

**The City of Edinburgh Council Charitable Trusts
Unaudited Trustee's Annual Report and Accounts
for the year ended 31 March 2026**

Legal and Administrative Information

Trustee

The City of Edinburgh Council acted as sole Trustee for the charities in this report during the year. The delegated responsibility for charitable trusts was transferred from the Pensions and Trusts Committee to the Finance and Budget Committee as part of the review of governance arrangements under the Committee Terms of Reference and Delegated Functions approved by Council on 20 September 2012 (Section 6.6). The Finance and Budget Committee has since been renamed the **Finance and Resources Committee** and now has delegated authority from Council to act in the role of Trustee of its charities. The individual members of the Committee are listed on page 6 of the Trustee's Report, however, the individual members are not Trustees of the charitable trusts.

Reference and Administrative Details

At the year end the Council acted as sole Trustee for a total of six Trusts which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR). A list of all the charities can be found on page 3 of this report and in the accounts.

The Council administers these charities but their assets are not available to the Council and have not been included in the Council's balance sheet but are consolidated in The City of Edinburgh Council Group Accounts.

Registered Office

The City of Edinburgh Council
City Chambers
High Street
Edinburgh
EH1 1YJ

Auditor

Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Bankers

Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2AD

Investment Managers

CCLA Investment Management Ltd
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Legal Advisors

The City of Edinburgh Council
City Chambers
High Street
Edinburgh
EH1 1YJ

Trustee's Annual Report 2025/26

The Trustee presents the Annual Report and Accounts of the City of Edinburgh Council Charitable Trusts for the year ending 31 March 2026. The Annual Accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Accounts (Scotland) Regulations 2006 and the principles of Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102), commonly referred to as the Charities SORP (FRS 102). One set of accounts for connected charities has been prepared under the provisions of these regulations.

Structure, Governance and Management

The charities that the Council administers are constituted in a variety of different ways. Details of how each charity was originally established are available from the Council.

The Trustee section on the previous page describes the Committee of the Council which is involved with administration. All committee members are elected Councillors. Members of the Finance and Resources Committee have been provided with copies of the OSCR guidance which explains the role and responsibilities of the charity Trustee. Risk management is covered as part of the Council's general risk management procedures. The Council will progress a review of its administration of the remaining Trusts once the winding up of Lauriston Castle Trust is complete.

The **Committee on the Jean F. Watson Bequest** has the following delegated authority: "With monies from the Jean F. Watson Bequest, to purchase and commission for the City's collection, works of artists and craftspeople born, practising in, or otherwise associated with Scotland, and in particular Edinburgh; all decisions to be guided by the Collection and Disposal Policy for the City Museums and Galleries."

Responsibilities of the Trustee

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

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

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

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

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

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

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

None.

Trustee's Annual Report 2025/26

Objectives and Activities

Details of the charitable purposes of the charities as at 31 March 2026 were as follows:

Official Name (<i>Name Used in Accounts</i>)	Scottish Charity Registration Number	Purpose	Market Value at 31/3/26 £'000
Miss Jean Fletcher Watson Bequest (<i>Jean F. Watson</i>)	SC018971	The purchase of works of art by artists who have connections with the city	1,599
The Edinburgh Education Trust (<i>Edinburgh Education Trust</i>)	SC042754	To fund activities to support Looked after Children, school prizes and extra-curricular activities	1,284
City of Edinburgh Council Charitable Funds (<i>Boyd Anderson</i>)	SC025067	Provision of outdoor education and skiing opportunities	86
Nelson Halls Trust (<i>Nelson Halls</i>)	SC018946	Maintenance of the four "Nelson Halls" in Edinburgh to provide reading rooms for the poor	9,610
Lauriston Castle Trust (<i>Lauriston Castle</i>)	SC020737	To make the artefacts and buildings available to be viewed by the public	47
Royal Scots (The Royal Regiment) Monument Trust Fund (<i>The Royal Scots Trust</i>)	SC018945	Maintenance of the Royal Scots Monument	26
Total			12,652

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

No artwork was purchased by the Jean F. Watson Trust during the financial year (£38,040 2024/25). In May 2026, the Committee on the Jean F. Watson Bequest approved the acquisition of artwork totalling £12,500, with the purchases scheduled to be completed during 2026/27. A donation of £1,024 was received by the Trust during the financial year.

The Edinburgh Education Trust provided £2,427 of funds to support pupil extra-curricular activities (£2,100 2024/25) and £900 of school prizes (£800 2024/25). Unused funds from the year will be rolled forward into the new year.

The Nelson Halls Trust dates back to 1892 and relates "to the provision of reading rooms for the working class and others". There are four Nelson Halls across the city, located in Dundee Street, McDonald Road, Hamilton Place and St Leonard's Street respectively. These buildings are currently primarily used as public libraries, with the building at St Leonard's Street used as a community centre. Interest income received in 2025/26 was used to cover a small element of the running costs.

Lauriston Castle is open to the public with interest income received in 2025/26 used to cover a small element of the running costs. On 20 June 2023, the Finance and Resources Committee approved a proposal to petition the Court of Session to exercise its exceptional jurisdiction under the nobile officium to wind up the Lauriston Castle Trust and transfer its assets to the Council. The Court granted the Council's petition in August 2025. OSCR has subsequently granted consent for the dissolution of the Lauriston Castle Trust, subject to the completion of the transfer of the Trust's assets to the Council. The Lauriston Castle buildings and grounds and collection have been transferred to the Council as at 31 March 2026. The transfer of the remaining assets, comprising the Trust's cash balances and investment funds, is planned to be completed by June 2026.

