

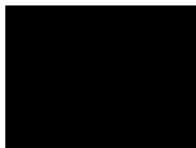
**Charity registration number SC004818 (Scotland)**

**George Watson's Family Foundation**  
**Annual report and financial statements**  
**for the year ended 31 July 2024**

## George Watson's Family Foundation

### Legal and administrative information

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**Trustees**

(Appointed 12 August 2024)

**Senior management**

Treasurer

**Charity number (Scotland)**

SC004818

**Principal address**

George Watson's College  
Colinton Road  
Edinburgh  
EH10 5EG

**Auditor**

Henderson Loggie LLP  
Level 5  
The Stamp Office  
10-14 Waterloo Place  
Edinburgh  
EH1 3EG

**Bankers**

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

**Investment advisors**

Baillie Gifford & Co  
Carlton Square  
1 Greenside Row  
Edinburgh  
EH1 3AN

Aubrey Capital Management  
10 Coates Crescent  
Edinburgh  
EH3 7AL

## **George Watson's Family Foundation**

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# George Watson's Family Foundation

## Trustees' report

### for the year ended 31 July 2024

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The Trustees are pleased to present their annual report and audited financial statements for the year ended 31 July 2024. These have been extracted from the audited financial statements of the Edinburgh Merchant Company Education Board.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)".

#### Objectives and activities

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

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

#### Grants payable

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

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

#### Achievements and performance

##### *Significant activities and achievements against objectives*

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

In the year to 31 July 2024 George Watson's Family Foundation raised £1,045,887 through fundraising and donations (2023 - £1,611,389).

The George Watson's College Endowment Trust, which was set up in January 2019 to manage an endowment for the sole purpose of funding Foundation Places at George Watson's College, has received donations of £2,016,000 to date, of which £1,950,000 has been invested. The work of the Endowment Trust closely aligns to the work of the Family Foundation.

## **George Watson's Family Foundation**

### **Trustees' report (continued)**

#### **for the year ended 31 July 2024**

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Raising funds that directly support pupils, through the Foundation Places Programme, remained a key priority. A total of £468,038 was received in cash and new pledges during the year (2023: £567,737). Thanks to this support, Trustees were able to disburse £373,159 to the School (2023: £491,695), which made awards amounting in total to £2,168,835 (2023 - £1,977,035) to 176 pupils (2023 - 191 pupils).

As well as providing financial support towards school fees, 41 pupils were awarded £10,260 from the Enrichment Fund. This transformational fund ensures that every child at Watson's has an opportunity to participate in the school's diverse enrichment programme. The Patrons of the Arts Programme, launched last year, has secured 21 regular donors, which has allowed us to provide one-off grants to music and drama pupils, as well as helping to fund our new Steel Pan Band. As part of our commitment to working with other schools, a group of pupils from Trinity High School took part in a workshop at Watson's learning traditional and contemporary songs on the pans.

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

The Family Foundation also raises funds for outreach and partnership programmes. The Swire Chinese Foundation donated £339,437 in the year to support the Swire Language Centre Edinburgh, a joint venture with Boroughmuir High School and James Gillespie's High School, which provided Mandarin language teaching in schools across Edinburgh and East Lothian. The Engineering and Computer Science in Edinburgh Schools project, which aims to tackle the challenges many schools face in recruiting and retaining Computer Science teachers secured donations of £190,000 last year and applied £53,762 to the project in the current year.

The School and the Development Office continue to foster a fundraising culture within the school community, promote an active former pupil programme and maintain and develop good relations with staff, parents, pupils, former pupils, former staff and other friends of the School.

#### **Investment performance**

Investments increased in value by £192,090 or 6.1% in the year. Investment performance is regularly reviewed against investment objectives and appropriate benchmark indices.

#### **Financial review**

George Watson's Family Foundation recorded net income of £314,731 in the year (2023 - £475,194) as stated in the Statement of Financial Activities. Unrealised gains on investments increased this by £204,084 (2023 - unrealised losses of £91,870), taking the net movement in funds to a surplus of £518,815 (2023 - £383,324).

