

Charity registration number SC004818 (Scotland)

George Watson's Family Foundation
Annual report and financial statements
for the year ended 31 July 2025

George Watson's Family Foundation

Legal and administrative information

Trustees	Jon Towers Elisabeth Kerr Don Young John Reid Lynn Dewar	(Appointed 12 August 2024) (Appointed 21 August 2025)
Senior management	James Mills	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 2025

The Trustees are pleased to present their annual report and audited financial statements for the year ended 31 July 2025. 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 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 2025 George Watson's Family Foundation raised £1,303,954 through fundraising and donations (2024 - £1,045,887).

Raising funds that directly support pupils, through the Foundation Places Programme, remained a key priority. A total of £434,110 was received in cash and new pledges during the year (2024: £468,038). Thanks to this support, Trustees were able to disburse £495,429 to the School (2024: £373,159), which made awards amounting in total to £2,586,452 (2024 - £2,168,835) to 241 pupils (2024 - 176 pupils).

As well as providing financial support towards school fees, 55 pupils were awarded £10,591 from the Enrichment Fund (2024: 59 pupils, £15,668 awarded). 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 24 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.

George Watson's Family Foundation

Trustees' report (continued)

for the year ended 31 July 2025

Our ambitious Fit For Purpose project has moved to the consultation and planning stage, with exciting plans to create a multi-purpose sports hub at Myreside. The plans, which have an estimated cost of £3million would see the installation of two new all-weather pitches, significantly enhancing our external facilities.

The Family Foundation also raises funds for outreach and partnership programmes. The Swire Chinese Foundation donated £241,556 (2024: £337,768) 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 £69,174 last year and applied £52,115 to the project in the current year (2024: £190,000 of donations secured, £53,762 applied to the project).

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 £116,602 or 3.5% 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 £612,549 (2024: £314,731) in the year as stated in the Statement of Financial Activities. Gains on investments amounted to £116,602 (2024: £204,084), taking the net movement in funds to a surplus of £729,151 (2024: £518,815).

Income of £1,571,652 (2024: £1,293,146) was received in the year, of which £540,395 was unrestricted and £1,031,257 was restricted.

Expenditure on raising funds of £22,315 (2024: £18,718) was incurred in the year, mainly being investment management fees and bank charges. Expenditure on charitable activities totalled £936,788 (2024: £959,697) of which £74,590 was from unrestricted funds and £862,198 from restricted funds. Means tested financial assistance accounted for £495,429 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 £245,168 and towards general school expenditure of £188,992 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).

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 £7,063,384 of which £4,466,350 was restricted and £2,597,034 unrestricted.

George Watson's Family Foundation

Trustees' report (continued)

for the year ended 31 July 2025

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:

Jon Towers

Elisabeth Kerr (Appointed 12 August 2024)

Don Young

John Reid

Lynn Dewar (Appointed 21 August 2025)

Melvyn Roffe (Resigned 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.

Induction and training of trustees

Trustees are appointed on the basis of their skills and experience in finance, fundraising, charities and other relevant disciplines. The Principal of George Watson's College, Elisabeth Kerr, is an ex-officio Trustee of the Foundation.

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.

George Watson's Family Foundation

Trustees' report (continued)

for the year ended 31 July 2025

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 Elisabeth Kerr, Principal of George Watson's College and the Director of Development. Financial control is exercised by James Mills, 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 2025