For The Royal Scots Trust, the monument was erected to commemorate the past services of The Royal Scots. During the year, investment units held by the Trust, valued at £5,566, were realised and, together with cash reserves of £1,324, the proceeds were used to fund conservation works at the Royal Scots Monument. Interest income received in 2025/26 was used to cover a small element of the running costs.

The funds comprising the City of Edinburgh Council Charitable Funds (Boyd Anderson) represent the residual sums established from the estate of the late George Boyd Anderson. These funds are to be expended for projects concerned with the development of skiing instruction at Hillend, Edinburgh and in the Cairngorm area (in which the Lagganlia Centre for Outdoor Education is located).

At the **14 January 2016 Finance and Resources Committee**, it was agreed that £66,000 of the funds in the City of Edinburgh Council Charitable Funds (Boyd Anderson) would be used to build a modular log cabin type classroom and storage space at Lagganlia.

Further to that, a proposal to use the remaining funds for the same purpose was approved by **Committee on 23 January 2018**. The impact of inflation and the complexity of the location have subsequently meant that the original proposal is no longer affordable, with the project now only delivering additional storage space. The funds will be transferred when the construction project at Lagganlia is completed. OSCR has granted consent to wind up the Trust and this will be progressed after the funds are transferred.

Trustee's Annual Report 2025/26

Achievements and Performance

Financial Investments Performance

The Trusts' investments are held in the COIF Charities Investment Fund, managed by CCLA Investment Management Ltd, and in the City of Edinburgh Council Treasury Cash Fund.

Until June 2025, 20% of the Trusts' investment was held in the Charibond Charities Fixed Interest Common Investment Fund, managed by M&G Securities Ltd. Following notification from M&G Securities that the fund would close on 19 June 2025, the Trusts' holding of £346,328 was redeemed on 6 June 2025. The proceeds have since been temporarily reinvested in the Council's Treasury Cash Fund pending further investment decisions.

As at 31 March 2026, the average rate of interest earned on the investments held in the Council's Treasury Cash Fund was 4.10%.

COIF Charities Investment Fund

Investment held in COIF Charities Investment Fund is 80% of the total Trusts' investments.

The single year total return performance (net of expenses) for the COIF Charities Investment Fund for the 12 months to end March is outlined in the table below;

	2026	2025	2024	2023	2022
Fund	-5.7%	-2.0%	12.2%	-0.9%	11.6%
Comparator	13.1%	4.1%	16.7%	-3.9%	11.8%

The longer term total return performance (net of expenses) for the COIF Charities Investment Fund for the 12 months to end March is outlined in the table below;

	1 year	3 years p.a.	5 years p.a.
Fund	-5.7%	1.2%	2.8%
Peer Group	11.1%	8.1%	4.9%
Market Comparator	13.1%	11.2%	8.1%

The Peer Group measure represents the total returns reported for the ARC Charities Steady Growth Index.

The market comparator, which is not a target or a constraining benchmark, is intended to help investors understand the effects of the Fund's active management in different market circumstances, and to see how the Fund's returns vary in the shorter term from those that might be experienced by a more passive investor. The current market comparator, in summary, is 45% overseas equities, 30% UK equities, 15% UK bonds (gilts), 5% property & 5% 7-day London Interbank Bid Rate.

As at 31 March 2026 the actual holdings in the COIF Charities Investment Fund were; 63% overseas equities, 6% Infrastructure & Operating Assets, 5% Fixed interest (gilts), 7% UK Equities, 5% property, 4% in Private Equity & Other, 7% in Contractual & Other income and 3% in Cash. The overseas equities are split as follows: - North America 42%, Europe 15%, Pacific Ex. Japan 3%, Japan 1%, Other 2%.

The investment objective of the Fund is to provide real long-term growth in capital and income from a portfolio managed within a clear and consistent risk framework.

The forecast annual income for 2026/27 from the COIF Charities Investment Fund is £69,754, representing an estimated income yield of 3.34% based on the current market value of investments. Additional income will also be generated from interest earned on the Council's Treasury Cash Fund, although the level of this income will vary in line with changes to the Bank of England base rate.

Trustee's Annual Report 2025/26

Financial Review

The financial statements present the financial position of the Trusts for the year ended 31 March 2026. This section describes briefly the key points of each statement. Financial statements and notes have been rounded to the nearest thousand, and as such, are subject to rounding differences. All of the unrestricted funds of the charities are general and not designated.

The Statement of Financial Activities shows the total income to be £558,000 in 2025/26 (2024/25 £585,000). This reduction in income is primarily attributable to a lower need for support funding from the City of Edinburgh Council during the year compared to the prior year. An analysis of income is available in Note 2.

The expenditure in the year is higher than last year at £510,000 compared to £498,000 in the prior year, which is due to the conservation works at the Royal Scots Monument and increases in governance and support costs. An analysis of expenditure is detailed in Notes 3 and 4 with the values against Nelson Halls, Lauriston Castle and The Royal Scots Trusts being operating and ground maintenance costs.

