JOHN WATSON'S TRUST

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2025

Charity No. SC014004

Whitelaw Wells
Chartered Accountants and Statutory Auditors
9 Ainslie Place
Edinburgh
EH3 6AT

JOHN WATSON'S TRUST

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2025

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JOHN WATSON'S TRUST

REFERENCE AND ADMINISTRATION

For the year ended 31 December 2025

Principal Office:	The Signet Library Parliament Square Edinburgh EH1 1RF
Charity No:	SC014004
Governors:	The Keepers and Commissioners of the Signet
Trustees:	*Six nominated by the Society to Writers to Her Majesty's Signet* James Cormack (*Chair of Trustees*) Robin Garrett WS (*Chair of Finance Committee*) *(Resigned 13 February 2025)* Kenneth Mackay WS (*Chair of Grants Committee*) John Harding-Edgar WS *(Resigned 13 February 2025)* Callum Kennedy WS (*Appointed 11 February 2025*) Rob Wilson WS (*Appointed 11 February 2025*) Doran Mitchell WS *(Appointed 18 March 2025)* John Angus WS *(Appointed 18 March 2025)* *Two nominated by the City of Edinburgh Council* Councillor Finlay McFarlane Kenny Toshack *(Appointed 4 February 2025)* *One nominated by the Lothian Association of Youth Clubs* Laurene Edgar *One nominated by the Merchant Company Education Board* Dr Gordon Wyllie WS *Co-opted Trustees* Susie Jamieson Janet Morton *(Resigned 4 August 2025)*
Clerk & Treasurer:	Sophie Mills WS The WS Society The Signet Library Parliament Square Edinburgh EH1 1RF
Auditor:	Whitelaw Wells Chartered Accountants and Statutory Auditors 9 Ainslie Place Edinburgh EH3 6AT
Investment Managers:	RBC Brewin Dolphin Sixth Floor, Atria One 144 Morrison Street Edinburgh EH3 8EX

JOHN WATSON'S TRUST

REPORT OF THE TRUSTEES

For the year ended 31 December 2025

The Trustees submit their report and financial statements for the year ended 31 December 2025.

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 Trust Deed, 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* (October 2019) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Purposes and Aims

The primary purpose of John Watson's Trust (JWT) is to assist the education of young people under the age of 21, who have additional support needs and/or are underprivileged. Those young people resident in the Lothians are given preferential treatment. Up to one third of JWT's income can be used to help pay boarding school fees, where this is seen to be the best option for a young person. This provision is restricted to young people who are resident in Scotland. The demand for boarding grants remains considerably lower than in previous years. No further grants in payment of private school fees are currently envisaged.

Activities

The Trustees approved grants of £104,506 (2024: £121,167) for distribution during the period.

Grant Making Policy

JWT invites applications from individuals and institutions by advertising in the press, maintaining an online presence, by writing to institutions and maintaining regular contact with institutions who may know of individuals eligible to apply. Applicants must submit applications in a specified format for consideration and approval by the Grants Committee. The Grants Committee usually meets five times per year. Details of how to apply for grants and forms to download are available from JWT's website (https://www.wssociety.co.uk/charities/jwt).

ACHIEVEMENTS AND PERFORMANCE

The Grants Committee met on five occasions during 2025 and disbursed a net total after refunded and unclaimed grants of £104,506 (2024: £102,114). There are three groups of grants in accordance with the charitable constitution:

(a) Grants to children and young people under 21 who have additional support needs or are socially disadvantaged and to organisations representing them;

Individuals: 51 (2024: 41) individual grants were paid to help education and advancement in life. The main categories were similar to the previous year, including equipment for children and young people under 21 with additional support needs, in-school special expenses, tutoring for dyslexic children, post-school education for disadvantaged students and there were other grants to encourage sporting, cultural and social opportunities.

Individual grants ranged from £300 to £3,514.

ACHIEVEMENTS AND PERFORMANCE (cont)

Organisations: 53 (2024: 67) grants were paid to organisations, including mainstream schools serving the socially deprived and pupils with additional support needs. There was a wide range of specific projects.

Grants ranged from £500 to £4,050 for youth activities or equipment.

(b) Boarding Education: In common with virtually all similar funders, John Watson's Trust has withdrawn from the support of Boarding Education fees in almost all circumstances.

(c) Weir Bursaries and Gordon Prizes: These are monetary prizes totalling £385 made to school pupils to acknowledge academic merit. These prizes are administered via schools in Edinburgh but were not awarded in the current year. The Prizes were organised in conjunction with the Scottish Modern Art Gallery whose support has since been withdrawn.