Risk	Strategies/control measures
1. Fundraising strategy not properly developed or implemented, resulting in fundraising targets not being achieved, resulting in the School not being able to deliver strategic priorities with planned timescales.	<ul style="list-style-type: none"> • Fundraising strategy developed and overseen by the External Relations Development & Enterprises Committee of the School. • Financial targets and fundraising reported through monthly management accounts to the Finance Committee and Governors of the School. • Director of Development works closely with the Principal and Bursar of George Watson's College.
2. Fraud	<ul style="list-style-type: none"> • Segregation of duties between Principal, Bursar, Assistant Bursar and budget holders. • At least two authorised signatories are required to authorised expenditure over £10,000. • Training of staff.
3. Failure to manage investments	<ul style="list-style-type: none"> • Investment performance monitored against benchmark indicators on a quarterly basis. • Periodic investment review meetings with Baillie Gifford and Aubrey Capital Management.
4. Failure of management controls	<ul style="list-style-type: none"> • Selection and retention of skilled and experienced staff. • Appointment of relevant, appropriate individuals to the senior management teams. • Management accounting process. • External audit of internal controls. • Reporting and accountability to the Trustees and the Finance Committee and Governing Council.

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

Don Young
Don Young - 2026-03-02, 16:59:55 UTC

Don Young
Chair of Trustees

Date:

George Watson's Family Foundation

Statement of Trustees' responsibilities

for the year ended 31 July 2025

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.

George Watson's Family Foundation

Independent auditor's report

to the Trustees of George Watson's Family Foundation

Opinion

We have audited the financial statements of George Watson's Family Foundation (the 'charity') for the year ended 31 July 2025 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 2025 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

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 legislation;
- 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

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

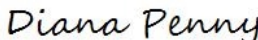
- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing Board meeting minutes for discussions of irregularities including fraud;
- Reading correspondence with regulators, including OSCR;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the carrying value of investments, and completeness and valuation of legacies & accrued legacy income;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
- Testing key income lines, in particular cut-off, 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.


Diana Penny – 2026-03-02, 20:15:26 UTC

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

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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 2025

	Notes	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Income from:							
Donations and legacies	3	486,209	817,745	1,303,954	115,500	930,387	1,045,887
Other trading activities	4	-	-	-	-	1,000	1,000
Investments	5	54,186	213,512	267,698	40,831	205,428	246,259
Total income		540,395	1,031,257	1,571,652	156,331	1,136,815	1,293,146
Expenditure on:							
Raising funds	6	7,336	14,979	22,315	72	18,646	18,718
Charitable activities	7	74,590	862,198	936,788	82,739	876,958	959,697
Total expenditure		81,926	877,177	959,103	82,811	895,604	978,415
Net gains/(losses) on investments		43,490	73,112	116,602	79,423	124,661	204,084
Net income and movement in funds		501,959	227,192	729,151	152,943	365,872	518,815
Reconciliation of funds:							
Fund balances at 1 August 2024		2,095,075	4,239,158	6,334,233	1,942,132	3,873,286	5,815,418
Fund balances at 31 July 2025		2,597,034	4,466,350	7,063,384	2,095,075	4,239,158	6,334,233

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

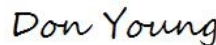
George Watson's Family Foundation

Balance sheet

as at 31 July 2025

	Notes	2025		2024	
		£	£	£	£
Fixed assets					
Investments	10		3,402,220		3,298,311
Current assets					
Debtors	11	71,647		109,675	
Cash at bank and in hand		4,281,011		2,933,447	
		4,352,658		3,043,122	
Creditors: amounts falling due within one year	12	(691,494)		(7,200)	
Net current assets			3,661,164		3,035,922
Total assets less current liabilities			7,063,384		6,334,233
Net assets excluding pension liability			7,063,384		6,334,233
Net assets			7,063,384		6,334,233
The funds of the charity					
Restricted income funds	13		4,466,350		4,239,158
Unrestricted funds			2,597,034		2,095,075
			7,063,384		6,334,233

The financial statements were approved by the Trustees on


Don Young - 2026-03-02, 16:59:55 UTC

Don Young
Chair of Trustees

George Watson's Family Foundation

Statement of cash flows

for the year ended 25 July 2025

	Notes	2025 £	£	2024 £	£
Cash flows from operating activities					
Cash generated from operations	18	1,067,173		135,200	
Investing activities					
Purchase of investments		(255,541)		(326,045)	
Proceeds from disposal of investments		268,234		338,039	
Investment income received		267,698		246,259	
Net cash generated from investing activities		280,391		258,253	
Net cash used in financing activities		-		-	
Net increase in cash and cash equivalents		1,347,564		393,453	
Cash and cash equivalents at beginning of year		2,933,447		2,539,994	
Cash and cash equivalents at end of year		4,281,011		2,933,447	