The Balance Sheet shows that fixed asset investments decreased from £2.635m to £2.435m. This reduction reflects a net decline in the market value of the investments during the year, together with the sale of certain investment units held by The Royal Scots Trust to finance conservation works at the Royal Scots Monument. Changes in the valuation of investments are analysed in further detail in Notes 7, 16 and 17.

Nelson Halls properties were fully revalued in 2022/23. For 2025/26, in accordance with CIPFA guidance, no indexation has been applied to the building elements of these assets classified as Heritage Assets and valued using the depreciated replacement cost method. However, indexation was applied to the elements classified as Other Land and Buildings, resulting in an increase in asset value of £0.044m. The Lauriston Castle buildings and grounds, valued at £12.916m, have been transferred to the Council as at 31 March 2026, as stated under Objectives and Activities. Further details are available in Notes 1g, 5, 6, and 17.

The collection held in Jean F. Watson Trust has been recognised at zero in the balance sheet, as there is no current valuation to reliably place a value on these items, except for the acquisitions since 2015, where actual cost information is available and they are recognised at historic cost. The Trustee's opinion is that the cost of obtaining a valuation for this collection is not commensurate with the benefit to the users of the accounts. The costs to maintain the existing collection are charged to the statement of financial activity when they are incurred. The Lauriston Castle collection has been transferred to the Council as at 31 March 2026. Further details are provided in Notes 1g, 5, and 6.

The net movement in cash, which is further analysed in the Cash Flow Statement, is a £60,000 increase (£50,000 increase in 2024/25). The detail of the breakdown per Trust of the £40,000 owed by the Trusts as at 31 March 2026 is included within Note 17 of the Accounts with the year on year comparative included in Note 10.

Reserves Policy

The Charitable Trusts should follow the prevailing general principle that the "Capital" of the funds is held effectively as a permanent endowment, with only the annual income available for disbursement in the year. If the Trustee requires to use "Capital" balances, Finance and Resources Committee approval would be required on a case by case basis. This policy was approved at the **17 March 2016 Finance and Resources Committee**.

The annual income for the Edinburgh Education Trust averages around £40,000. This income is used for the advancement of education, academic and physical, formal and informal, to include the giving of bursaries and prizes as well as assistance for residents who find themselves in a state of financial hardship within the City of Edinburgh District and to pay for any expenses of administering the Trust. Any unused income in the year remains within the Trust's bank account. There is on-going work to raise awareness and encourage applications for the available funds, with the intention of increasing the use of the funds in 2026/27. The Trust has total funds of £1,284,000 and a breakdown of the funds is included within Note 17 of the Accounts.

The annual income for Jean F. Watson averages around £55,000 in the last two years. This income can be used to purchase additional artwork, preserve existing artwork or to pay for any expenses of administering the Trust. Any unused income in the year remains within the Trust's bank account. The Trust has total funds of £1,599,000 and a breakdown of the funds is included within Note 17 of the Accounts.

Trustee's Annual Report 2025/26

Financial Review - continued

The annual income for Nelson Halls averages around £91,000, including the funding from the City of Edinburgh Council to support operating cost. This income is mainly used to fund the operating and maintenance costs of the Halls. The Trust has total funds of £9,610,000 and a breakdown of the funds is included within Note 17 of the Accounts.

The annual income for Lauriston Castle averages around £352,000, including the funding from the City of Edinburgh Council to support operating costs. This income is mainly used to fund the operating and maintenance costs of the castle and grounds. The Lauriston Castle buildings and grounds and collection, valued at £12,916,000 have been transferred to the Council as at 31 March 2026. The transfer of the remaining assets totalling £47,000, comprising the Trust's cash balances and investment funds, is planned to be completed by June 2026.

The annual income for The Royal Scots Trust averages around £30,000, including the funding from the City of Edinburgh Council to support maintenance costs. This income is mainly used to fund the cost of maintaining the Monument. The Trust has total funds of £26,000 and a breakdown of the funds is included within Note 17 of the Accounts.

The total support funding from the City of Edinburgh Council across the Trusts in the year is £405,246 (2024/25 £420,684).

The Heritage Assets, excluding Jean F. Watson collections, and the Investments stated above are endowment funds and are therefore not available for general purposes. An analysis of Heritage Assets is included within Notes 5 and 6 to the Accounts.

Plans for Future Period

The strategy to radically restructure the Charitable Trusts by a combination of: transfers to suitable external charities; consolidation; and expenditure of capital is ongoing.

The full disbursement of the remaining funds of the City of Edinburgh Council Charitable Funds (Boyd Anderson), which has been approved by Committee, will be actioned after the completion of the construction project at Lagganlia.

The transfer of the remaining assets of the Lauriston Castle Trust, comprising the Trust's cash balances and investment funds, to the Council is planned to be completed by June 2026. OSCR has granted consent to wind up the Trust and this will be progressed after all assets are transferred.

The acquisition of artwork totalling £12,500, approved by the Committee on the Jean F. Watson Bequest, is scheduled to be completed during 2026/27.

A forecast will be prepared in 2026/27 to ensure relevant Council officers and the Trustee are aware of the anticipated funds available during the year to enable longer-term planning. The first six-monthly **financial update** was provided to the Finance and Resources Committee in June 2026.