Future commitments: Including grants for boarding education, grants to individuals and organisations of £13,345 were committed for 2026.

FINANCIAL REVIEW

Investment income decreased to £159,780 (2024: £167,524). The benefits of a more diversified asset class across the investment portfolio continue to provide substantial income resources. The Finance Committee met regularly with JWT's investment managers during the period to review investment performance during the phase of high volatility in the markets globally. For a number of years the Trustees have adopted a strategy of a series of small withdrawals from free reserves to maintain grant making at a consistent level when the income earned from investments has dropped.

Net income available for grants was £104,989 (2024: £112,784). Additional funds were available from the free reserve fund but it was not intended to draw on these across the year.

The Trustees are satisfied that the JWT's assets are available and adequate to fulfil its obligations on each fund.

Investment Policy and Performance

The investment portfolio of JWT is managed on a discretionary basis by RBC Brewin Dolphin with the aim of generating a return from a combination of income generation and capital growth. The assets are invested taking a long-term view across a wide range of asset classes.

The significance of financial instruments to the ongoing financial sustainability of the Trust is considered in this section of the Trustees' Report.

FINANCIAL REVIEW (cont)

Market Overview

Over the year to 31 December 2025, the portfolio generated a total return of 9.4% compared to a 9.3% return from the ARC Steady Growth index. This is a comparison with other charities with similar risk appetites and investment objectives. The Trust is permanently endowed, meaning capital cannot be accessed and accordingly there is a focus on income generation. The Trust is therefore materially underweight in lower yielding parts of the market and correspondingly more weighted towards investments that pay higher income yields. During the year, the portfolio generated income of £157,717 equivalent to a yield of 3.1%.

Markets were volatile in the first half of 2025 as President Trump unveiled his 'Liberation Day' tariffs sparking concerns over supply chains, inflation and potential retaliatory measures. Markets in Asia and in particular China, where the highest reciprocal tariffs were announced, fell sharply on the news. However, a series of extended deadlines and trade frameworks caused equities to rebound strongly in the second quarter of the year. As sentiment shifted away from tariffs, markets sustained their rally, with Artificial Intelligence continuing to support equity performance. Stocks tied to AI, particularly the large US Technology companies, performed strongly with momentum spilling over to regional equity markets outside of the US. Asian equities progressed the most over the year, with cyclical sectors such as financials, defence and mining stocks leading markets higher in Europe and the UK. Notwithstanding the geopolitical uncertainty and concerns over equity valuations, markets were able to continue climbing the 'wall of worry', finishing 2025 strongly driven by robust corporate earnings and a relatively supportive global growth outlook.

The investment time horizon for the portfolio remains very long term and this is reflected in the underlying allocation of the assets. This long term view ensures the Trust is able to weather periods of short term market volatility, allowing the investments to be predominantly focussed on equities, which is associated with higher levels of volatility, but also higher long term return expectations.

Risk Management

The Trustees have identified the following the major strategic, business and operational risks which JWT is exposed to:

- Operational risks: employment issues, health and safety issues and fraud;
- Financial risks: investment management;
- Protection of JWT data: computer data, personal records and sensitive data.

The Trustees consider they have established systems to mitigate these risks by a variety of means viz: setting up fidelity insurance to cover loss through fraud, investment in a portfolio of equities and bonds managed by Brewin Dolphin and regular reporting by the investment manager and review of their performance by the Finance Committee, and protection of computer records by means of back up data. The Trustees have also adopted an Anti-Bribery policy.

FINANCIAL REVIEW (cont)

In March 2018 the Trustees adopted a Privacy and Data Policy in line with the General Data Protection Regulation, which came into force in May 2018. The Trustees also approved an Interim Safeguarding Policy in November 2018, recognising JWT's support for vulnerable beneficiaries. An amendment was made to the application process asking organisational applicants to exhibit their own safeguarding and child protection policies when applying for funding. During the period the Trustees with the support of the Clerk and Factor, regularly reviewed the policies in place.

Reserves Policy

The free reserves of JWT are the Revenue Fund which stands at £88,430 (2024: £90,266) at the end of the year. The Trustees' policy is to disburse the whole of the net income in grants and to utilise these free reserves to provide John Watson's Trust grants in any years of deficit. None of the free reserves relate to the John Watson's Foundationers' Trust.

PLANS FOR FUTURE PERIODS

The beneficiaries of JWT continue to experience financial pressures exerted by external forces including the Cost of Living Crisis, ongoing war in Ukraine and economic challenges within the UK economy. JWT continues to take steps to support the educational needs of children and young people living in the Lothians who are affected by these challenges.