Income of £1,293,146 was received in the year (2023 - £1,771,598), of which £156,331 was unrestricted and £1,136,815 was restricted.

Expenditure on raising funds of £18,718 was incurred in the year (2023 - £7,728), mainly being investment management fees and the residual costs relating to the celebration of the George Watson's Ladies College 150th anniversary in the previous year. Expenditure on charitable activities totalled £959,697 (2023 - £1,288,676) of which £82,811 was from unrestricted funds and £895,604 from restricted funds. Means tested financial assistance accounted for £373,159 in the form of awards to Foundationers and short-term financial support to families who had fallen on hard times. The remainder included grants to support the Swire Chinese teaching programme of £334,156 and towards general school expenditure of £245,182 and the audit fee of £7,200.

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

# George Watson's Family Foundation

## Trustees' report (continued)

for the year ended 31 July 2024

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### *Reserves policy*

As salary and administration costs of running the Foundation are borne by George Watson's College, there is little need to build up unrestricted reserves within the Foundation to provide a buffer to protect the Foundation in the event of an adverse change in its financial circumstances. Most of the balance on unrestricted reserves will be applied over time to provide means tested financial assistance or to fund future capital development, as determined by the Trustees. At year-end the Foundation held total reserves of £6,334,233 of which £4,239,158 was restricted and £2,095,075 unrestricted.

### **Plans for future periods**

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

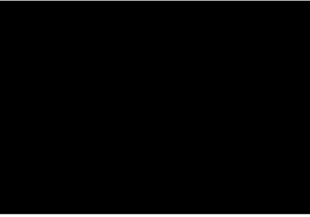
1. To maintain and grow all areas of the fundraising programme - annual fund, major gifts and legacies.
2. To support the development of the George Watson's College Endowment Trust to fund Foundation Places.
3. To hold and facilitate successful fundraising events.
4. To maintain and develop good relations with the Watsonian community for the benefit of the Foundation and George Watson's College.
5. To improve the quality of the constituent information on the database to allow it to be used more efficiently and effectively.

### **Structure, governance and management**

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

The Trustees who served during the year and up to the date of signature of the financial statements were:

(Retired 12 August 2024)



(Appointed 12 August 2024)

### *Recruitment and appointment of trustees*

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

# George Watson's Family Foundation

## Trustees' report (continued)

for the year ended 31 July 2024

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### *Induction and training of trustees*

Trustees are appointed on the basis of their skills and experience in finance, fundraising, charities and other relevant disciplines. [REDACTED] succeeded [REDACTED] as Principal of George Watson's College in August 2024 and has served as a Trustee since then. All other Trustees served throughout the financial year and comprise:

[REDACTED] is a Director of WYM Real estate and has 40 years of experience in the UK property industry advising clients in consultancy, development and brokerage services. He was Master of the Royal Company of Merchants of the City of Edinburgh from 2017 to 2019 and was appointed as Chair of the George Watson's Governing Council and Chair of the Trustees from 1 July 2022.

