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<b>Report To:</b>	<b>Trustees of Council's Charities</b>	<b>Date:</b>	<b>4 June 2015</b>
<b>Report By:</b>	<b>Honorary Treasurer</b>	<b>Report No:</b>	<b>FIN/43/15/JB/BA</b>
<b>Contact Officer:</b>	<b>Jan Buchanan</b>	<b>Contact No:</b>	<b>01475 712225</b>
<b>Subject:</b>	<b>Accounts of Charitable Trusts and Awards</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to present the updated Accounts of Charitable Trusts and Awards to the Council as Trustees for review and approval.

## 2.0 SUMMARY

- 2.1 The purpose of this report is to ask the trustees:

- a) To adopt the annual accounts of two charitable trusts and approve their filing with the Office of the Scottish Charity Regulator.
  - SC019228 Lady Alice Shaw-Stewart Memorial Fund
  - SC019229 William Stewart of St. Fillans Bequest
- b) To consider the audit findings report [ISA260] submitted by Grant Thornton for the above two charities audited by them.
- c) To note and homologate a grant by the Lady Alice Shaw Stewart Memorial Trust approved by the Provost under the authority delegated to him.
- d) To approve proposals for the reorganisation and winding up of charitable trusts.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the trustees:

- a) Review and adopt the annual accounts for both the above charities for the year ended 31 March 2015 and approve their onward transmission to OSCR.
- b) Note the findings in Grant Thornton's audit report.
- c) Note and homologate the award made by the Lady Alice Shaw Stewart Memorial Trust.
- d) Approve the actions to wind up of the William Stewart of St Fillans Bequest, and its removal from the OSCR Register
- e) Note the ongoing actions to reorganise and wind up the Lady Alice Shaw Stewart Memorial Fund.

Alan Puckrin  
Honorary Treasurer

## **4.0 BACKGROUND**

- 4.1 The Annual Accounts for the year ended 31 March 2015 are to be submitted to Audit Scotland by the statutory deadline of 30 September 2015 and the Office of the Scottish Charity Regulator (OSCR) by the statutory deadline of 31 December 2015 (no later than 9 months after the financial year end). OSCR requires that the charity trustees approve the annual accounts and sign and date the annual report and balance sheet.
- 4.2 The independent audit of the accounts of the charities - Lady Alice Shaw-Stewart Memorial Fund and William Stewart of St Fillans Bequest - has been completed by Grant Thornton, the appointed auditor for the charities. A full audit is required to be carried out by the appointed auditor of the charities following guidance from Audit Scotland regarding the requirements of the Local Government (Scotland) Act 1973. In all cases the auditor's report confirms that the Trustees Annual Report and Financial Statements give a "true and fair view".
- 4.3 Grant Thornton has submitted an "ISA260" report on its audit findings. Page 5 of the report contains the executive summary. No control weaknesses are identified. The draft accounts were of a good quality and no errors were found.

## **5.0 AWARD MADE UNDER DELEGATED AUTHORITY**

- 5.1 Trustees at the meeting of 9 October 2104 approved procedures for delegated authority to the Provost and Council officers in the consideration of applications to the Lady Alice Shaw Stewart Memorial Fund. An award of £221.25 was made in the reporting period to an individual recommended by the Social Work services of Inverclyde Health and Social Care Partnership towards the cost of a provisional driving licence, five driving lessons and a passport to increase her employability and to provide evidence to open a bank account. An initiative by the Criminal Justice Services section of Social Work in partnership with Action for Children attracted several applications but all except this applicant had completed their Community Service Order by the time of consideration and were not eligible for grant.

## **6.0 PROGRESS ON REORGANISATION AND WINDING UP OF CHARITABLE TRUSTS**

- 6.1 **William Stewart of St Fillans Bequest:** The endowment reserve fund held by the Stewart Bequest has been reclassified. What this means is that under the revised classification of an "expendable endowment", trustees now have the power to convert the endowment fund into expendable income and can distribute the remaining reserves to the four beneficiaries. Approval is sought from trustees to distribute the funds, after making due allowance for audit and governance costs, and thereafter to wind up the trust and apply to have it removed from the OSCR Register.
- 6.2 **Lady Alice Memorial:** Officials are considering a proposal to re-organise this trust by winding-up and transferring the whole funds to an external charity on the basis that the funds can be more effectively managed and applied. A paper will be presented for trustees' consideration once proposals are more fully developed.

## **7.0 IMPLICATIONS**

### **Finance**

- 7.1 There are no financial implications arising from this report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments

**7.2 Legal**

The review of the charities will entail further applications to OSCR for either a reorganisation scheme or schemes under Sections 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 or to have a charity wound up under s.16(2)(c) of the Charities and Trustees Investment (Scotland) Act 2005.

**7.3 Human Resources**

There are no HR implication arising from this report.

**Equalities**

7.4 There are no equalities implications arising from this report.

**Repopulation**

7.5 There are no repopulation implications arising from this report.

# Lady Alice Shaw Stewart Memorial Fund

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## Audited Annual Report and Financial Statements

For the Year ended 31 March 2015

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Scottish Charity Number SC019228



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Lady Alice Shaw Stewart Memorial Fund was established under a minute of agreement dated 3 July 1947 between the Trustees of the Female Branch of the Greenock Discharged Prisoners Aid Society and the Corporation of Greenock.

The Committee handed over the capital sum of £1,923 upon the winding up of the Branch. Female prisoners no longer served their sentences in HM Prison in Greenock and the purpose of the Branch could not be carried out. The officers of the Corporation undertook to utilise the funds for purposes similar or akin to the purpose of the Branch.

The funds were to be designated thereafter "Lady Alice Shaw Stewart Memorial Fund" in memory of Lady Alice of Ardgowan who died in January 1942. During her life, Lady Alice set up benevolent societies for the army, navy and air force, had been awarded the CBE, and was a Justice of the Peace. She was active in the Greenock School Board and a primary school in Greenock was named after her in which local children are educated to this day.

Interest on the capital sum was to be used to "give monetary or other assistance to females recommended by the Probation Officer of the Burgh of Greenock." Inverclyde Council at its Policy and

Strategy Committee meeting of 6 August 1996 delegated to the Director of Finance to consider individual applications that meet the criteria of the trust fund.

The Elected Members of the Council are the trustees. The Chief Financial Officer of Inverclyde Council in his role as the treasurer of the charity is responsible for making arrangements for the proper administration of the trust's financial affairs and reports to the trustees.

The trust made one award in the reporting period to an individual recommended by the Social Work services of the Health and Social Care Partnership.

If you wish to apply for financial assistance, or you are aware of a person who may wish to apply for financial assistance, then application forms can be obtained by contacting: Lady Alice Shaw Stewart Memorial Fund, c/o Criminal Justice Women's Service, Inverclyde Health and Social Care Partnership, Hector McNeil House, 7-8 Clyde Square, Greenock, PA15 1NB. Tel: 01475 715372.



# **Lady Alice Shaw Stewart Memorial Fund**

## **Trustees' Annual Report**

For the Year ended 31 March 2015

The trustees present their report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2015.