There remains a financial pressure on JWT's investment portfolio and the income it produces, as global financial markets respond to geopolitical and economic pressures. JWT has operational reserves available for grantmaking but has had to reduce the overall grantmaking budget in response to reduced income.

JWT's main objective is to provide income to meet its charitable objectives. The Trustees have approved a budgeted figure of £106,250 for distribution in 2026.

STRUCTURE, GOVERNANCE AND MANAGEMENT

JWT is governed by its Trust Deed and is registered as a charity in Scotland with the Office of the Scottish Charity Regulator (OSCR) and HMRC.

JWT's history began 250 years ago when John Watson, Writer to the Signet, left his estate for charitable purposes. Originally the funds were used to establish John Watson's Institution, which became John Watson's School on Belford Road. The School was closed in 1975 and its building and grounds were sold in 1977 to become the Gallery of Modern Art. The funds from the sale were transferred to an endowment trust, the present JWT, which is constituted by Statutory Instrument 1984 No 1480 (s 120) entitled "The John Watson Trust Scheme 1984". This Statutory Instrument came into force on 13 September 1984, with the Trustees beginning the regular distribution of funds in 1986.

STRUCTURE, GOVERNANCE AND MANAGEMENT (cont)

The names and appointments of the Trustees are listed on page 1. All Trustees served throughout the period except as noted. Although the trust deed requires six Trustees to be Writers to the Signet, at the year end, seven Trustees are Writers to the Signet as the Trustee nominated by the Merchant Company Education Board is also a Writer to the Signet.

James Cormick KC WS, was chosen to assume the office of Deputy Keeper of the Signet on 1 January 2025 and became *ex officio* Trustee and Chair of JWT from that date.

Five new Writers to the Signet joined the Board of Trustees in 2025. The City of Edinburgh Council nominated a second Trustee at the end of 2024, who joined the Board in 2025. One of the coopted trustees, Janet Morton, left the Board in 2025 and it is intended that she be replace during 2026.

The Trustees appoint a Finance Committee and a Grants Committee to carry out the business of JWT. All new Trustees participate in an orientation and training meeting and are provided copies of the constitution, minutes of recent meetings and previous financial statements. JWT has appointed the WS Society to deal with all necessary grant giving, administrative and compliance matters as well as a firm of investment managers to manage its investments on a fully discretionary basis.

STATEMENT AS TO DISCLOSURE TO AUDITORS

So far as the Trustees are aware, there is no relevant audit information of which the charity's auditors are unaware, and each Trustee has taken all the steps they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Trustees' responsibilities

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

The law applicable to charities in Scotland, England and Wales 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 Trust at the end of the year and of the profit or loss for the year then ended. In preparing those 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;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

STATEMENT AS TO DISCLOSURE TO AUDITORS (cont)

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

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

The Trustees confirm that the accounts comply with the above requirements.

Approved by the Trustees on 1/9/26 and signed on their behalf:

James Cormack KC WS

Trustee

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF

JOHN WATSON'S TRUST

For the year ended 31 December 2025

Opinion

We have audited the financial statements of John Watson's Trust for the year ended 31 December 2025, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet 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 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) 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 (FRS102) (effective 1 January 2019).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 Auditors' 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we

identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 6, the Trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error.

From enquiries of those charged with governance, it was determined that the risk of material misstatement from fraud was low with little scope for fraud to occur. Our audit testing is designed to detect material misstatements from fraud where there is not high level collusion.

Our audit testing was designed to detect material misstatements from other irregularities that result from error where there is not high level concealment of the error. In this regard the following audit work was undertaken: applicable laws and regulations were reviewed and discussed with management; senior management meeting minutes were reviewed; internal controls were reviewed; and journals were reviewed. From this audit testing it was determined that the risk of material misstatement in this regard was low.

We carried income testing and grants payable testing which was designed to identify any irregularities as a result of simple mistakes or human error. From this audit testing it was determined that the risk of material misstatement in this regard was low.

We carried out testing on investment assets which was designed to ensure the charity had the right to these assets and that they were fairly stated in the financial statements. From this audit testing it was determined that the risk of material misstatement in this regard was low.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 charity's 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 charity's Trustees those matters we are required to state to them in an auditors' 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.