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

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

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

### *Remuneration policy*

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

### **Decision making structure**

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

### **Risk management**

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

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

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

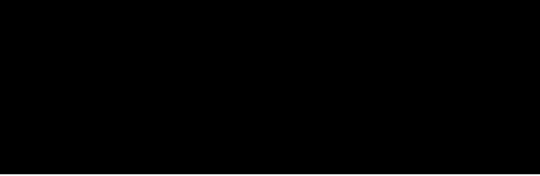
# George Watson's Family Foundation

## Trustees' report (continued)

for the year ended 31 July 2024

Risk	Strategies/control measures
<p>1. Fundraising strategy not properly developed or implemented, resulting in fundraising targets not being achieved, resulting in the School not being able to deliver strategic priorities with planned timescales.</p> <p>The <i>No Limits</i> fundraising campaign, which was launched in summer 2020, has an ambitious target to raise £25m by 2030.</p>	<ul style="list-style-type: none"><li>• Fundraising strategy developed and overseen by the External Relations and Development Committee of the School.</li><li>• Financial targets and fundraising reported through monthly management accounts to the Finance Committee and Governors of the School.</li><li>• Director of Fundraising works closely with the Principal and Bursar of George Watson's College.</li></ul>
2. Fraud	<ul style="list-style-type: none"><li>• Segregation of duties between Principal, Bursar, Assistant Bursar and budget holders.</li><li>• At least two authorised signatories, one a Governor, are required to authorise expenditure over £10,000.</li><li>• Training of staff.</li></ul>
3. Failure to manage investments <ul style="list-style-type: none"><li>• £2.7m invested in three Baillie Gifford funds at year end.</li><li>• £0.6m of funds managed by Aubrey Capital Management.</li></ul>	<ul style="list-style-type: none"><li>• Investment performance monitored against benchmark indicators on a quarterly basis.</li><li>• Periodic investment review meetings with Baillie Gifford and Aubrey Capital Management.</li></ul>
4. Failure of management controls	<ul style="list-style-type: none"><li>• Selection and retention of skilled and experienced staff.</li><li>• Appointment of relevant, appropriate individuals to the senior management teams</li><li>• Management accounting process</li><li>• External audit of internal controls.</li><li>• Reporting and accountability to the Trustees and the Finance Committee and Governing Council.</li></ul>

The Trustees' report was approved by the Board of Trustees.



Date: .....

## **George Watson's Family Foundation**

### **Statement of Trustees' responsibilities**

**for the year ended 31 July 2024**

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

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

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

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

# George Watson's Family Foundation

## Independent auditor's report

### to the Trustees of George Watson's Family Foundation

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#### Opinion

We have audited the financial statements of George Watson's Family Foundation (the 'charity') for the year ended 31 July 2024 which comprise statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements; including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2024 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **George Watson's Family Foundation**

### **Independent auditor's report (continued)**

#### **to the Trustees of George Watson's Family Foundation**

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

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

##### **Responsibilities of Trustees**

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: FRS 102, GDPR and charity law;
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the charity, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

## **George Watson's Family Foundation**

### **Independent auditor's report (continued)**

#### **to the Trustees of George Watson's Family Foundation**

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

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

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

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

#### **Use of our report**

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



**Henderson Loggie LLP (Senior Statutory Auditor)  
for and on behalf of Henderson Loggie LLP**

.....

**Chartered Accountants  
Statutory Auditor**

**Level 5  
The Stamp Office  
10-14 Waterloo Place  
Edinburgh  
EH1 3EG**

Henderson Loggie LLP is eligible for appointment as auditor of the Charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**George Watson's Family Foundation**

**Statement of financial activities  
including income and expenditure**

**for the year ended 31 July 2024**

	Notes	Unrestricted funds 2024	Restricted funds 2024	Total 2024	Unrestricted funds 2023	Restricted funds 2023	Total 2023
<b>Income from:</b>							
Donations and legacies	2	115,500	930,387	1,045,887	280,188	1,331,201	1,611,389
Other trading activities	3	-	1,000	1,000	-	-	-
Investments	4	40,831	205,428	246,259	56,248	103,961	160,209
<b>Total income</b>		<b>156,331</b>	<b>1,136,815</b>	<b>1,293,146</b>	<b>336,436</b>	<b>1,435,162</b>	<b>1,771,598</b>
<b>Expenditure on:</b>							
Raising funds	5	72	18,646	18,718	72	7,656	7,728
Charitable activities	6	82,739	876,958	959,697	78,951	1,209,725	1,288,676
<b>Total expenditure</b>		<b>82,811</b>	<b>895,604</b>	<b>978,415</b>	<b>79,023</b>	<b>1,217,381</b>	<b>1,296,404</b>
Net gains/(losses) on investments	8	79,423	124,661	204,084	(15,372)	(76,498)	(91,870)
<b>Net income and movement in funds</b>		<b>152,943</b>	<b>365,872</b>	<b>518,815</b>	<b>242,041</b>	<b>141,283</b>	<b>383,324</b>
<b>Reconciliation of funds:</b>							
Fund balances at 1 August 2023		1,942,132	3,873,286	5,815,418	1,700,091	3,732,003	5,432,094
<b>Fund balances at 31 July 2024</b>		<b>2,095,075</b>	<b>4,239,158</b>	<b>6,334,233</b>	<b>1,942,132</b>	<b>3,873,286</b>	<b>5,815,418</b>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