George Watson's Family Foundation

Notes to the financial statements

for the year ended 31 July 2025

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.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

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 2025

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 2025

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 Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Valuation of investments

The investments held by the Trust are administered by the Trust's investment advisors. In line with note 1.6 the investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. The transaction price, transaction costs and fair value of the investments are based upon the regular investment portfolio reports obtained from the investment advisors.

Completeness and valuation of legacies

As detailed in note 1.4, legacies should be accounted for when entitlement has occurred, the amount can be valued reliably and it is probable that the income will be received. Judgement can occur on the entitlement and estimated value of a legacy when the income has not been received by the financial year end and this will be based on the correspondence received in relation to each legacy.

George Watson's Family Foundation

Notes to the financial statements (continued)

for the year ended 31 July 2025

3 Income from donations and legacies

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Donations and gifts	226,709	724,679	951,388	54,438	818,292	872,730
Legacies receivable	259,500	93,066	352,566	61,062	112,095	173,157
	<u>486,209</u>	<u>817,745</u>	<u>1,303,954</u>	<u>115,500</u>	<u>930,387</u>	<u>1,045,887</u>

4 Income from other trading activities

	Restricted funds 2025 £	Restricted funds 2024 £
Fundraising events	-	1,000
	<u>-</u>	<u>1,000</u>

5 Income from investments

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Income from listed investments	274	124,970	125,244	-	113,223	113,223
Interest receivable	53,912	88,542	142,454	40,831	92,205	133,036
	<u>54,186</u>	<u>213,512</u>	<u>267,698</u>	<u>40,831</u>	<u>205,428</u>	<u>246,259</u>

6 Expenditure on raising funds

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Investment management	7,336	14,979	22,315	72	18,646	18,718
	<u>7,336</u>	<u>14,979</u>	<u>22,315</u>	<u>72</u>	<u>18,646</u>	<u>18,718</u>

George Watson's Family Foundation

Notes to the financial statements (continued)

for the year ended 31 July 2025

7 Expenditure on charitable activities

	Foundations Grants 2025 £	School Expenditure 2025 £	Total 2025 £	Foundations Grants 2024 £	School Expenditure 2024 £	Total 2024 £
Direct costs						
Charitable Activities	495,429	434,159	929,588	373,159	579,338	952,497
Audit fees	7,200	-	7,200	7,200	-	7,200
	<u>502,629</u>	<u>434,159</u>	<u>936,788</u>	<u>380,359</u>	<u>579,338</u>	<u>959,697</u>
Analysis by fund						
Unrestricted funds	59,500	15,090	74,590	82,101	638	82,739
Restricted funds	443,129	419,069	862,198	298,258	578,700	876,958
	<u>502,629</u>	<u>434,159</u>	<u>936,788</u>	<u>380,359</u>	<u>579,338</u>	<u>959,697</u>

George Watson's Family Foundation

Notes to the financial statements (continued)

for the year ended 31 July 2025

8 Trustees

No Trustee received any remuneration, other benefits or reimbursement of expenses in the year (2024: £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.