### **Reference and administrative information**

- Charity Name Lady Alice Shaw Stewart Memorial Fund
- Charity Number SC019228
- Principal Address C/o Inverclyde Council, Municipal Buildings,  
Clyde Square, Greenock, PA15 1LY

### **Current trustees**

- Provost Robert Moran, Chair
- Councillor Ronnie Ahlfeld
- Councillor Martin Brennan
- Councillor Keith Brooks
- Councillor Math Campbell-Sturgess
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Jim Grieve
- Councillor Vaughan Jones
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor James McColgan
- Councillor Michael McCormick
- Councillor Chris McEleny
- Councillor Joe McIlwee
- Councillor Jim MacLeod
- Councillor Innes Nelson
- Councillor Luciano Rebecchi
- Councillor Kenny Shepherd
- Councillor David Wilson

### **Other trustees who served during the year**

- None

### **Honorary Secretary**

- Role fulfilled by officers in Inverclyde Council's Legal and Property Services

### **Honorary Treasurer**

- Role fulfilled by Alan Puckrin CPFA, Chief Financial Officer

### **Bankers**

- All monies are held and managed by Inverclyde Council.

### **Independent Auditor**

- Michael Thomas, Grant Thornton UK LLP, Royal Liver Building, Liverpool, L3 1PS

## **Structure, Governance and Management**

### Governing Document

The legal name of the charity is Lady Alice Shaw Stewart Memorial Fund. The trust is an unincorporated Scottish charity governed on the basis of the available evidence of its constitution, a minute of agreement dated 3 July 1947 between the trustees of the Female Branch of the Greenock Discharged Prisoners Aid Society and the Corporation of Greenock, and as approved by the Policy and Strategy Committee of 6 August 1996. Grants are made in accordance with the terms of the charity.

### Appointment of Trustees

The councillors of Inverclyde Council are assumed as trustees on their appointment to the Council. Councillors receive training on the responsibilities of being a charity trustee and the accounts of the trust.

### Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and adopt the annual report and financial statements. Trustees consider the income and expenditure levels during the financial year and that suitable arrangements are in place to manage the remaining funds of the trust. The trustees delegate the day to day administration of the charities to officers of the Council.

The Council provides all administrative support to the charity including financial, legal and secretarial support and deals with any applicants on behalf of the charity. The Council also administers any payments from the charity.

The Council makes a charge for these services following as agreed by trustees at a meeting of 3 December 2009.

### Related Parties

Trustees hold this position because they are elected councillors of Inverclyde Council. Inverclyde Council provides support services to the trust.

### Management of Funds and Investment Policy

The trustees rely upon the expertise of officers of Inverclyde Council to manage the investments to ensure the maximum return at least risk to the charity.

Finance Services of Inverclyde Council have taken the steps required by charity trustees under the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 for the period from 1 April 2014 to 31 March 2015. The funds of the charity are deposited with Inverclyde Council and receive interest at the average market rate for the Council's borrowing. The interest received from Inverclyde Council is shown in the Statement of Financial Activities.

## **Objects and Activities**

### Objects

Its charitable object is "interest on the capital sum is to be used to give monetary or other assistance to females recommended by the Probation Officer of the Burgh of Greenock".

Inverclyde Council at its Policy and Strategy Committee meeting of 6 August 1996 delegated to the Director of Finance to consider individual applications that meet the criteria of the trust fund.

The Council also noted at this meeting the continuation of the policy of the demitting local authority that the capital sum is to be preserved and the annual income only may be used for awards.

### Activities

The charity makes grants in accordance with its purposes to individuals and organisations.

## **Achievements and Performance**

The trust streamlined its processes for the consideration of applications and worked with a local charity to actively encourage applications. This resulted in several applications for grant and an award to one individual was made during the year.

## **Financial Review**

### Overview

The charity made one award of £221. Expenditure of £1,210 was incurred on governance costs; £960 for audit fees and £250 for the cost of accountancy, legal and administrative support. Income of £224 was received from interest earned on the funds deposited with Inverclyde Council.

The net deficit of £1,207 for the year was taken from the unrestricted funds brought forward to give unrestricted funds carried forward of £43,994 plus unchanged permanent endowment funds of £1,923. This entire sum is deposited with Inverclyde Council.

### Reserves Policy

The trust has no explicit reserves policy, but the "capital" of the fund is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserves. The unrestricted free reserves are available for the objectives of the trust. The unrestricted reserves at the financial year-end were £43,994. The terms of the trust deed are very restrictive which has resulted in a gradual accumulation of reserves over time.

### **Future Plans**

Inverclyde Council is considering a more cost-effective method of administering its charities and that the best use is made of the funds left in its care. Accordingly, the Council is currently conducting a review of its charitable trusts with a view to gaining OSCR's approval of a reorganisation scheme under Sections 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 and the 2007 Regulations.

Officers of the Council are working with a local charity to explore proposals for the use of the funds. This will be the subject of a future report to Trustees once proposals are more fully developed.

### **Conclusion**

The charity made one award during the year. Officers of the Council are exploring proposals

for the funds. This will be the subject of a future report to trustees once proposals are more fully developed.

Approved by the trustees on Fourth June, Two Thousand and Fifteen and signed on behalf of all trustees by:

### **Provost Robert Moran**

Chair of the trustees

This Trustees' Annual Report is also counter-signed by the Chief Financial Officer of Inverclyde Council in his capacity as the Honorary Treasurer.

### **Alan Puckrin CPFA**

Honorary Treasurer



**Lady Alice Shaw Stewart Memorial Fund**  
**Independent Auditor's Report**  
For the Year ended 31 March 2015

**Independent auditor's report to the trustees of Lady Alice Shaw Stewart Memorial Fund and the Accounts Commission for Scotland**

We certify that we have audited the financial statements of Lady Alice Shaw Stewart Memorial Fund for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

**Respective responsibilities of the trustees and auditor**

The trustees are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2015 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

**Opinion on other prescribed matter**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Michael Thomas, for and on behalf of Grant Thornton UK LLP

Royal Liver Building  
Liverpool  
L3 1PS

4 June 2015

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

**Lady Alice Shaw Stewart Memorial Fund**  
**Statement of Financial Activities for the Year ended 31 March 2015**

	Note	Unrestricted Funds	Permanent Endowment Funds	Total 2015	Total 2014
		£	£	£	£
<b>Incoming Resources</b>					
<i>Incoming resources from generated funds</i>					
Interest Receivable	5	224	0	224	233
Total Incoming Resources		<b>224</b>	<b>0</b>	<b>224</b>	<b>233</b>
<b>Resources Expended</b>					
<i>Costs of activities in furtherance of charitable activities</i>					
Grants and Awards	3	221	0	221	0
Governance Costs	4	1,210	0	1,210	1,210
Total Resources Expended	6	<b>1,431</b>	<b>0</b>	<b>1,431</b>	<b>1,210</b>
Net Incoming/(Outgoing) Resources before Transfers		(1,207)	0	(1,207)	(977)
<b>Transfers</b>					
Gross Transfers between Funds		0	0	0	0
Net Movement in Funds		<b>(1,207)</b>	<b>0</b>	<b>(1,207)</b>	<b>(977)</b>
<b>Reconciliation of Funds</b>					
Total Funds Brought Forward		<b>45,201</b>	<b>1,923</b>	<b>47,124</b>	<b>48,101</b>
Total Funds Carried Forward		<b>43,994</b>	<b>1,923</b>	<b>45,917</b>	<b>47,124</b>
<p>The Lady Alice Shaw Stewart Memorial Fund has no recognised gains or losses other than the results for the year as set out above. The activities of the trust are classed as continuing. The notes on pages 10 to 12 form an integral part of these accounts.</p>					

