THE KIRKHOUSE TRUST SCIO (continued)**

Other information (continued)

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 course of 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 in relation to which the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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.

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 regulations made under that Act.

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.

**INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF THE KIRKHOUSE TRUST SCIO (continued)**

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of charity management and those charged with governance to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including the testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of the charity's activities and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditresponsibilities>.

This description forms part of our auditor's report.

**INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF THE KIRKHOUSE TRUST SCIO (continued)**

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

[REDACTED]

25 November 2024

MHA
Statutory Auditor
6 St Colme Street
Edinburgh
EH3 6AD

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership registered in England and Wales (registered number OC312313).

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

THE KIRKHOUSE TRUST SCIO

STATEMENT OF FINANCIAL ACTIVITIES
for the year to 31 March 2024

	Note	Unrestricted 2024 £	Unrestricted 2023 £
Income from:			
Investments	3	1,417,816	1,227,091
Charitable income	4	-	27,183
Other trading activities		10,064	8,445
Total income		<u>1,427,880</u>	<u>1,262,719</u>
Expenditure on:			
Raising funds	5	244,090	231,644
Charitable activities	6	<u>1,174,044</u>	<u>1,313,609</u>
Total expenditure		<u>1,418,134</u>	<u>1,545,253</u>
Net income/(expenditure) before gains and losses on investments		9,746	(282,534)
Net gains/(losses) on investments	11	<u>7,379,312</u>	<u>(2,472,672)</u>
Net income/(expenditure) and net movement in funds		7,389,058	(2,755,206)
Reconciliation of funds			
Total funds brought forward	16,17	<u>65,362,018</u>	<u>68,117,224</u>
Total funds carried forward	16,17	<u>72,751,076</u>	<u>65,362,018</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

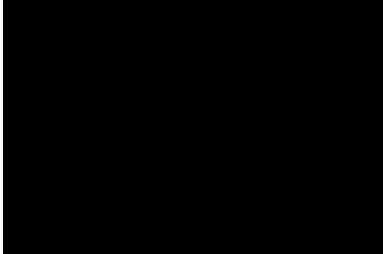
All income and expenditure is derived from continuing operations.

THE KIRKHOUSE TRUST SCIO

BALANCE SHEET
as at 31 March 2024

	Note	2024	2023
		£	£
Fixed Assets			
Tangible assets	10	366,897	378,879
Investments	11	69,411,166	61,208,866
		<hr/>	<hr/>
		69,778,063	61,587,745
Current Assets			
Stock	12	58,573	46,105
Debtors	13	265,987	231,356
Investments - deposits	14	2,279,574	3,388,987
Bank and cash		533,598	271,495
		<hr/>	<hr/>
		3,137,732	3,937,943
Liabilities			
Creditors: amounts falling due within one year	15	(164,719)	(163,670)
		<hr/>	<hr/>
Net current assets		2,973,013	3,774,273
		<hr/>	<hr/>
Net assets		72,751,076	65,362,018
		<hr/>	<hr/>
Unrestricted Funds	16,17	72,751,076	65,362,018

The financial statements were approved and authorised for issue by the Board of Trustees on 25 November 2024 and signed on its behalf by:



THE KIRKHOUSE TRUST SCIO

RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES
for the year ended 31 March 2024

	2024	2023
	£	£
Net income/(expenditure) as per the SOFA	7,389,058	(2,755,206)
Adjustments for:		
Depreciation	11,982	12,058
Loss on asset disposal	-	1,672
(Gains)/losses on investments	(7,379,312)	2,472,672
Dividends from investments	(1,417,816)	(1,227,091)
(Increase) in stocks	(12,468)	(24,413)
(Increase) in debtors	(34,631)	(128,744)
Increase in creditors	1,049	57,788
<i>Net cash (used in) operating activities</i>	<u>(1,442,138)</u>	<u>(1,591,264)</u>

STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Note	2024	2023
		£	£
Cash flows from operating activities:			
<i>Net cash (used in) operating activities</i>		<u>(1,442,138)</u>	<u>(1,591,264)</u>
Cash flows from investing activities:			
Investment income		1,417,816	1,227,091
Purchase of investments		(13,365,137)	(11,232,925)
Proceeds from sale of investments		12,920,899	9,446,291
<i>Net cash flow provided by/(used in) activities</i>		<u>973,578</u>	<u>(559,543)</u>
<i>Change in cash and cash equivalents in the year</i>	18	(468,560)	(2,150,807)
Cash and cash equivalents at the beginning of year		<u>6,104,239</u>	<u>8,255,046</u>
<i>Cash and cash equivalents at the end of the year</i>		<u>5,635,679</u>	<u>6,104,239</u>
<i>Being:</i>			
Cash at bank and in hand		533,598	271,495
Investments – term deposits		2,279,574	3,388,987
Investments – cash deposits		2,822,507	2,443,757
		<u>5,635,679</u>	<u>6,104,239</u>

THE KIRKHOUSE TRUST SCIO

NOTES TO THE FINANCIAL STATEMENTS for the year to 31 March 2024

1. Principal accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(a) *Basis of accounting*

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these financial statements. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and UK Generally Accepted Accounting Practice.