Signed on behalf of the Trustee of the charities:

Councillor Mandy Watt

Convener of the Finance and Resources Committee

Date:

The other members of the Finance and Resources Committee are outlined below:

Councillor Adam Nols-McVey
Councillor Alex Staniforth (to 20 May 2026)
Councillor Ben Parker (from 21 May 2026)
Councillor Christopher Cowdy (from 8 May 2025 to 20 May 2026)
Councillor Claire Miller (to 18 June 2025 and from 21 May 2026)
Councillor Conor Savage (to 7 May 2025)
Councillor Euan Hyslop (from 28 August 2025)
Councillor Graeme Bruce (from 21 May 2026)
Councillor Iain Whyte (from 21 May 2026)
Councillor Joan Griffiths (from 8 May 2025)
Councillor Kevin McKay (from 21 May 2026)
Councillor Lewis Younie (to 20 May 2026)
Councillor Max Mitchell (to 7 May 2025)
Councillor Neil Ross (to 7 May 2025 and from 21 May 2026)
Councillor Phil Doggart (to 20 May 2026)

The other members of the Finance and Resources Committee - continued

Councillor Ross McKenzie (December 2025 to 20 May 2026)
Councillor Sanne Dijkstra-Downie (May 2025 to 20 May 2026)
Councillor Susan Rae (June 2025 to 17 December 2025)
Councillor Stuart Dobbin
Councillor Vicky Nicolson (to 27 August 2025)

Members of the Committee on Jean F. Watson Bequest:

Councillor Margaret Arma Graham (Convener)
Councillor Amy McNeese-Mechan
Councillor Catherine Fullerton
Councillor Dan Heap
Councillor Edward Thornley
Councillor Hal Osler
Councillor Jane Meagher
Councillor Tim Jones

The City of Edinburgh Council Charitable Trusts
Statement of Financial Activities
For the year ended 31 March 2026

		2025/26			2024/25		
	Note	Unrestricted funds	Endowment funds	Total funds	Unrestricted funds	Endowment funds	Total funds
		£'000	£'000	£'000	£'000	£'000	£'000
Income and Endowments from:							
<i>Charitable activities</i>	2	-	-	-	16	-	16
<i>Investments</i>	2	93	-	93	99	-	99
<i>Donations and Legacies</i>	2	406	-	406	431	-	431
<i>Other trading activities</i>	2	59	-	59	39	-	39
Total		<u>558</u>	<u>-</u>	<u>558</u>	<u>585</u>	<u>-</u>	<u>585</u>
Expenditure on:							
<i>Charitable activities</i>	3	(484)	-	(484)	(474)	-	(474)
<i>Governance costs</i>	3, 4	(26)	-	(26)	(24)	-	(24)
Total		<u>(510)</u>	<u>-</u>	<u>(510)</u>	<u>(498)</u>	<u>-</u>	<u>(498)</u>
<i>Net gains / (losses) on investments</i>	7	-	(194)	(194)	-	(120)	(120)
Total		<u>-</u>	<u>(194)</u>	<u>(194)</u>	<u>-</u>	<u>(120)</u>	<u>(120)</u>
Net income / (expenditure)		<u>48</u>	<u>(194)</u>	<u>(146)</u>	<u>87</u>	<u>(120)</u>	<u>(33)</u>
Transfers between funds		<u>5</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses):							
<i>Gains on revaluation of fixed assets</i>	16	-	(12,872)	(12,872)	-	576	576
Total		<u>-</u>	<u>(12,872)</u>	<u>(12,872)</u>	<u>-</u>	<u>576</u>	<u>576</u>
Net movement in funds:							
Increase/ (Decrease)		<u>53</u>	<u>(13,071)</u>	<u>(13,018)</u>	<u>87</u>	<u>456</u>	<u>543</u>
Reconciliation of funds							
<i>Total funds brought forward</i>		<u>798</u>	<u>24,873</u>	<u>25,671</u>	<u>711</u>	<u>24,417</u>	<u>25,128</u>
Total funds carried forward	17	<u>851</u>	<u>11,801</u>	<u>12,652</u>	<u>798</u>	<u>24,873</u>	<u>25,671</u>

The City of Edinburgh Council Charitable Trusts
Balance Sheet
As at 31 March 2026

		2025/26			2024/25		
	Note	Unrestricted funds £'000	Endowment funds £'000	Total funds £'000	Unrestricted funds £'000	Endowment funds £'000	Total funds £'000
Fixed Assets:							
<i>Heritage Assets at Cost</i>	5	323	1	324	323	1	324
<i>Heritage Assets at Valuation</i>	5	-	9,365	9,365	-	22,237	22,237
<i>Investments</i>	7	-	2,435	2,435	-	2,635	2,635
Total fixed assets		323	11,801	12,124	323	24,873	25,196
Current Assets:							
<i>Cash at Bank</i>	8	549	-	549	489	-	489
<i>Debtors</i>	9	19	-	19	16	-	16
Total current assets		568	-	568	505	-	505
Liabilities:							
<i>Creditors due within one year</i>	10	(40)	-	(40)	(31)	-	(31)
Total Liabilities		(40)	-	(40)	(31)	-	(31)
Net Current Assets		528	-	528	474	-	474
Total Net Assets		851	11,801	12,652	798	24,873	25,671
The funds of the charity:							
<i>Endowment Funds</i>	17	-	20	20	-	2,423	2,423
<i>Investments</i>	17	-	2,435	2,435	-	2,635	2,635
<i>Unrestricted Funds</i>	17	851	-	851	798	-	798
<i>Revaluation Reserve</i>	17	-	9,346	9,346	-	19,815	19,815
Total Charity Funds		851	11,801	12,652	798	24,873	25,671

The Unaudited accounts were issued on 30 June 2026.