**George Watson's Family Foundation**

**Balance sheet**

**as at 31 July 2024**

	Notes	2024	2023
		£	£
<b>Fixed assets</b>			
Investments	10	3,298,311	3,106,221
<b>Current assets</b>			
Debtors	11	109,675	213,022
Cash at bank and in hand		2,933,447	2,539,994
		3,043,122	2,753,016
<b>Creditors: amounts falling due within one year</b>	12	(7,200)	(43,819)
<b>Net current assets</b>		3,035,922	2,709,197
<b>Total assets less current liabilities</b>		6,334,233	5,815,418
<b>Net assets excluding pension liability</b>		6,334,233	5,815,418
<b>Net assets</b>		6,334,233	5,815,418
<b>The funds of the charity</b>			
Restricted income funds	13	4,239,158	3,873,286
Unrestricted funds		2,095,075	1,942,132
		6,334,233	5,815,418

The financial statements were approved by the Trustees on .....

**George Watson's Family Foundation**

**Statement of cash flows**

**for the year ended 24 July 2024**

	Notes	2024 £	2023 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	135,200	397,364
<b>Investing activities</b>			
Purchase of investments		(326,045)	(249,663)
Proceeds from disposal of investments		338,039	249,660
Investment income received		246,259	160,209
<b>Net cash generated from investing activities</b>		<b>258,253</b>	<b>160,206</b>
<b>Net cash used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>393,453</b>	<b>557,570</b>
Cash and cash equivalents at beginning of year		<b>2,539,994</b>	<b>1,982,424</b>
<b>Cash and cash equivalents at end of year</b>		<b>2,933,447</b>	<b>2,539,994</b>

# George Watson's Family Foundation

## Notes to the financial statements

for the year ended 31 July 2024

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### 1 Accounting policies

#### Charity information

George Watson's Family Foundation is a charity registered in Scotland. The principal address is 67 - 71 Colinton Road, Edinburgh, EH10 5EG.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the Charity's constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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)". The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for at least the next twelve months. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements. Restricted funds may be restricted income funds which are expendable at the discretion of the Trustees in the furtherance of a particular aspect of the objects of the charity or may be capital funds, where the assets are required to be invested or retained for actual use rather than expended.

# George Watson's Family Foundation

## Notes to the financial statements (continued)

for the year ended 31 July 2024

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### 1 Accounting policies (continued)

#### 1.4 Income

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

##### **Grants receivable**

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

##### **Legacy income**

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

##### **Income from investments**

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

#### 1.5 Expenditure

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

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

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

##### **Grants payable**

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

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

##### **Value Added Tax**

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

# George Watson's Family Foundation

## Notes to the financial statements (continued)

for the year ended 31 July 2024

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### 1 Accounting policies (continued)

#### 1.6 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

#### 1.8 Taxation

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

#### 1.9 Debtors

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

#### 1.10 Creditors and provisions

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

### 2 Income from donations and legacies

	Unrestricted funds 2024	Restricted funds 2024	Total 2024	Unrestricted funds 2023	Restricted funds 2023	Total 2023
	£	£	£	£	£	£
Donations and gifts	54,438	818,292	872,730	42,623	1,327,889	1,370,512
Legacies receivable	61,062	112,095	173,157	237,565	3,312	240,877
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	115,500	930,387	1,045,887	280,188	1,331,201	1,611,389
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### 3 Income from other trading activities

	Restricted funds 2024	Restricted funds 2023
	£	£
Fundraising events	1,000	-
	<hr/>	<hr/>

# George Watson's Family Foundation

## Notes to the financial statements (continued)

for the year ended 31 July 2024

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### 4 Income from investments