The Kirkhouse Trust SCIO meets the definition of a public benefit entity under FRS 102. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

(b) *Going concern*

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. With respect to the next accounting period the most significant area of uncertainty that affects the carrying value of assets held by the charity are the levels of investment return and the performance of the markets. Trustees regularly monitor the funding streams and evaluate the projected expenditure and the free reserves which are available and have concluded that there is a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

(c) *Income*

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received, and the amount of income can be measured reliably.

Donations, legacies, and similar incoming resources are included in the year in which they are receivable, which is when the charity becomes entitled to the resource.

Income from investments is included in the year in which it is receivable and when the amount can be measured reliably.

Income from other trading activities represent income earned from the shared use of the charity's property and is recognised in the period to which the costs relate, which is when the charity becomes entitled to the income.

THE KIRKHOUSE TRUST SCIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year to 31 March 2024

1. Principal accounting policies (continued)

(d) Expenditure

Expenditure is recognised once there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of obligation can be measured reliably. All expenditure is included on an accruals basis.

Expenditure on raising funds includes costs associated with generating income from the Trust through its investment portfolio.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services. It includes both costs which can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Expenditure on grants is recorded once the charity has made an unconditional commitment to pay the grant and this is communicated to the beneficiary, or the grant has been paid, whichever is the earlier. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as set out in note 5.

(e) *Investments*

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Current asset investments are fixed deposits and all mature within one year.

The charity does not acquire put options, derivatives, or other complex financial instruments.

(f) *Foreign currency transactions*

Transactions in foreign currencies are translated at a rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date.

(g) *Tangible fixed assets and depreciation*

Items of equipment are capitalised at cost where the purchase price exceeds £1,000. All other items are expensed in the year of acquisition.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less expected residual value of each asset over their expected useful lives as follows:

Property :-	50/25 years
Computer equipment :-	5 years

THE KIRKHOUSE TRUST SCIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year to 31 March 2024

1. Principal accounting policies (continued)

(h) *Stock*

Stock held directly by the charity comprises project supplies and is included at the lower of cost or net realisable value.

(i) *Debtors*

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

(j) *Cash at bank and in hand*

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

(k) *Creditors*

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

(l) *Financial instruments*

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measure at that settlement value.

2. Taxation

The SCIO is a registered charity and accordingly is exempt from taxation on its income and gains to the extent that they are applied for charitable purposes.

3. Investment income	Unrestricted		Unrestricted	
	2024	£	2023	£
Investment income received - UK			1,148,678	987,718
- USA			269,138	239,373
			<hr/>	<hr/>
			1,417,816	1,227,091

Income in the form of dividends is paid to the charity as cash. Since December 2022, the dividends from three main investments are being accumulated and reinvested. The managed investments are structured for capital growth.

4. Charitable income

	Unrestricted	Unrestricted
	2024	2023
	£	£
Innovate UK Grant		
	<hr/>	<hr/>
	-	27,183

THE KIRKHOUSE TRUST SCIO

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year to 31 March 2024

5. Raising funds	Basis of Allocation	Overseas Projects	UK Projects	Unrestricted	Unrestricted
				2024	2023
				£	£
Investment manager's fees				244,090	231,644
6. Cost of charitable activities	Basis of Allocation	Overseas Projects	UK Projects	Unrestricted	Unrestricted
2023/24		£	£	2024	2023
				£	£
<i>Direct charitable expenditure:</i>					
Grants awarded (note 7)	Direct	645,634	-	645,634	784,946
Staff costs (note 8)	Staff time	204,309	22,701	227,010	204,923
Travel expenses	Direct	1,110	-	1,110	101,884
Consultancy fees	Direct	8,287	-	8,287	9,791
Support costs (see below)		250,750	27,861	278,611	198,694
Governance costs (see below)	Direct	13,392	-	13,392	13,371
		<u>1,123,482</u>	<u>50,562</u>	<u>1,174,044</u>	<u>1,313,609</u>
<i>Support costs:</i>					
Staff costs (note 8)	Staff time	170,831	18,981	189,812	203,799
Office supplies	Usage	26,168	2,907	29,075	30,996
Administrative costs	Usage	18,702	2,078	20,780	25,848
Insurance	Usage	2,912	324	3,236	5,277
Bank charges	Usage	4,747	528	5,275	3,426
Exchange (gain)	Usage	15,300	1,700	17,000	(87,221)
Loss on disposal of fixed assets	Direct	-	-	-	1,672
Professional fees	Usage	1,198	133	1,331	647
Sundry expenses	Usage	108	12	120	2,190
Depreciation	Usage	10,784	1,198	11,982	12,060
		<u>250,750</u>	<u>27,861</u>	<u>278,611</u>	<u>198,694</u>
<i>Governance costs:</i>				2024	2023
				£	£
Auditors' remuneration				9,978	8,394
Room hire and AGM costs				3,414	4,977
				<u>13,392</u>	<u>13,371</u>