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 £
Cost or valuation			
At 1 August 2024	3,294,191	4,120	3,298,311
Additions	255,541	-	255,541
Valuation changes	112,435	4,167	116,602
Disposals	(268,234)	-	(268,234)
At 31 July 2025	<u>3,393,933</u>	<u>8,287</u>	<u>3,402,220</u>
Carrying amount			
At 31 July 2025	<u>3,393,933</u>	<u>8,287</u>	<u>3,402,220</u>
At 31 July 2024	<u>3,294,191</u>	<u>4,120</u>	<u>3,298,311</u>

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

	2025 £	2024 £
Amounts falling due within one year:		
Other debtors	-	9,598
Prepayments and accrued income	71,647	100,077
	<u>71,647</u>	<u>109,675</u>

George Watson's Family Foundation

Notes to the financial statements (continued)

for the year ended 31 July 2025

12 Creditors: amounts falling due within one year

	2025	2024
	£	£
Amount owed to parent undertaking	684,294	-
Accruals and deferred income	7,200	7,200
	<u>691,494</u>	<u>7,200</u>

George Watson's Family Foundation

Notes to the financial statements (continued)

for the year ended 31 July 2025

13	Restricted funds	At 1 August 2024 £	Incoming resources £	Resources expended £	Transfers £	Gains and losses £	At 31 July 2025 £
	Gibson Kerr Memorial Fund	540,729	12,299	(10,680)	-	52,129	594,477
	Dr Catriona Collins Legacy	621,990	10,671	(1,621)	-	7,914	638,954
	Carol Jackson Scholarship	594,811	10,205	(1,551)	-	7,568	611,033
	Mary Cowan Bursary Fund	432,234	7,415	(1,127)	-	5,501	444,023
	The Dewar Fund	683,635	170,909	(98,143)	-	-	756,401
	Donald Mercer Exchange	64,195	1,238	-	-	-	65,433
	Enablement Fund	1,705	23	(1,000)	-	-	728
	Ian MacQuarrie Bursary	34,127	659	(34,786)	-	-	-
	L R Lyall Bursary Prize Fund	43,848	844	-	-	-	44,692
	Donald Brydon Bursary	24,888	25,934	-	-	-	50,822
	Dr Jim Jardine Physics Prize	81,866	1,579	-	-	-	83,445
	B & M Millar Bursary	117,703	2,270	(13,318)	-	-	106,655
	Ian Simpson Bursary	51,557	994	-	-	-	52,551
	Rod Slater S3 Projects Fund	25,385	468	(2,200)	-	-	23,653
	Young Family Foundation Place	295,667	4,956	(42,805)	-	-	257,818
	Pipe Band Parents Fund	104,120	19,792	-	-	-	123,912
	Pipes and Drums Drill Hall	55,789	1,076	-	-	-	56,865
	Myreside Pavilion & Squash Courts Fund	10,941	574	-	-	-	11,515
	Swire Chinese Teaching Fund	3,612	241,556	(245,168)	-	-	-
	Art Fund	31,298	530	(19,838)	-	-	11,990
	Foundation Places	50	148,561	(148,611)	-	-	-
	Computing Science Project	196,276	69,174	(52,115)	-	-	213,335
	Other	222,732	299,530	(204,214)	-	-	318,048
		<u>4,239,158</u>	<u>1,031,257</u>	<u>(877,177)</u>	<u>-</u>	<u>73,112</u>	<u>4,466,350</u>

George Watson's Family Foundation

Notes to the financial statements (continued)