Signed on behalf of the charity Trustee:

Councillor Mandy Watt
Convener of the Finance and Resources Committee

Date:

The City of Edinburgh Council Charitable Trusts
Cash Flow Statement
As at 31 March 2026

	31 March 2026		31 March 2025	
	£'000	£'000	£'000	
Operating Activities				
<i>Dividend Income and Interest received (Note 2)</i>	(72)		(79)	
<i>Receipt of Prior Year Accrued Interest (Note 2)</i>	(16)		(16)	
<i>Donations & Grant Income for Purchase of Art (Note 2)</i>	(1)		(26)	
Cash inflows generated from operating activities		(89)	(121)	
<i>Cash paid to Schools and Pupils (Note 3)</i>	3		3	
<i>Cash paid for Purchase of Art (Note 5)</i>	-		38	
<i>Cash paid to the Council</i>	31		30	
Cash outflows generated from operating activities		34	71	
Net cash (inflows) / outflows from operating activities		(55)	(50)	
Investing Activities				
<i>Proceeds from Realised Investment</i>	(5)		-	
Net cash flows from investing activities		(5)	-	
Net cash flows from financing activities		-	-	
Net (increase) / decrease in cash and cash equivalents		(60)	(50)	
<i>Cash and cash equivalents at 1 April (Note 8)</i>	489		439	
<i>Cash and cash equivalents at 31 March (Note 8)</i>	549		489	
Net (increase) / decrease in cash and cash equivalents		(60)	(50)	
Analysis of changes in Net Debt				
	1 April	Net Cash	Non-Cash	31 March
	2025	Flows	Changes	2026
	£'000	£'000	£'000	£'000
	£	£	£	£
Cash at Bank	489	60	-	549
Total Funds	489	60	-	549

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2026

1 Accounting policies

a) Basis of preparation

The 2025/26 financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - Charities SORP (FRS 102) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

These financial statements have been prepared on the basis that the Trusts for which the City of Edinburgh Council acts as sole Trustee are connected charities. As such, the accounts for the individual charities have been prepared on a collective basis. These financial statements contain all the relevant information that the individual charity accounts would have contained if they had been prepared on an individual basis. These Trusts meet the definition of a public benefit entity under Charities SORP (FRS 102). Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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

The Statement of Financial Activities includes the total income from and expenditure of running and maintaining Lauriston Castle, Nelson Halls and The Royal Scots Monument. This includes the support funding from the City of Edinburgh Council towards the operating and maintenance costs of these assets.

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

b) Going Concern Policy

The financial statements for the six Trusts are prepared on the going concern basis. The Trustee is of the opinion these trusts are a going concern from reviewing activities undertaken, based on expected expenditure commitments in the 12 months following the signing of these financial statements. Going concern basis is still considered appropriate for Lauriston Castle Trust since its remaining resources are to be transferred to the Council and the activities of the Trust will continue.

c) Fund accounting

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

All of the charities have an endowment fund consisting of invested capital and any Heritage Assets. Endowment funds are held on trust to be retained for the benefit of the charity as a capital fund. The income arising from the investments is available for the purposes of each charity and is added to the relevant unrestricted fund. In most cases the Trustee has discretion to expend endowment funds should the need arise, subject to Finance and Resources Committee approval.

d) Investment income

Investment income is accounted for in the period in which the charity is entitled to receive it and the amount can be measured with reasonable certainty.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2026

1 Accounting policies - continued

e) Grant and other income

Revenue grants, including those from government, are recognised in the Statement of Financial Activities (SoFA) in the period in which the charitable trust is entitled to receipt, it is probable that the income will be received and the amount can be measured reliably. Such income is deferred when the charitable trust has to fulfil conditions before becoming entitled to it. Sums generated by the direct activities of the Trusts are included as other trading activities income, subject to the conditions above. In-kind support from the Council, equal to the net operating cost of the Trusts during the year after consideration of this income and income from investments, is included within income from donations and legacies.

f) Expenditure

Expenditure is included in the financial statements on an accruals basis and includes sums incurred by the Council in the furtherance of the Trusts' activities.

g) Heritage assets and depreciation

Heritage assets are defined as tangible assets with historical, artistic, scientific, technological, geophysical, or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are deemed to have indeterminate lives and a high residual value; hence it is not considered appropriate to charge depreciation. Information on the valuation of Heritage Assets is noted below.

The Trusts' collection include paintings, ceramics, textiles, silverware, clocks, books and furniture. Jean F. Watson collection is managed by the Council's curatorial team on the Trusts' behalf and are preserved within the Council's or the Trusts' facilities if not on display. The Trustee's opinion is that the cost of obtaining a valuation for this collection is not commensurate with the benefit to the users of the accounts. The Trusts, therefore, have recognised this collection at zero in the balance sheet, with the exception of acquisitions since 2015 where reliable cost information is available. Jean F. Watson collection items acquired since 2015 have been recognised at historic cost in the balance sheet. The costs to maintain existing collection are charged to the statement of financial activity when they are incurred.