**Lady Alice Shaw Stewart Memorial Fund**  
**Balance Sheet as at 31 March 2015**

	Note	Unrestricted Funds	Permanent Endowment Funds	Total 2015	Total 2014
		£	£	£	£
<b>Current Assets</b>					
Cash at Bank	7	43,994	1,923	45,917	47,124
<b>Current Liabilities</b>					
Creditors: Amounts Falling Due within One Year		0	0	0	0
<b>Net Current Assets</b>		<b>43,994</b>	<b>1,923</b>	<b>45,917</b>	<b>47,124</b>
<b>Net Assets</b>		<b>43,994</b>	<b>1,923</b>	<b>45,917</b>	<b>47,124</b>
<b>Funds</b>					
Unrestricted Funds		43,994		43,994	45,201
Endowment Funds			1,923	1,923	1,923
<b>Total Funds</b>		<b>43,994</b>	<b>1,923</b>	<b>45,917</b>	<b>47,124</b>
The notes on pages 10 to 12 form an integral part of these accounts.					
Approved by the trustees on 4 June 2015 and signed on their behalf by:					
		<b>Provost Robert Moran</b> Chair of the trustees	<b>Alan Puckrin CPFA</b> Honorary Treasurer		

## **Lady Alice Shaw Stewart Memorial Fund**

### **Notes to the Accounts**

#### **Note 1 Basis of Preparation**

##### 1.1 Basis of Accounting

These accounts have been prepared on the basis of historic cost in accordance with:

- (a) Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005 – 2<sup>nd</sup> Edition); and the Financial Reporting Standard for Smaller Charities (FRSSE) (Effective April 2008).
- (b) The Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

##### 1.2 Changes in the basis of accounting

None

##### 1.3 Changes to previous accounts

None

#### **Note 2 Accounting Policies**

##### 2.1 Incoming Resources

- (a) Incoming resources are recognised and included in the Statement of Financial Activities (SoFA) when the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources; and the monetary value can be measured with sufficient reliability.
- (b) Where incoming resources have related expenditure, the incoming resources and related expenditure are reported gross in the SoFA.
- (c) Interest on deposits with Inverclyde Council is recognised in the accounts when receivable.

##### 2.2 Expenditure and Liabilities

- (a) Expenditure is accounted for on an accruals basis.
- (b) Liabilities are recognised as soon as there is a legal or constrictive obligation to pay out resources.
- (c) Governance costs include the costs of preparation and examination of the statutory accounts, the cost of trustee meetings and the cost of any legal advice to trustees on governance matters.

##### 2.3 Taxation

The charity is not liable to income tax or capital gains tax on its charitable activities. Irrecoverable tax is included in the expense to which it relates.

##### 2.4 Comparative Figures

Figures for 2014 are shown as appropriate for purposes of comparison.

### Note 3 Grants and Awards

	2015 £	2014 £
Grants to Organisations	0	0
Grants to Individuals	221	0
<b>Total</b>	<b>221</b>	<b>0</b>
Grants were made in 2015 as follows:		
<ul style="list-style-type: none"><li>Grants to Individuals: The Trust made one award in the reporting period to an individual recommended by the Social Work services of Inverclyde Health and Social Care Partnership.</li></ul>		

### Note 4 Governance Costs

	2015 £	2014 £
Audit Fee	960	960
Charges from Inverclyde Council for accountancy and legal support on governance matters	250	250
<b>Total</b>	<b>1,210</b>	<b>1,210</b>
Lady Alice Shaw Stewart Memorial Fund has no staff. All support functions are provided by Inverclyde Council.		

### Note 5 Trustees Remuneration, Expenses and Related Party Transactions

No trustees were remunerated during the year or any persons connected with them during the year (2014: Nil), nor was there any requirement for any expenses to be paid (2014: Nil).

The trustees are the elected members of Inverclyde Council. The Council provides governance services at a cost of £250 (2014: £250). During the year, the charity received interest of £224 from the Council (2014: £233). As at 31 March 2015, cash of £45,917 was held by Inverclyde Council for the charity (2014: £47,124). There are no outstanding balances due to or from Inverclyde Council other than those that appear in the balance sheet.

### Note 6 Total Resources Expended

	Basis of Allocation	Unrestricted Funds Grants and Awards £	Governance Costs £	2015 Total £	2014 Total £
Awards & Contributions	Direct	221	0	221	0
Auditors Fee	Direct	0	960	960	960
Charge from Inverclyde Council	Direct	0	250	250	250
<b>Total for Year</b>		<b>221</b>	<b>1,210</b>	<b>1,431</b>	<b>1,210</b>

### Note 7 Cash at Bank

During the year the trust's balances were held by Inverclyde Council. The Council acts as the banker for the charity and all transactions incoming and outgoing are made via the Council's accounts. The balance is repayable on demand. Interest is paid on balances.

	2015 £	2014 £
Balance at 31 March	47,124	48,101
Funds placed on deposit	224	233
Funds withdrawn	(1,431)	(1,210)
<b>Balance at 31 March</b>	<b>45,917</b>	<b>47,124</b>



Inverclyde  
council

Finance Services, Municipal Buildings, Greenock PA15 1LY  
Tel: 01475 712090 Fax: 01475 712202 [www.inverclyde.gov.uk](http://www.inverclyde.gov.uk)



# William Stewart of St. Fillans Bequest

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## Audited Annual Report and Financial Statements

For the Year ended 31 March 2015

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Scottish Charity Number SC019229

Inverclyde  
council

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William Stewart of St. Fillans Bequest was established by a bequest of £5,000 on 9 January 1868 by the trustees of the late William Stewart to the Corporation of Greenock. It is thought that "St Fillans" refers to the neighbouring village of Kilmacolm where there is a church of that name.

The interest on the capital sum was to be used to promote the religious and intellectual development of the poor and destitute of Greenock. The interest was distributed by the Corporation amongst various local charities of the town of Greenock such as (in 1933) the Town Missionary and the Throat, Nose and Ear Infirmary.

More recently, Inverclyde District Council at its Finance and Law Sub-Committee of 11 June 1976 decided that the annual income was to be divided equally between four organisations - Greenock Medical Aid, Little Sisters of the Poor, Greenock Girls' Home and the Association for Mental Health.