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
Income from listed investments	-	113,223	113,223	-	103,961	103,961
Interest receivable	40,831	92,205	133,036	56,248	-	56,248
	<b>40,831</b>	<b>205,428</b>	<b>246,259</b>	<b>56,248</b>	<b>103,961</b>	<b>160,209</b>
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

### 5 Expenditure on raising funds

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
Investment management	72	18,646	18,718	72	7,656	7,728
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**George Watson's Family Foundation**

**Notes to the financial statements (continued)**

for the year ended 31 July 2024

**6 Expenditure on charitable activities**

	Foundations	School	Total	Foundations	School	Capital	Total
	Grants	Expenditure	2024	Grants	Expenditure	Expenditure	2023
	2024	2024	£	2023	2023	£	£
<b>Direct costs</b>							
Charitable Activities	373,159	579,338	952,497	548,301	551,318	183,479	1,283,098
Audit fees	7,200	-	7,200	5,578	-	-	5,578
	<hr/> <b>380,359</b>	<hr/> <b>579,338</b>	<hr/> <b>959,697</b>	<hr/> <b>553,879</b>	<hr/> <b>551,318</b>	<hr/> <b>183,479</b>	<hr/> <b>1,288,676</b>
<b>Analysis by fund</b>							
Unrestricted funds	82,101	638	82,739	78,104	847	-	78,951
Restricted funds	298,258	578,700	876,958	475,775	550,471	183,479	1,209,725
	<hr/> <b>380,359</b>	<hr/> <b>579,338</b>	<hr/> <b>959,697</b>	<hr/> <b>553,879</b>	<hr/> <b>551,318</b>	<hr/> <b>183,479</b>	<hr/> <b>1,288,676</b>

# George Watson's Family Foundation

## Notes to the financial statements (continued) for the year ended 31 July 2024

### 7 Trustees

No Trustee received any remuneration, other benefits or reimbursement of expenses in the year (2023: £Nil). As noted in the Trustees' Annual Report, the Foundation has no direct employees with all salary and administration costs being borne by George Watson's College. The Trustees and treasurer are considered to be key management but are not remunerated.

### 8 Gains and losses on investments

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
Revaluation of investments	79,548	137,918	217,466	-	-	-
Realised gains/(losses) on investments	(125)	(13,257)	(13,382)	(15,372)	(76,498)	(91,870)
	<u>79,423</u>	<u>124,661</u>	<u>204,084</u>	<u>(15,372)</u>	<u>(76,498)</u>	<u>(91,870)</u>

### 9 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

### 10 Fixed asset investments

	Listed investments £	Cash in portfolio £	Total £
<b>Cost or valuation</b>			
At 1 August 2023	3,104,796	1,425	3,106,221
Additions	326,045	-	326,045
Valuation changes	204,084	2,695	206,779
Disposals	(340,734)	-	(340,734)
At 31 July 2024	<u>3,294,191</u>	<u>4,120</u>	<u>3,298,311</u>
<b>Carrying amount</b>			
At 31 July 2024	<u>3,294,191</u>	<u>4,120</u>	<u>3,298,311</u>
At 31 July 2023	<u>3,104,796</u>	<u>1,425</u>	<u>3,106,221</u>

## George Watson's Family Foundation

### Notes to the financial statements (continued) for the year ended 31 July 2024

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#### 10 Fixed asset investments (continued)

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

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

#### 11 Debtors

	2024	2023
	£	£
<b>Amounts falling due within one year:</b>		
Other debtors	9,598	-
Prepayments and accrued income	100,077	213,022
	<hr/>	<hr/>
	109,675	213,022
	<hr/>	<hr/>

#### 12 Creditors: amounts falling due within one year

	2024	2023
	£	£
<b>Other creditors</b>		
Accruals and deferred income	7,200	6,000
	<hr/>	<hr/>
	7,200	43,819
	<hr/>	<hr/>

George Watson's Family Foundation

## Notes to the financial statements (continued)

for the year ended 31 July 2024

George Watson's Family Foundation

## Notes to the financial statements (continued)

for the year ended 31 July 2024

## 13 Restricted funds (continued)

**George Watson's Family Foundation****Notes to the financial statements (continued)****for the year ended 31 July 2024**