THE KIRKHOUSE TRUST SCIO

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year to 31 March 2024

6. Cost of charitable activities	Basis of Allocation	Overseas Projects	UK Projects	Unrestricted 2023	Unrestricted 2022
2022/23		£	£	£	£
<i>Direct charitable expenditure:</i>					
Grants awarded (note 7)	Direct	784,946	-	784,946	633,905
Staff costs (note 8)	Staff time	184,431	20,492	204,923	214,226
Travel expenses	Direct	101,884	-	101,884	380
Consultancy fees	Direct	9,791	-	9,791	9,000
Support costs (see below)		178,824	19,870	198,694	220,546
Governance costs (see below)	Direct	13,371	-	13,371	10,371
		<u>1,273,247</u>	<u>40,362</u>	<u>1,313,609</u>	<u>1,088,428</u>
<i>Support costs:</i>					
Staff costs (note 8)	Staff time	183,418	20,381	203,799	196,707
Office supplies	Usage	27,896	3,100	30,996	13,466
Administrative costs	Usage	23,263	2,585	25,848	11,071
Insurance	Usage	4,749	528	5,277	5,165
Bank charges	Usage	3,083	343	3,426	3,223
Exchange (gain)	Usage	(78,499)	(8,722)	(87,221)	(21,969)
Loss on disposal of fixed assets	Direct	1,505	167	1,672	-
Professional fees	Usage	584	63	647	823
Sundry expenses	Usage	1,971	219	2,190	-
Depreciation	Usage	10,854	1,206	12,060	12,060
		<u>178,824</u>	<u>19,870</u>	<u>198,694</u>	<u>220,546</u>
<i>Governance costs:</i>					
				2023	2022
				£	£
Auditors' remuneration				8,394	7,628
Room hire and AGM costs				<u>4,977</u>	<u>2,743</u>
				<u>13,371</u>	<u>10,371</u>
7. Grants given during year					
				Unrestricted 2024	Unrestricted 2023
				£	£
Conference and training grants				11,442	60,048
Laboratory grants				-	1,502
African research projects				506,910	592,666
Indian research projects				108,741	84,914
Overseas students				<u>18,541</u>	<u>45,816</u>
				<u>645,634</u>	<u>784,946</u>

THE KIRKHOUSE TRUST SCIO

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year to 31 March 2024

8. Staff costs	Unrestricted 2024 £	Unrestricted 2023 £
Salaries	359,649	339,279
Social security	34,276	33,598
Pension	21,834	20,800
	<hr/>	<hr/>
Other staff costs	415,759	393,677
	<hr/>	<hr/>
	1,063	15,045
	<hr/>	<hr/>
	416,822	408,722
Allocated to:		
Direct charitable expenditure	227,010	214,226
Support costs	189,812	194,496
	<hr/>	<hr/>
	416,822	408,722

One (2023: no) employee received emoluments of greater than £60,000 in the year.

The average number of employees during the year amounted to 13 (2023: 13). On a full-time equivalent basis, the average number of employees during the year was 12 (2023: 12).

9. Trustees' remuneration

Trustees are not remunerated. During the year, £386 (2023: £257) was reimbursed to one (2023: two) trustees for travel expenses.

The key management personnel of the charity comprise Board of Trustees, Secretary, Chief Executive and Financial Oversight and Investments Liaison Officer. All individuals, except the Chief Executive, give their time freely and did not receive any remuneration in the current or prior year.