Subsequently, Inverclyde Council at its Policy and Resources Committee meeting of 6 August 1996 agreed that Greenock Girls' Home and the Association for Mental Health be replaced by Caladh House and Argyll & Clyde Acute Hospital Endowment Fund as the successors to these defunct organisations.

Inverclyde Council as the successor local

authority is the sole trustee. The Chief Financial Officer of Inverclyde Council in his role as the honorary treasurer of the charity is responsible for making arrangements for the proper administration of the charitable trust and reports to trustees.

Approval will be sought from trustees to transfer of the entire funds to the current beneficiaries in 2015 and to submit an application to OSCR to wind up the trust and to make such a transfer.

# **William Stewart of St. Fillans Bequest Trustees' Annual Report**

For the Year ended 31 March 2015

The trustees present their report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2015.

## **Reference and administrative information**

- Charity Name William Stewart of St. Fillans Bequest
- Charity Number SC019229
- Principal Address C/o Inverclyde Council, Municipal Buildings,  
Clyde Square, Greenock, PA15 1LY

## **Current trustees**

- Provost Robert Moran Chair
- Councillor Ronnie Ahlfeld
- Councillor Martin Brennan
- Councillor Keith Brooks
- Councillor Math Campbell-Sturgess
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Jim Grieve
- Councillor Vaughan Jones
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor James McColgan
- Councillor Michael McCormick
- Councillor Chris McEleny
- Councillor Joe McIlwee
- Councillor Jim MacLeod
- Councillor Innes Nelson
- Councillor Luciano Rebecchi
- Councillor Kenny Shepherd
- Councillor David Wilson

## **Other trustees who served during the year**

- None

## **Honorary Secretary**

- Role fulfilled by officers in Inverclyde Council's Legal and Property Services

## **Honorary Treasurer**

- Role fulfilled by Alan Puckrin CPFA, Chief Financial Officer

## **Bankers**

- All monies are held and managed by Inverclyde Council.

## **Independent Auditor**

- Michael Thomas, Grant Thornton UK LLP, Royal Liver Building, Liverpool L3 1PS

## **Structure, Governance and Management** Governing Document

The legal name of the charity is William Stewart of St. Fillans Bequest. The trust was established by a bequest of £5,000 on 9 January 1868 by the trustees of the late William Stewart to the Corporation of Greenock.

The trust is an unincorporated Scottish charity governed on the basis of the available evidence of its constitution, and as approved by the Policy and Strategy Committee of 6 August 1996.

### Appointment of Trustees

The councillors of Inverclyde Council are assumed as trustees on their appointment to the Council. Councillors receive training on the responsibilities of being a charity trustee and the accounts of the trust.

### Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and adopt the annual report and financial statements. Trustees consider the income and expenditure levels during the financial year and that suitable arrangements are in place to manage the remaining funds of the trust. The trustees delegate the day to day administration of the charities to officers of the Council.

The Council provides all administrative support to the charity including financial, legal and secretarial support and deals with any applicants on behalf of the charity. The Council also administers any payments from the charity.

The Council makes a charge for these services as agreed by trustees at a meeting of 3 December 2009.

### Related Parties

Trustees hold this position because they are elected councillors of Inverclyde

Council. Inverclyde Council provides support services to the Trust.

### Management of Funds and Investment Policy

The trustees rely upon the expertise of officers of Inverclyde Council to manage the investments to ensure the maximum return at least risk to the charity.

Finance Services of Inverclyde Council have taken the steps required by charity trustees under the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 for the period from 1 April 2014 to 31 March 2015. The funds of the charity are deposited with Inverclyde Council and receive interest at the average market rate for the Council's borrowing. The interest received from Inverclyde Council is shown in the Statement of Financial Activities.

## **Objects and Activities**

### Objects

Its charitable object is to promote the religious and intellectual development of the poor and destitute of Greenock.

Inverclyde Council at its Policy and Resources Committee meeting of 6 August 1996 confirmed that the annual income be divided equally between four organisations - Caladh House, Greenock Medical Aid, Little Sisters of the Poor and Argyll & Clyde Acute Hospital Endowment Fund.

### Activities

The charity makes grants in accordance with its purposes to organisations.

## **Achievements and Performance**

A modest award of £12 was shared between the four beneficiary organisations - Caladh House, Greenock Medical Aid, Little Sisters of the Poor and Argyll & Clyde Acute Hospital Endowment Fund - in the financial reporting period.

## **Financial Review**

### Overview

The charity made an award of £12 split equally between the four beneficiaries. Expenditure of £1,210 was incurred on governance costs; £960 for audit fees and £250 for the cost of accountancy, legal and administrative support. Income of £12 was received from interest earned on the funds deposited with Inverclyde Council.

The shortfall for the year of £1,210 was deducted from the funds brought forward to give a total for funds carried forward of £1,361. This is deposited with Inverclyde Council.

There is an outstanding creditor of £30 for awards for the current and prior years that are due to be paid to the four organisations (Caladh House, Greenock Medical Aid, Little Sisters of the Poor and Argyll & Clyde Acute Hospital Endowment Fund).

### Reserves Policy

The trust has no explicit reserves policy. The "capital" of the fund is held as an expendable endowment fund. The expendable endowment fund and unrestricted fund are available for the objects of the trust.

The annual outlays can no longer be met from income and require to be met from the expendable endowment fund of the trust. There were no unrestricted reserves at the financial year-end.

### **Future Plans**

Inverclyde Council is considering a more cost-effective method of administering its charities and that the best use is made of the funds left in its care.

Approval will be sought from trustees to transfer of the entire funds to the current beneficiaries in 2015 and to submit an application to OSCR to wind up the trust and to make such a transfer.

## **Conclusion**

The charity's expenditure exceeded income during the reporting period and the deficit required to be taken from the remaining expendable endowment funds.

Approved by the trustees on Fourth June, Two Thousand and Fifteen and signed on behalf of all trustees by:

### **Provost Robert Moran**

Chair of the trustees

This trustees' report is also counter-signed by the Chief Financial Officer of Inverclyde Council in his capacity as Honorary Treasurer.