Heritage Assets recognised on the Trusts balance sheet are in two groups: Heritage Asset at cost and Heritage Assets at valuation.

Heritage Assets at cost comprises the Jean F. Watson collection, for acquisitions since 2015, and The Royal Scots Monument. The collection and the monument are maintained and reviewed for impairment each year by Council officers. These assets are carried at historic cost subject to any impairment as detailed in Notes 5 and 6.

Heritage Assets at Valuation are separated in two sub-groups; Heritage Land & Buildings and Operational Heritage Assets.

Heritage Land & Buildings comprise Lauriston Castle buildings and grounds, while Operational Heritage Assets are the Nelson Halls buildings. These assets are managed by Council officers on the Trusts' behalf and are revalued on a five-year rolling programme or at the date of a material change, if sooner, as part of the annual impairment review carried out by the Council's estates team. These assets are stated in the accounts at a revalued amount as detailed in Notes 5 and 6.

h) Investments

Investments are included at market value at the balance sheet date in accordance with the principles of the Charities SORP (FRS 102). Any gain or loss on revaluation is shown on the Statement of Financial Activities.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2026

1 Accounting policies - continued

i) Reserves policy

The endowment fund is maintained for the charity as a capital fund. The amount of income generated by investments is available for expenditure on charitable purposes. The Finance and Resources Committee agreed the current Reserves Policy on 17 March 2016.

j) Creditors

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

k) Cash and cash equivalents

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

l) Financial assets and financial liabilities

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

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

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

m) Critical judgements and estimates

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

The Trustees do not consider there to be any material accounting judgements required in preparing these accounts. The Trustees are satisfied that accounting policies are appropriate and applied consistently.

The reported operating cost for Lauriston Castle incorporates time-based estimates of curatorial and management costs where relevant Council officers also have responsibility for other Council-operated venues. An estimate of gardening costs, comprising employee and associated materials expenditure, is also included.

The reported expenditure for The Royal Scots Monument is based on the estimated cost, as originally provided by Parks and Greenspace services and adjusted for inflation, for maintaining the specific grounds where the monument is sited.

The Council has reviewed the potential application of indexation to the Land and Buildings within the Trust asset base and it was deemed by our senior surveyors that in their professional judgement, the buildings element of these assets held as Heritage Assets falls outwith the scope of the new indexation requirements set out in CIPFA guidance. Indexation has, however, been applied to those elements held as Other Land and Buildings.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2026

2 Analysis of Income	2025/26	2024/25
	£'000	£'000
<i>Dividend income - received</i>	74	83
<i>Dividend income - accrued</i>	19	16
<i>Jean F. Watson grant received for purchase of art</i>	-	16
<i>Donations and Legacies</i>	406	431
<i>Other trading activities</i>	59	39
Total Income	558	585

3 Analysis of Expenditure on Charitable Activities	2025/26	2024/25
	£'000	£'000
<i>Edinburgh Education Trust - Grants to Individuals</i>	(1)	(1)
<i>Edinburgh Education Trust - Grants to Schools</i>	(2)	(2)
<i>Lauriston Castle - Operating cost</i>	(352)	(352)
<i>Nelson Halls - Operating cost</i>	(89)	(93)
<i>The Royal Scots Trusts - Operating cost</i>	(40)	(26)
	(484)	(474)
<i>Allocation of Governance and support costs</i>	(26)	(24)
Total Expenditure on Charitable Activities	(510)	(498)

There was no expenditure incurred on raising funds in 2025/26. (£nil 2024/25)

4 Analysis of Governance and Support Costs	Support	Governance	Total
	£'000	£'000	£'000
<i>Edinburgh Education Trust</i>	(7)	(4)	(11)
<i>Charitable Funds (Boyd Anderson)</i>	(3)	(2)	(5)
<i>Jean F. Watson</i>	(6)	(3)	(9)
<i>Others</i>	-	(1)	(1)
Total Support Costs	(16)	(10)	(26)

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

The Trustee received no remuneration or expenses during the year ending 31 March 2026 (£nil 2024/25). There are no employees of the City of Edinburgh Council Charitable Trusts.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2026

5 Heritage Assets

5 (i) Heritage Assets at Cost

	Jean F. Watson Collection 2025/26 £'000	Jean F. Watson Collection 2024/25 £'000
<i>Balance brought forward at 1 April</i>	323	285
<i>Additions</i>	-	38
<i>Disposals</i>	-	-
<i>Impairment</i>	-	-
<i>Balance carried forward at 31 March</i>	323	323
	Royal Scots Monument 2025/26 £'000	Royal Scots Monument 2024/25 £'000
<i>Balance brought forward at 1 April</i>	1	1
<i>Additions</i>	-	-
<i>Disposals</i>	-	-
<i>Impairment</i>	-	-
<i>Balance carried forward at 31 March</i>	1	1
<i>Total</i>	324	324

In 1961 an agreement was signed by Miss Jean F. Watson and the Corporation of the City of Edinburgh which set up a fund to purchase works of art in memory of Miss Watson's parents. The Trust acquires works of art for public viewing in Edinburgh by artists and craftspeople born, practising in, or otherwise associated with Scotland, and in particular Edinburgh. The collection includes paintings, ceramics, textiles and silverware. The agreement allows for existing items in the collection to be sold and the proceeds used to purchase other works of art. No purchases and disposals were made in 2025/26.