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13	<b>Restricted funds (continued)</b>								
	Foundation Places	-	188,959	(188,959)	-	-	-	-	-
	Computing Science Project	15,058	190,000	(5,000)	-	-	-	-	200,058
	Other	128,224	290,175	(170,438)	-	-	-	-	247,961
		3,732,003	1,435,162	(1,217,381)	-	-	-	(76,498)	3,873,286
		=====	=====	=====	=====	=====	=====	=====	=====

## George Watson's Family Foundation

### Notes to the financial statements (continued) for the year ended 31 July 2024

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#### 13 Restricted funds (continued)

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

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

The PE Fund was established to collect funds raised for the development of the PE facilities of the School. The fund is overdrawn due to an inadvertent accounting adjustment that will be corrected in 2025.

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

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

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

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

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

The Donald Brydon Bursary and the Alice McCartney Bursary each fund a 100% Foundation Place. The B & M Miller Bursary funds a Foundation Place for a pupil in P6 or P7.

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

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

The purpose of the [REDACTED] is to fund a 100% Foundation Place for a pupil from P6 to S6.

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

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

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

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

## George Watson's Family Foundation

### Notes to the financial statements (continued) for the year ended 31 July 2024

#### 13 Restricted funds (continued)

The Art Fund provides funds to purchase works of art to foster and enrich the teaching of art in school.

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

The Engineering and Computing Science Fund provides resources and funding to support the teaching of Computer Science in Edinburgh state schools.

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

#### 14 Unrestricted funds

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

	At 1 August 2023 £	Incoming resources £	Resources expended £	Gains and losses £	At 31 July 2024 £
General funds	1,835,286	154,021	(66,860)	79,423	2,001,870
Designated funds	106,846	2,310	(15,951)	-	93,205
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,942,132	156,331	(82,811)	79,423	2,095,075
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Previous year:</b>	At 1 August 2022 £	Incoming resources £	Resources expended £	Gains and losses £	At 31 July 2023 £
Designated fund	121,481	-	(14,635)	-	106,846
General funds	1,578,610	336,436	(64,388)	(15,372)	1,835,286
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,700,091	336,436	(79,023)	(15,372)	1,942,132
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

# George Watson's Family Foundation

## Notes to the financial statements (continued) for the year ended 31 July 2024

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### 15 Analysis of net assets between funds

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
<b>At 31 July 2024:</b>			
Investments	1,283,604	2,014,707	3,298,311
Current assets/(liabilities)	811,471	2,224,451	3,035,922
	<hr/> <b>2,095,075</b> <hr/>	<hr/> <b>4,239,158</b> <hr/>	<hr/> <b>6,334,233</b> <hr/>
 <b>At 31 July 2023:</b>			
Investments	1,056,540	2,049,681	3,106,221
Current assets/(liabilities)	885,592	1,823,605	2,709,197
	<hr/> <b>1,942,132</b> <hr/>	<hr/> <b>3,873,286</b> <hr/>	<hr/> <b>5,815,418</b> <hr/>

### 16 Related party transactions

In the year to 31 July 2024, one (2023: two) Trustee donated a total of £2,520 (2023: £1,577) to the Foundation in the financial year.

### 17 Ultimate controlling party

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

**George Watson's Family Foundation**

**Notes to the financial statements (continued)**

**for the year ended 31 July 2024**

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<b>18 Cash generated from operations</b>	<b>2024</b>	<b>2023</b>
	£	£
Surplus for the year	518,815	383,324
Adjustments for:		
Investment income recognised in statement of financial activities	(246,259)	(160,209)
Loss on disposal of investments	13,382	91,870
Fair value gains and losses on investments	(217,466)	-
Movements in working capital:		
Decrease in debtors	103,347	59,643
(Decrease)/increase in creditors	(36,619)	22,736
<b>Cash generated from operations</b>	<b>135,200</b>	<b>397,364</b>

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