### **Alan Puckrin CPFA**

Honorary Treasurer

**William Stewart of St. Fillans Bequest**  
**Independent Auditor's Report**  
For the Year ended 31 March 2015

**Independent auditor's report to the trustees of William Stewart of St. Fillans Bequest and the Accounts Commission for Scotland**

We certify that we have audited the financial statements of William Stewart of St. Fillans Bequest for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

**Respective responsibilities of the trustees and auditor**

The trustees are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2015 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

**Opinion on other prescribed matter**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Michael Thomas, for and on behalf of Grant Thornton UK LLP

Royal Liver Building  
Liverpool  
L3 1PS

4 June 2015

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

**William Stewart of St. Fillans Bequest**  
**Statement of Financial Activities for the Year ended 31 March 2015**

	Note	Unrestricted Funds	Expendable Endowment Funds	Total 2015	Total 2014
		£	£	£	£
<b>Incoming Resources</b>					
<i>Incoming resources from generated funds</i>					
Interest Receivable	5	12	0	12	18
Total Incoming Resources		<b>12</b>	<b>0</b>	<b>12</b>	<b>18</b>
<b>Resources Expended</b>					
<i>Costs of activities in furtherance of charitable activities</i>					
Grants and Awards	3	12	0	12	18
Governance Costs	4	1,210	0	1,210	1,210
Total Resources Expended	6	<b>1,222</b>	<b>0</b>	<b>1,222</b>	<b>1,228</b>
Net Incoming/(Outgoing) Resources before Transfers		(1,210)	0	(1,210)	(1,210)
<b>Transfers</b>					
Gross transfers between funds	7	1,210	(1,210)	0	0
Net Movement in Funds		<b>0</b>	<b>(1,210)</b>	<b>(1,210)</b>	<b>(1,210)</b>
<b>Reconciliation of Funds</b>					
Total Funds Brought Forward		<b>0</b>	<b>2,571</b>	<b>2,571</b>	<b>3,781</b>
Total Funds Carried Forward		<b>0</b>	<b>1,361</b>	<b>1,361</b>	<b>2,571</b>
William Stewart of St. Fillans Bequest has no recognised gains or losses other than the results for the year as set out above. The activities of the trust are not classed as continuing. The notes on pages 10 to 12 form an integral part of these accounts.					



**William Stewart of St. Fillans Bequest  
Balance Sheet as at 31 March 2015**

	Note	Unrestricted Funds	Expendable Endowment Funds	Total 2015	Total 2014
		£	£	£	£
<b>Current Assets</b>					
Cash at Bank	8	0	1,391	1,391	2,589
<b>Current Liabilities</b>					
Creditors: Amounts Falling Due within One Year	9	0	(30)	(30)	(18)
<b>Net Current Assets</b>		<b>0</b>	<b>1,361</b>	<b>1,361</b>	<b>2,571</b>
<b>Net Assets</b>		<b>0</b>	<b>1,361</b>	<b>1,361</b>	<b>2,571</b>
<b>Funds</b>					
Unrestricted Funds		0		0	0
Endowment Funds			1,361	1,361	2,571
<b>Total Funds</b>		<b>0</b>	<b>1,361</b>	<b>1,361</b>	<b>2,571</b>
The notes on pages 10 to 12 form an integral part of these accounts.					
Approved by the trustees on 4 June 2015 and signed on their behalf by:					
		<b>Provost Robert Moran</b> Chair of the trustees	<b>Alan Puckrin CPFA</b> Honorary Treasurer		

## **William Stewart of St. Fillans Bequest**

### **Notes to the Accounts**

#### **Note 1 Basis of Preparation**

##### 1.1 Basis of Accounting

These accounts have been prepared on the basis of historic cost in accordance with:

- (a) Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005 – 2<sup>nd</sup> Edition); and the Financial Reporting Standard for Smaller Charities (FRSSE) (Effective April 2008).
- (b) The Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).
- (c) The accounts are prepared on a “break up basis” as the activities of the trust are not classed as continuing.

##### 1.2 Changes in significant judgements

The status of the endowment has been revised during the reporting period following a review of the available governing documentation. It is considered more appropriate for the endowment fund to be described as an expendable endowment fund. There are no adjustments to the values in the accounts in either the current or prior period as a result of this change in judgement.

#### **Note 2 Accounting Policies**

##### 2.1 Incoming Resources

- (a) Incoming resources are recognised and included in the Statement of Financial Activities (SoFA) when the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources; and the monetary value can be measured with sufficient reliability.
- (b) Where incoming resources have related expenditure, the incoming resources and related expenditure are reported gross in the SoFA.
- (c) Interest on deposits with Inverclyde Council is recognised in the accounts when receivable.

##### 2.2 Expenditure and Liabilities

- (a) Expenditure is accounted for on an accruals basis.
- (b) Liabilities are recognised as soon as there is a legal or constrictive obligation to pay out resources.
- (c) Governance costs include the costs of preparation and examination of the statutory accounts, the cost of trustee meetings and the cost of any legal advice to trustees on governance matters.

##### 2.3 Taxation

The charity is not liable to income tax or capital gains tax on its charitable activities. Irrecoverable tax is included in the expense to which it relates.

##### 2.4 Comparative Figures

Figures for 2014 are shown as appropriate for purposes of comparison.

### Note 3 Grants and Awards

	2015	2014
	£	£
Caladh House, Greenock	3	5
Greenock Medical Aid	3	5
Little Sisters of the Poor, Greenock	3	4
Argyll & Clyde Acute Hospital Endowment Fund	3	4
<b>Total</b>	<b>12</b>	<b>18</b>
The purpose of the four awards in each year is to assist with the organisations' work with the poor and destitute of Greenock.		

### Note 4 Governance Costs

	2015	2014
	£	£
Audit Fee	960	960
Charges from Inverclyde Council for accountancy and legal support on governance matters	250	250
<b>Total</b>	<b>1,210</b>	<b>1,210</b>
William Stewart of St. Fillans Bequest has no staff. All support functions are provided by Inverclyde Council.		

### Note 5 Trustees Remuneration, Expenses and Related Party Transactions

No trustees were remunerated during the year or any persons connected with them during the year (2014: Nil), nor was their any requirement for any expenses to be paid (2014: Nil).

The trustees are the Elected Members of Inverclyde Council. The Council provides governance services at a cost of £250 (2014: £250). During the year, the charity received interest of £12 from the Council (2014: £18). As at 31 March 2015, cash of £1,391 was held by Inverclyde Council for the charity (2014: £2,589). There are no outstanding balances due to or from Inverclyde Council other than those that appear in the balance sheet.

### Note 6 Total Resources Expended

	Basis of Allocation	Unrestricted Funds		2015	2014
		Grants and Awards	Governance Costs	Total	Total
		£	£	£	£
Awards & Contributions	Direct	12	0	12	18
Auditors Fee	Direct	0	960	960	960
Charge from Inverclyde Council	Direct	0	250	250	250
<b>Total for Year</b>		<b>12</b>	<b>1,210</b>	<b>1,222</b>	<b>1,228</b>

### Note 7 Gross Transfers between Funds

It has been necessary to apply the expendable endowment funds to settle all amounts due for governance. Under the Local Government (Scotland) Act 1973 and as directed by the Accounts Commission for Local Authorities in Scotland, the Trustees have no discretion in the more rigorous requirement of a full audit, or in the selection of an independent auditor.

### Note 8 Cash at Bank

During the year the trust's balances were held by Inverclyde Council. The Council acts as the banker for the charity and all transactions incoming and outgoing are made via the Council's accounts. The balance is repayable on demand. Interest is paid on balances.