The Lauriston Castle collection has been transferred to the Council as at 31 March 2026, with further details provided in the Trustee's Annual Report.

As set out in accounting policy 1 (g), the assets of the Jean F. Watson collection are recognised at zero in the balance sheet except for acquisitions made from 2015, which have reliable costs information available.

The Jean F. Watson collection and The Royal Scots Monument are stated at cost subject to any impairment. There is no impairment to be reported for these assets in 2025/26 (£nil 2024/25).

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2026

5 Heritage Assets

5 (ii) Heritage Assets at Valuation

	Nelson Halls Buildings 2025/26 £'000	Nelson Halls Buildings 2024/25 £'000
<i>Balance brought forward at 1 April</i>	9,321	9,109
<i>Additions</i>	-	-
<i>Disposals</i>	-	-
<i>Impairment</i>	-	-
<i>Revaluation</i>	44	212
<i>Balance carried forward at 31 March</i>	9,365	9,321
	Lauriston Castle Buildings & Grounds 2025/26 £'000	Lauriston Castle Buildings & Grounds 2024/25 £'000
<i>Balance brought forward at 1 April</i>	12,916	12,552
<i>Additions</i>	-	-
<i>Disposals</i>	(12,916)	-
<i>Impairment</i>	-	-
<i>Revaluation</i>	-	364
<i>Balance carried forward at 31 March</i>	-	12,916
<i>Total</i>	9,365	22,237

Nelson Halls properties were fully revalued in 2022/23. For 2025/26, while the elements of these assets held as Heritage Assets have not been indexed for the purposes of these accounts, the elements held as Other Land and Buildings were indexed, resulting in an increase in asset value of £0.044m.

The Lauriston Castle buildings and grounds have been transferred to the Council as at 31 March 2026, with further details provided in the Trustee's Annual Report.

Additional information on heritage assets can be found in the Trustee's Annual Report under Financial Review and in Note 1 (g), Accounting Policies, but there have been no acquisitions or disposals, except for those mentioned for Lauriston Castle in Notes 5 (i & ii) above.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2026

6 Five-year Summary Analysis of Heritage Assets Transactions

	2025/26	2024/25	2023/24	2022/23	2021/22
	£'000	£'000	£'000	£'000	£'000
Purchases					
<i>Heritage Assets at Cost</i>	-	38	81	14	37
<i>Heritage Assets at Valuation</i>	-	-	-	-	-
Donations					
<i>Heritage Assets at Cost</i>	-	-	-	-	-
<i>Heritage Assets at Valuation</i>	-	-	-	-	-
Total Additions	-	38	81	14	37
Disposals					
<i>Heritage Assets at Cost</i>	-	-	-	-	-
<i>Heritage Assets at Valuation</i>	(12,916)	-	-	-	-
Total Disposals	(12,916)	-	-	-	-
Revaluation					
<i>Heritage Assets at Cost</i>	-	-	-	-	-
<i>Heritage Assets at Valuation</i>	44	576	10,375	3,422	-
Total Revaluation	44	576	10,375	3,422	-

7 Analysis of Investments

	At 31/3/25	Realised Investments	Purchases at cost	Net Gain/ (Loss) on revaluation	At 31/3/26
	£'000	£'000	£'000	£'000	£'000
<i>Edinburgh Education Trust</i>	1,127	-	-	(84)	1,043
<i>Jean F. Watson</i>	1,163	-	-	(85)	1,078
<i>Lauriston Castle</i>	52	-	-	(4)	48
<i>Nelson Halls</i>	261	-	-	(19)	242
<i>The Royal Scots Trust</i>	32	(5)	-	(2)	24
Total Investments	2,635	(5)	-	(194)	2,435

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2026

8 Analysis of Cash and Cash Equivalents	2025/26	2024/25
	£'000	£'000
<i>Edinburgh Education Trust</i>	244	220
<i>Charitable Funds (Boyd Anderson)</i>	88	88
<i>Jean F. Watson</i>	198	168
<i>Lauriston Castle</i>	1	1
<i>Nelson Halls</i>	9	9
<i>The Royal Scots Trust</i>	9	3
Total Cash and Cash Equivalents	<u>549</u>	<u>489</u>

9 Analysis of Debtors	2025/26	2024/25
	£'000	£'000
<i>Edinburgh Education Trust</i>	8	7
<i>Jean F. Watson</i>	9	7
<i>Nelson Halls</i>	2	2
Total Debtors	<u>19</u>	<u>16</u>

The figures above predominately relate to the accrued interest for the CCLA and Cashfund investments.

10 Analysis of Creditors Due Within One Year	Unrestricted funds	Endowment funds	2025/26 Total	2024/25 Total
	£'000	£'000	£'000	£'000
<i>Amounts due</i>	(35)	(5)	(40)	(31)
Total Liabilities	<u>(35)</u>	<u>(5)</u>	<u>(40)</u>	<u>(31)</u>

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

11 Analysis of Financial Assets and Liabilities	2025/26	2024/25
	£'000	£'000
<i>Financial assets measured at amortised cost</i>	568	505
<i>Financial liabilities measured at amortised cost</i>	(40)	(31)
<i>Financial assets measured at market value</i>	2,435	2,635
Total Financial Assets and Liabilities	<u>2,963</u>	<u>3,109</u>

12 Related Party Transactions

During the year the City of Edinburgh Council made payments on behalf of the Charitable Trusts. At the end of the year £30,269 was owed to the Council by the Trusts (2024/25 £21,074).