for the year ended 31 July 2025

13	Restricted funds (continued)	At 1 August 2023 £	Incoming resources £	Resources expended £	Transfers £	Gains and losses £	At 31 July 2024 £
	Previous year:						
	Gibson Kerr Memorial Fund	530,999	13,846	-	(92,999)	88,883	540,729
	Dr Catriona Collins Legacy	569,234	11,708	-	27,553	13,495	621,990
	Carol Jackson Scholarship	544,366	11,197	-	26,343	12,905	594,811
	Mary Cowan Bursary Fund	395,575	8,137	-	19,144	9,378	432,234
	PE Fund	63,094	1,543	(66,994)	(2,324)	-	(4,681)
	The Dewar Fund	558,058	201,903	(76,326)	-	-	683,635
	Donald Mercer Exchange	62,837	1,358	-	-	-	64,195
	Enablement Fund	6,340	1,000	(5,635)	-	-	1,705
	Ian MacQuarrie Bursary	33,405	722	-	-	-	34,127
	L R Lyall Bursary Prize Fund	42,920	928	-	-	-	43,848
	Donald Brydon Bursary	5,031	25,511	-	(5,654)	-	24,888
	B & M Millar Bursary	92,840	37,385	(12,522)	-	-	117,703
	Ian Simpson Bursary	50,466	1,091	-	-	-	51,557
	Rod Slater S3 Projects Fund	27,181	564	(2,360)	-	-	25,385
	Young Family Foundation Place	262,865	26,011	(12,522)	19,313	-	295,667
	Pipe Band Parents Fund	92,476	11,644	-	-	-	104,120
	Swire Chinese Teaching Fund	-	337,768	(334,156)	-	-	3,612
	Computing Science Project	200,058	53,762	(57,544)	-	-	196,276
	Pipes and Drums Drill Hall	54,609	1,180	-	-	-	55,789
	Myreside Pavilion & Squash Courts Fund	489	10,452	-	-	-	10,941
	Art Fund	27,450	4,339	(491)	-	-	31,298
	Foundation Places	-	101,370	(101,320)	-	-	50
	Other	252,993	273,396	(225,734)	8,624	-	309,279
		<u>3,873,286</u>	<u>1,136,815</u>	<u>(895,604)</u>	<u>-</u>	<u>124,661</u>	<u>4,239,158</u>

George Watson's Family Foundation

Notes to the financial statements (continued)

for the year ended 31 July 2025

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 Dewar Fund was set up in 2018 to cover the cost of a 100% Foundation Place from P7 to S6. It has since been added to and now covers the cost of several 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 Ken Young Foundation Places Fund 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 2025

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 2024 £	Incoming resources £	Resources expended £	Gains and losses £	At 31 July 2025 £
General funds	2,001,870	538,598	(64,961)	43,490	2,518,997
Designated funds	93,205	1,797	(16,965)	-	78,037
	<u>2,095,075</u>	<u>540,395</u>	<u>(81,926)</u>	<u>43,490</u>	<u>2,597,034</u>
Previous year:					
	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
	<u>1,942,132</u>	<u>156,331</u>	<u>(82,811)</u>	<u>79,423</u>	<u>2,095,075</u>

George Watson's Family Foundation

Notes to the financial statements (continued)

for the year ended 31 July 2025

15 Analysis of net assets between funds

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £
At 31 July 2025:			
Investments	1,169,214	2,233,006	3,402,220
Current assets/(liabilities)	1,427,820	2,233,344	3,661,164
	<u>2,597,034</u>	<u>4,466,350</u>	<u>7,063,384</u>
	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
At 31 July 2024:			
Investments	1,283,604	2,014,707	3,298,311
Current assets/(liabilities)	811,471	2,224,451	3,035,922
	<u>2,095,075</u>	<u>4,239,158</u>	<u>6,334,233</u>

16 Related party transactions

Transactions with related parties

During the year, £22,804 (2024: £22,382) of donations were received from George Watson's College, a Merchant Company Education Board school. A donation of £788,957 (2024: £852,657) was made from the Family Foundation to George Watson's College during the year. At year end £661,192 was owed to George Watson's College (2024: £9,598 owed by).

In the year to 31 July 2025, three trustees (2024: one) donated a total of £126,987 (2024: £1,577) to the Foundation.

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 2025

18 Cash generated from operations	2025	2024
	£	£
Surplus for the year	729,151	518,815
Adjustments for:		
Investment income recognised in statement of financial activities	(267,698)	(246,259)
(Gain)/loss on disposal of investments	-	13,382
Fair value gains and losses on investments	(116,602)	(217,466)
Movements in working capital:		
Decrease in debtors	38,028	103,347
Increase/(decrease) in creditors	684,294	(36,619)
Cash generated from operations	1,067,173	135,200



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