	2015 £	2014 £
Balance at 31 March	2,589	3,883
Funds placed on deposit	12	18
Funds withdrawn	(1,210)	(1,312)
<b>Balance at 31 March</b>	<b>1,391</b>	<b>2,589</b>

### Note 9 Creditors

	2015 Total £	2014 Total £
Awards Approved in Current & Previous Financial Years		
Caladh House, Greenock	8	5
Greenock Medical Aid	8	5
Little Sisters of the Poor, Greenock	7	4
Argyll & Clyde Acute Hospital Endowment Fund	7	4
<b>Balance at 31 March</b>	<b>30</b>	<b>18</b>

### Note 10 Events after the Reporting Period

The Trustees decided on 4 June 2015 to distribute all available funds, after making due allowance for audit and governance costs, and thereafter wind up the trust and apply to have it removed from the OSCR Register. The Accounts have accordingly been prepared on a "break-up" basis.



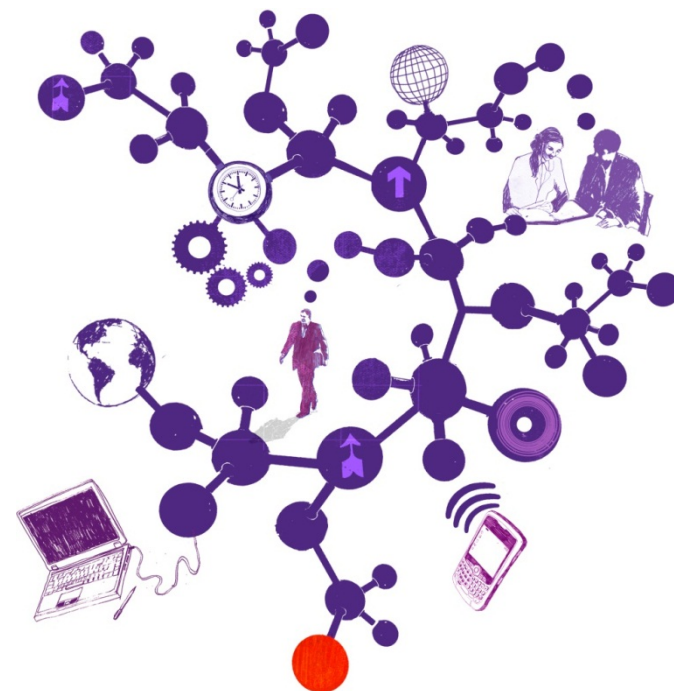
Inverclyde  
council

Finance Services, Municipal Buildings, Greenock PA15 1LY  
Tel: 01475 712090 Fax: 01475 712202 [www.inverclyde.gov.uk](http://www.inverclyde.gov.uk)



# The Audit Findings Report for Lady Alice Shaw Stewart Memorial Fund

Year ended 31 March 2015



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Charities or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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## Section 1: Executive summary

01. Executive summary

02. Audit Risks and findings

03. Fees, non audit services and independence

04. Communication of audit matters

# Executive summary

## Purpose of this report

This report highlights the key issues affecting the financial statements of Lady Alice Shaw Stewart Memorial Fund (the Charity). The Trustees of the charity have been identified as those charged with governance.

This report is prepared under International Standards on Auditing (ISAs) (UK & Ireland) 260 as a single communication with those charged with governance.

## Introduction

This is the second year in which we have undertaken an audit of the charity.

Our audit is now substantially complete, and we are finalising our procedures in the following areas:

- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

## Key audit and financial reporting issues

### Financial statements opinion

We have not identified any audit adjustments affecting the Charity's net funds or any of the figures in the financial statements.

We anticipate providing an unqualified opinion on the charity's statements. The draft opinion is attached at Appendix A.

The key messages arising from our audit of the financial statements are:

- the draft financial statements contained no errors and were of good quality
- we recommended a small number of minor presentational adjustments to the financial statements

## Controls

### Roles and responsibilities

Management are responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to management and the Trustees.

### Findings

Our work has not identified any control weaknesses which we wish to highlight for your attention.

### Next Steps

On receipt of the final version of the financial statements, annual report and letter of representation we will finalise our audit and issue our opinion.

### Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

## Section 2: Audit Risks and Findings

01. Executive summary

**02. Audit Risks and Findings**

03. Fees, non audit services and independence

04. Communication of audit matters

## Audit findings against significant risks




In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p><b>The revenue cycle may include fraudulent transactions</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p>	<ul style="list-style-type: none"> <li>• Performance of substantive testing on revenue streams.</li> <li>• Review of revenue recognition policies.</li> </ul>	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p><b>Management over-ride of internal controls may result in material misstatement</b></p> <p>Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<ul style="list-style-type: none"> <li>• Assessment of the design and implementation of controls in key systems.</li> <li>• Review of accounting estimates, judgments and decisions made by management.</li> <li>• Review of all significant transactions.</li> </ul>	<p>Our audit work has not identified any evidence of management override of controls.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgments.</p>



# Accounting policies, Estimates & Judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included within the Charity's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition (revenue recognition fraud is a presumed significant risk)</b>	Incoming resources are recognised and included in the Statement of Financial Activities (SoFA) of the relevant charity when: <ul style="list-style-type: none"> <li>the charity becomes entitled to the resources;</li> <li>the trustees are virtually certain they will receive the resources; and</li> <li>the monetary value can be measured with sufficient reliability.</li> </ul>	<ul style="list-style-type: none"> <li>We have reviewed the Charity's policies and tested all income transactions.</li> </ul> We do not have any comments to make.	 <b>Green</b>
<b>Judgements and estimates (management override of controls is a presumed significant risk)</b>	Management have not made any judgements and estimates which would have a material impact on the financial statements.	<ul style="list-style-type: none"> <li>We have reviewed the Charity's policies and practices.</li> </ul> We do not have any comments to make.	 <b>Green</b>
<b>Other accounting policies</b>	The Charity has adopted accounting policies which are in line with our expectations for the Charity.	<ul style="list-style-type: none"> <li>We have reviewed the Charity's policies.</li> </ul> We do not have any comments to make.	 <b>Green</b>

We have not identified any issues with any of the accounting areas above. We have not identified any misstatements to report to you in this report.

## Assessment

-  Marginal accounting policy which could potentially attract attention from regulators
-  Accounting policy appropriate and disclosures sufficient

-  Accounting policy appropriate but scope for improved disclosure

## Section 3: Fees, non audit services and independence

01. Executive summary

02. Audit Risks and Findings

**03. Fees, non audit services and independence**

04. Communication of audit matters

# Fees, non audit services and independence

We confirm below our final fees charged for the audit

## Fees excluding VAT

	£
Audit fee	800

## Fees for other services

Service	Fees £
None	Nil

## Changes to our planned Audit Approach

We have not had to alter our audit plan or propose any additional fees to those agreed with management above.

## Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

## Section 4: Communication of audit matters

01. Executive summary

02. Audit Risks and Findings

03. Fees, non audit services and independence

04. Communication of audit matters



## Key communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	<b>Matters in relation to fraud</b>	We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
2.	<b>Matters in relation to related parties</b>	We are not aware of any related party transactions which have not been disclosed.
3.	<b>Matters in relation to laws and regulations</b>	We are not aware of any incidences of non-compliance with relevant laws and regulations.
4.	<b>Written representations</b>	A standard letter of representation has been requested.
5.	<b>Disclosures</b>	There are no outstanding disclosure issues which management have not adjusted.
6.	<b>Going Concern</b>	We have reviewed the going concern assertions made in the Annual Report and Financial Statements. We have reviewed this judgement by management and concluded that this is appropriate in the circumstances and that the disclosures in the Annual Report and Financial Statements are adequate.