The total donations received from the Council without conditions that would significantly alter the Trusts activities was £405,246 in 2025/26.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2026

13 Prior Year Adjustments

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

14 Post Balance Sheet Event

The remaining assets of the Lauriston Castle Trust totalling £0.047m, comprising the Trust's cash balances and investment funds, were transferred to the Council in June 2026.

15 Audit Fee

The fee payable to Audit Scotland in respect of the audit services for the Council's Charitable Trusts is £10,138 for 2025/26 (2024/25 £9,720). This fee is included in the overall governance costs and allocated proportionately to each individual Trust based on cash held at bank.

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2026

16 (i) Trusts at Market Value - Year Ended 31 March 2026

Charity Name	SC Number	Funds	Income	Expenditure	Loss on	Heritage	Funds
		brought forward	in year	in year	investments	Revaluation / Disposal	carried forward
		£'000	£'000	£'000	£'000	£'000	£'000
<i>Edinburgh Education Trust</i>	SC042754	1,343	40	(15)	(84)	-	1,284
<i>Charitable Funds (Boyd Anderson)</i>	SC025067	88	2	(4)	-	-	86
<i>Jean F. Watson</i>	SC018971	1,652	41	(9)	(85)	-	1,599
<i>Lauriston Castle</i>	SC020737	12,968	352	(352)	(4)	(12,916)	47
<i>Nelson Halls</i>	SC018946	9,585	90	(90)	(19)	44	9,610
<i>The Royal Scots Trust</i>	SC018945	35	33	(40)	(2)	-	26
Total Funds		25,671	558	(510)	(194)	(12,872)	12,652

16 (ii) Trusts at Market Value - Year Ended 31 March 2025

Charity Name	SC Number	Funds	Income	Expenditure	Gains on	Heritage	Funds
		brought forward	in year	in year	investments	Revaluation / Disposal	carried forward
		£'000	£'000	£'000	£'000	£'000	£'000
<i>Edinburgh Education Trust</i>	SC042754	1,367	41	(13)	(52)	-	1,343
<i>Charitable Funds (Boyd Anderson)</i>	SC025067	88	4	(4)	-	-	88
<i>Jean F. Watson</i>	SC018971	1,646	68	(9)	(53)	-	1,652
<i>Lauriston Castle</i>	SC020737	12,606	352	(352)	(2)	364	12,968
<i>Nelson Halls</i>	SC018946	9,385	93	(93)	(12)	212	9,585
<i>The Royal Scots Trust</i>	SC018945	36	27	(27)	(1)	-	35
Total Funds		25,128	585	(498)	(120)	576	25,671

The City of Edinburgh Council Charitable Trusts
Notes to the Accounts
For the year ended 31 March 2026

17 (i) Trusts at Market Value - Year Ended 31 March 2026

Charity Name	Unrestricted Funds					Endowment Funds						2025/26 Market Value £'000
	Cash at		Amounts owed	Jean F. Watson Collection	Total	Heritage Assets	Heritage Assets		Investments Market Value			
	Bank	Debtors					Revaluation	Total	Investments	Adjustment	Total	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<i>Edinburgh Education Trust</i>	244	8	(11)	-	241	-	-	-	824	219	1,043	1,284
<i>Charitable Funds (Boyd Anderson)</i>	88	-	(2)	-	86	-	-	-	-	-	-	86
<i>Jean F. Watson</i>	198	9	(9)	323	521	-	-	-	856	222	1,078	1,599
<i>Lauriston Castle</i>	1	-	(2)	-	(1)	-	-	-	38	10	48	47
<i>Nelson Halls</i>	9	2	(8)	-	3	19	9,346	9,365	192	50	242	9,610
<i>The Royal Scots Trust</i>	9	-	(8)	-	1	1	-	1	18	6	24	26
Total Funds	549	19	(40)	323	851	20	9,346	9,366	1,928	507	2,435	12,652

17 (ii) Trusts at Market Value - Year Ended 31 March 2025

Charity Name	Unrestricted Funds					Endowment Funds						2024/25 Market Value £'000
	Cash at		Amounts owed	Jean F. Watson Collection	Total	Heritage Assets	Heritage Assets		Investments Market Value			
	Bank	Debtors					Revaluation	Total	Investments	Adjustment	Total	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<i>Edinburgh Education Trust</i>	220	7	(11)	-	216	-	-	-	844	283	1,127	1,343
<i>Charitable Funds (Boyd Anderson)</i>	88	-	-	-	88	-	-	-	-	-	-	88
<i>Jean F. Watson</i>	168	7	(9)	323	489	-	-	-	881	282	1,163	1,652
<i>Lauriston Castle</i>	1	-	(2)	-	(1)	2,403	10,513	12,916	39	13	52	12,968
<i>Nelson Halls</i>	9	2	(8)	-	3	19	9,302	9,321	198	63	261	9,585
<i>The Royal Scots Trust</i>	3	-	(1)	-	2	1	-	1	24	8	32	35
Total Funds	489	16	(31)	323	798	2,423	19,815	22,238	1,986	649	2,635	25,671