THE KIRKHOUSE TRUST SCIO

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year to 31 March 2024

10. Tangible fixed assets	Freehold Property £	Computer Equipment £	Total £
Cost:			
At 1 April 2023 and 31 March 2024	455,596	13,426	469,022
Depreciation:			
At 1 April 2023	79,495	10,648	90,143
Charge for the year	10,394	1,588	11,982
At 31 March 2024	89,889	12,236	102,125
Net book value:			
At 31 March 2024	365,707	1,190	366,897
At 31 March 2023	376,101	2,778	378,879

11. Investments	2024 £	2023 £
Market value at 1 April 2023	58,765,109	59,451,147
Additions	13,365,137	11,232,925
Disposals	(12,920,899)	(9,446,291)
Gains/(losses) on valuation	7,379,312	(2,472,672)
Cash held by broker	2,822,507	2,443,757
Market value at 31 March 2024	69,411,166	61,208,866
Historic cost at 31 March 2024	49,069,815	47,641,269

The following individual shareholdings or investments are considered individually to be material within the market values of the portfolio shown at 31 March:

	2024 £	2023 £
Merck & Co Inc (US quoted company)	5,601,661	4,464,923
BNY Mellon Global Growth & Income Fund for Charities	3,551,379	3,221,931

THE KIRKHOUSE TRUST SCIO

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year to 31 March 2024

12. Stock	2024	2023
	£	£
Equipment	37,387	31,681
Chemicals	2,749	4,030
Other Consumables	18,437	10,394
	<hr/>	<hr/>
	58,573	46,105
	<hr/>	<hr/>

Stock held by the charity is available for use by the charity's beneficiaries in project work.

13. Debtors	2024	2023
	£	£
Investment income receivable	160,362	154,680
Prepayments	65,257	1,560
Other debtors	40,368	75,116
	<hr/>	<hr/>
	265,987	231,356
	<hr/>	<hr/>

14. Investments – deposits

	2024	2023
	£	£
Deposits	2,279,574	3,388,987
	<hr/>	<hr/>

The charity invests cash funds in the form of fixed term deposits with a number of financial institutions. Generally, the term period is set for a 12-month period and depending on the cash requirements of the charity the amount on maturity is reinvested as further fixed short term deposits.

15. Creditors – amounts falling due within one year

	2024	2023
	£	£
Accruals	111,978	135,714
Other creditors	52,741	27,956
	<hr/>	<hr/>
	164,719	163,670
	<hr/>	<hr/>

THE KIRKHOUSE TRUST SCIO

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year to 31 March 2024

16. Movement on reserves

	At 1 April £	Income £	Expenditure £	Gains/(losses) £	Transfers £	At 31 March £
2023 / 24						
General funds	<u>65,338,629</u>	<u>1,427,880</u>	<u>(1,408,337)</u>	<u>7,379,312</u>	<u>(6,200)</u>	<u>72,731,284</u>
Designated funds:						
Facilities improvement fund	<u>23,389</u>	<u>-</u>	<u>(9,797)</u>	<u>-</u>	<u>6,200</u>	<u>19,792</u>
Total unrestricted	<u>65,362,018</u>	<u>1,427,880</u>	<u>(1,418,134)</u>	<u>7,379,312</u>	<u>-</u>	<u>72,751,076</u>
2022 / 23						
General funds	<u>68,117,224</u>	<u>1,262,719</u>	<u>(1,532,642)</u>	<u>(2,472,672)</u>	<u>(36,000)</u>	<u>65,338,629</u>
Designated funds:						
Facilities improvement fund	<u>-</u>	<u>-</u>	<u>(12,611)</u>	<u>-</u>	<u>36,000</u>	<u>23,389</u>
Total unrestricted	<u>68,117,224</u>	<u>1,262,719</u>	<u>(1,545,253)</u>	<u>(2,472,672)</u>	<u>-</u>	<u>65,362,018</u>

A designated fund has been created for facilities improvements to cover the cost of one-off large scale improvements over a five-year period.

17. Analysis of net assets between funds

Unrestricted
£

Fixed assets	<u>69,778,063</u>
Net current assets	<u>2,973,013</u>
At 31 March 2024	
	<u>72,751,076</u>
Fixed assets	<u>61,587,745</u>
Net current assets	<u>3,774,273</u>
At 31 March 2023	
	<u>65,362,018</u>

18. Analysis of changes in net funds

At 1 April
2023
£

Cashflows
£

At 31 March
2024
£

Borrowings	<u>-</u>
Cash and cash equivalents	<u>6,104,239</u>
Net funds	<u>6,104,239</u>

(468,560) 5,635,679

(468,560) 5,635,679

THE KIRKHOUSE TRUST SCIO

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year to 31 March 2024

19. Related parties

The charity recharged a connected charity, Edina Trust, in which one of the trustees [REDACTED] [REDACTED] is also a trustee, for staff costs and related office support cost amounting to £116,793 (2023: £106,918) and £8,835 (2023: £11,970) was also received in respect of use of premises. At the year end the charity was due £32,709 (2023: £30,927) from the Edina Trust.