# Communication of audit matters to those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. We are required to audit the financial statements and to give an opinion as to:

- whether they give a true and fair view of the financial position of the Trust and its expenditure and income for the period in question
- whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements

It is the responsibility of the charity to ensure that proper arrangements are in place for the conduct of its business, and that donations are safeguarded and properly accounted for. We have considered how the Charity is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected unmodified auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

# Appendix A: Audit Opinion Lady Alice Shaw Stewart Memorial Fund

**We anticipate we will provide the Charity with an unqualified audit report**

## **Independent auditor's report to the trustees of Lady Alice Shaw Stewart Memorial Fund and the Accounts Commission for Scotland**

We certify that we have audited the financial statements of Lady Alice Shaw Stewart Memorial Fund for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

## **Respective responsibilities of the trustees and auditor**

The trustees are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2015 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

## Appendix A: Audit Opinion (continued)

### **Opinion on other prescribed matter**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Michael Thomas, for and on behalf of Grant Thornton UK LLP  
Royal Liver Building  
Liverpool  
L3 1PS

4 June 2015

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

# Appendix B: Draft Letter of Representation Lady Alice Stewart Memorial Fund

## Lady Alice Shaw Stewart Memorial Fund Financial Statements for the year ended 31 March 2015

This representation letter is provided in connection with the audit of the financial statements of the Lady Alice Shaw-Stewart Memorial Fund for the year ended 31 March 2015 for the purpose of expressing opinions as to whether the financial statements give a true and fair view in accordance with the 2005 Charity SORP and applicable Financial Reporting Standards.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the 2005 Charity SORP and applicable Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.
- ii. We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Charity has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi. We are satisfied that the material judgements used by us in the preparation of the financial statements are soundly based, in accordance with the 2005 SORP, and adequately disclosed in the financial statements. There are no material judgements that need to be disclosed.

- vii. Except as stated in the financial statements:
  - a) there are no unrecorded liabilities, actual or contingent
  - b) none of the assets of the charities has been assigned, pledged or mortgaged
  - c) there are no additional material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the 2005 SORP and applicable accounting standards.
- ix. All events subsequent to the date of the financial statements for which the 2005 SORP requires adjustment or disclosure have been adjusted or disclosed.
- x. There is no actual or possible litigation or claims to be accounted for.
- xi. The financial statements are free of material misstatements, including omissions. Any misstatements identified in the Audit Findings Report and not amended for are, individually and in aggregate, not material to the financial statements.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. All expenditure has been made in line with the charitable objectives.
- xiv. We believe that the financial statements of the Lady Alice Shaw-Stewart Memorial Fund should be prepared on a going concern basis.

## Appendix B: Draft Letter of Representation (continued)

### Information Provided

- xv We have provided you with:
  - a) access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b) additional information that you have requested from us for the purpose of your audit; and
  - c) unrestricted access to persons from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Charity and involves:
  - a) management;
  - b) those who have significant roles in internal control; or
  - c) others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Charity's financial statements communicated by employees, former employees, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the entity of the Charity's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

### Trustees' Annual Reports

- xxiv We are satisfied that the Trustees' Annual Report fairly reflects the Charity's operations and business, and is consistent with our knowledge of the Charity.



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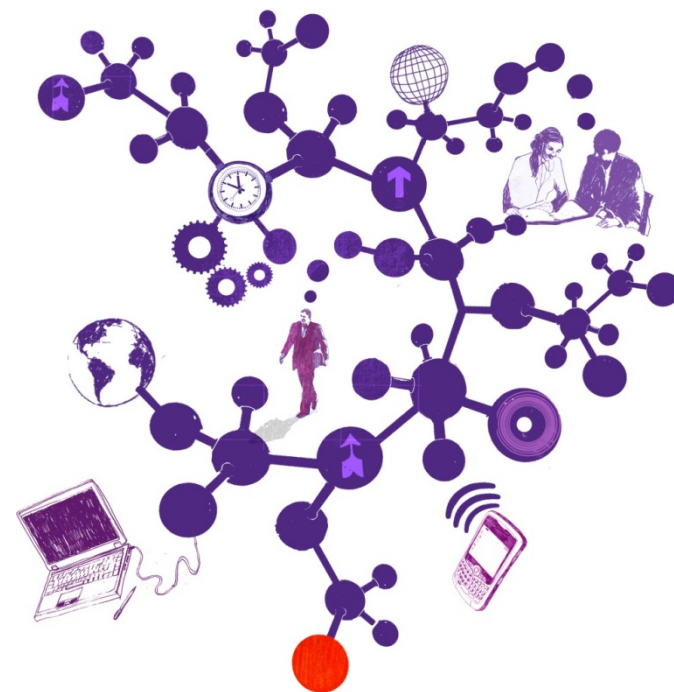
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# The Audit Findings Report for William Stewart of St. Fillans Bequest

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**Year ended 31 March 2015**





The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Charities or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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## Section 1: Executive summary

01. Executive summary

02. Audit Risks and findings

03. Fees, non audit services and independence

04. Communication of audit matters

# Executive summary

## Purpose of this report

This report highlights the key issues affecting the financial statements of William Stewart of St. Fillans Bequest (the Charity). The Trustees of the charity have been identified as those charged with governance.

This report is prepared under International Standards on Auditing (ISAs) (UK & Ireland) 260 as a single communication with those charged with governance.

## Introduction

This is the second year in which we have undertaken an audit of the charity.

Our audit is now substantially complete, and we are finalising our procedures in the following areas:

- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

## Key audit and financial reporting issues

### Financial statements opinion

We have not identified any audit adjustments affecting the Charity's net funds or any of the figures in the financial statements.

We anticipate providing an unqualified opinion on the charity's statements. The draft opinion is attached at Appendix A.

The key messages arising from our audit of the financial statements are:

- the draft financial statements contained no errors and were of good quality
- we recommended a small number of minor presentational adjustments to the financial statements

## Controls

### Roles and responsibilities

Management are responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to management and the Trustees.

### Findings

Our work has not identified any control weaknesses which we wish to highlight for your attention.

### Next Steps

On receipt of the final version of the financial statements, annual report and letter of representation we will finalise our audit and issue our opinion.

### Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

## Section 2: Audit Risks and Findings

01. Executive summary

**02. Audit Risks and Findings**

03. Fees, non audit services and independence

04. Communication of audit matters

## Audit findings against significant risks




In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p><b>The revenue cycle may include fraudulent transactions</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p>	<ul style="list-style-type: none"> <li>• Performance of substantive testing on revenue streams.</li> <li>• Review of revenue recognition policies.</li> </ul>	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p><b>Management over-ride of internal controls may result in material misstatement</b></p> <p>Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<ul style="list-style-type: none"> <li>• Assessment of the design and implementation of controls in key systems.</li> <li>• Review of accounting estimates, judgments and decisions made by management.</li> <li>• Review of all significant transactions.</li> </ul>	<p>Our audit work has not identified any evidence of management override of controls.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgments.</p>



# Accounting policies, Estimates & Judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included within the Charity's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition (revenue recognition fraud is a presumed significant risk)</b>	Incoming resources are recognised and included in the Statement of Financial Activities (SoFA) of the relevant charity when: <ul style="list-style-type: none"> <li>the charity becomes entitled to the resources;</li> <li>the trustees are virtually certain they will receive the resources; and</li> <li>the monetary value can be measured with sufficient reliability.</li> </ul>	<ul style="list-style-type: none"> <li>We have reviewed the Charity's policies and tested all income transactions.</li> </ul> We do not have any comments to make.	 Green
<b>Judgements and estimates (management override of controls is a presumed significant risk)</b>	Management have reviewed their assessment of the classification of the endowment fund during the audit. The Trust Deeds are not available to confirm the status of the endowment, however it has been accepted practice for a number of years that funds have been transferred to the unrestricted reserve. The classification of the endowment within the accounts has therefore been changed to expendable to reflect current practice.	<ul style="list-style-type: none"> <li>We have reviewed the Charity's policies and practices.</li> </ul> This has been reflected in the final Annual Report and Financial Statements.	 Green
<b>Other accounting policies</b>	The Charity has adopted accounting policies which are in line with our expectations for the Charity.	<ul style="list-style-type: none"> <li>We have reviewed the Charity's policies.</li> </ul> We do not have any comments to make.	 Green

We have not identified any issues with any of the accounting areas above.

## Assessment

-  Marginal accounting policy which could potentially attract attention from regulators
-  Accounting policy appropriate and disclosures sufficient

-  Accounting policy appropriate but scope for improved disclosure

## Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Disclosure	n/a	Notes to the accounts	Addition of a note to the accounts to disclose the judgement change in relation to the classification of the endowment fund
2 Disclosure	n/a	Notes to the accounts	Addition of a note to the accounts to reflect a post balance sheet event

We have not identified any misstatements to report to you in this report.



## Section 3: Fees, non audit services and independence

01. Executive summary

02. Audit Risks and Findings

**03. Fees, non audit services and independence**

04. Communication of audit matters

# Fees, non audit services and independence

We confirm below our final fees charged for the audit

## Fees excluding VAT

	£
Audit fee	800

## Fees for other services

Service	Fees £
None	Nil

## Changes to our planned Audit Approach

We have not had to alter our audit plan or propose any additional fees to those agreed with management above.

## Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

## Section 4: Communication of audit matters

01. Executive summary

02. Audit Risks and Findings

03. Fees, non audit services and independence

04. Communication of audit matters

## Key communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	<b>Matters in relation to fraud</b>	We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
2.	<b>Matters in relation to related parties</b>	We are not aware of any related party transactions which have not been disclosed.
3.	<b>Matters in relation to laws and regulations</b>	We are not aware of any incidences of non-compliance with relevant laws and regulations.
4.	<b>Written representations</b>	We have requested a specific representation from management to confirm that the endowment is expendable
5.	<b>Disclosures</b>	There are no outstanding disclosure issues which management have not adjusted.
6.	<b>Going Concern</b>	We have reviewed the going concern assertions made in the Annual Report and Financial Statements. We have reviewed this judgement by management and concluded that this is appropriate in the circumstances and that the disclosures in the Annual Report and Financial Statements are adequate.

# Communication of audit matters to those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

**Respective responsibilities**

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. We are required to audit the financial statements and to give an opinion as to:

- whether they give a true and fair view of the financial position of the Trust and its expenditure and income for the period in question
- whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements

It is the responsibility of the charity to ensure that proper arrangements are in place for the conduct of its business, and that donations are safeguarded and properly accounted for. We have considered how the Charity is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected unmodified auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

# Appendix A: Audit Opinion William Stewart of St. Fillans Bequest

**We anticipate we will provide the Charity with an unqualified audit report**

## **Independent auditor's report to the trustees of William Stewart of St. Fillans Bequest and the Accounts Commission for Scotland**

We certify that we have audited the financial statements of William Stewart of St. Fillans Bequest for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

## **Respective responsibilities of the trustees and auditor**

The trustees are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2015 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

## Appendix A: Audit Opinion (continued)

### **Opinion on other prescribed matter**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Michael Thomas, for and on behalf of Grant Thornton UK LLP  
Royal Liver Building  
Liverpool  
L3 1PS

4 June 2015

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

# Appendix B: Draft Letter of Representation William Stewart of St. Fillans Bequest

## William Stewart of St. Fillans Bequest Financial Statements for the year ended 31 March 2015

This representation letter is provided in connection with the audit of the financial statements of the William Stewart of St. Fillans Bequest for the year ended 31 March 2015 for the purpose of expressing opinions as to whether the financial statements give a true and fair view in accordance with the 2005 Charity SORP and applicable Financial Reporting Standards.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the 2005 Charity SORP and applicable Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.
- ii. We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Charity has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi. We are satisfied that the material judgements used by us in the preparation of the financial statements are soundly based, in accordance with the 2005 SORP, and adequately disclosed in the financial statements. There are no material judgements that need to be disclosed.

- vii. Except as stated in the financial statements:
  - a) there are no unrecorded liabilities, actual or contingent
  - b) none of the assets of the charities has been assigned, pledged or mortgaged
  - c) there are no additional material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the 2005 SORP and applicable accounting standards.
- ix. All events subsequent to the date of the financial statements for which the 2005 SORP requires adjustment or disclosure have been adjusted or disclosed.
- x. There is no actual or possible litigation or claims to be accounted for.
- xi. The financial statements are free of material misstatements, including omissions. Any misstatements identified in the Audit Findings Report and not amended for are, individually and in aggregate, not material to the financial statements.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. All expenditure has been made in line with the charitable objectives.
- xiv. We are unable to confirm the status of the endowment fund due to lack of appropriate governing documentation. It is accepted practice that funds have been transferred for a number of years between the endowment fund and the unrestricted reserve. We therefore consider that it is appropriate that the status of the endowment fund is as an expendable endowment fund.
- xv. We believe that William Stewart of St. Fillans Bequest is not a continuing operation and is not a going concern. As a result we have prepared the financial statements on a breakup basis and made adequate disclosure of this fact. There would be no material difference to the presentation of the financial statements regardless of our assessment of going concern.



## Appendix B: Draft Letter of Representation (continued)

### Information Provided

- xv We have provided you with:
  - a) access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b) additional information that you have requested from us for the purpose of your audit; and
  - c) unrestricted access to persons from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Charity and involves:
  - a) management;
  - b) those who have significant roles in internal control; or
  - c) others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Charity's financial statements communicated by employees, former employees, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the entity of the Charity's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

### Trustees' Annual Reports

- xxiv We are satisfied that the Trustees' Annual Report fairly reflects the Charity's operations and business, and is consistent with our knowledge of the Charity.



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