Whitelaw Wells
Statutory Auditor
9 Ainslie Place
Edinburgh
Midlothian
EH3 6AT

1 September 2026

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

JOHN WATSON'S TRUST

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2025

	Note	Revenue Fund Un-Restricted £	Capital Fund Restricted £	JWFT Fund Restricted £	Total Funds 2025 £	Total Funds 2024 £
Income and endowments from:						
Investments	2	152,430	-	7,350	159,780	167,524
Donations		600	-	-	600	-
Total		153,030	-	7,350	160,380	167,524
Expenditure on:						
Raising funds						
Investment management costs	3	-	29,684	1,431	31,115	30,528
Charitable activities	5					
General grants		99,699	-	4,807	104,506	102,114
Support costs		50,531	-	-	50,531	50,540
Governance costs		4,636	-	224	4,860	4,200
Total		154,866	29,684	6,462	191,012	187,382
Net expenditure before gains/ (losses) on investments		(1,836)	(29,684)	888	(30,632)	(19,858)
Net gains/(losses) on investments	8	-	317,015	15,286	332,301	217,611
Net (expenditure)/income And net movement in funds		(1,836)	287,331	16,174	301,669	197,753
Reconciliation of funds						
Total funds brought forward		90,266	4,672,129	222,395	4,984,790	4,787,037
Total funds carried forward	11	88,430	4,959,460	238,569	5,286,459	4,984,790
Summary of net income available for grants						
Income		153,030	-	7,350	160,380	167,524
Expenditure before grants		(55,167)	-	(224)	(55,391)	(54,740)
Net income available for grants		97,863	-	7,126	104,989	112,784
Grants awarded		(99,699)	-	(4,807)	(104,506)	(102,114)
Capital fund expenditure		-	(29,684)	(1,431)	(31,115)	(30,528)
Surplus/(Deficit) for year		(1,836)	(29,684)	888	(30,632)	(19,858)

The charity has no recognised gains or losses other than the results for the year set out above.
The notes on pages 14 to 24 are an integral part of these financial statements.

JOHN WATSON'S TRUST

BALANCE SHEET

As at 31 December 2025

	Note	Revenue Fund Unrestricted £	Capital Fund Restricted £	JWFT Fund Restricted £	2025 £	2024 £
Fixed assets						
Investments	8	93,230	4,959,460	238,801	5,291,491	4,986,698
Current assets						
Debtors	9	4,320	-	208	4,528	6,134
Cash at bank and in hand		15,543	-	749	16,292	10,416
		19,863	-	957	20,820	16,550
Liabilities						
Creditors falling due within one year	10	(24,663)	-	(1,189)	(25,852)	(18,458)
Net current assets/(liabilities)		(4,800)	-	(232)	(5,032)	(1,908)
Net assets		88,430	4,959,460	238,569	5,286,459	4,984,790
Represented by:						
Restricted capital funds		-	4,959,460	-	4,959,460	4,672,129
Restricted funds		-	-	238,569	238,569	222,395
Unrestricted income funds		88,430	-	-	88,430	90,266
Total Funds	11	88,430	4,959,460	238,569	5,286,459	4,984,790

The financial statements were approved by the Trustees on 1/9/26 and are signed on their behalf by:

James Cormack KC WS
Trustees

The notes on pages 14 to 24 are an integral part of these financial statements.

1. Accounting policies

Basis of Accounting

The financial statements have been prepared on the historical cost basis of accounting, with the exception of investments which are carried at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Trust constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared on a going concern basis. The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern. The most significant areas of adjustment and key assumptions that affect items in the financial statements are to do with estimating the liability from future grant commitments (see Note 10 for more information). With respect to the next reporting period, 2026, the most significant areas of uncertainty that affect the carrying value of assets held by the Trust are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Report of the Trustees for more information). The accounts have been prepared on a going concern basis. The Trustees' going concern assessment covers a period of at least 12 months from the date of these financial statements.

Fund accounting

Unrestricted funds are funds that can be used in accordance with the objectives of the charity at the discretion of the Trustees.

Restricted funds are funds that can only be used for particular restricted purposes within the objectives of the Trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. The Capital Fund and JWFT Fund are restricted funds.

Further details of each fund are disclosed in Note 11.

Income Recognition

All income is included in the Statement of Financial Activities when the Trust is entitled to the income. It is probable that the income will be received and the amount can be measured reliably. The following specific policy is applied to investment income.

Investment income, including all associated income tax recoveries, is recognised when receivable and the amount can be measured reliably by the Trust. Dividends are recognised once the dividend has been declared and notification received of the amount due.

Expenditure Recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Trust to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

1. Accounting policies (cont)

Expenditure Recognition (cont)
All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Trust. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will received the grant. Grant awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the Trust.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

Irrecoverable VAT
The Trust is not registered for VAT, and accordingly irrecoverable VAT is charged against the category of resources expended to which it relates.

Allocation of support and governance costs
Support costs have been allocated between governance costs and other support costs. Governance costs include those costs incurred in the governance of the Trust and its assets and are primarily associated with constitutional and statutory requirements.

Governance costs and support costs relating to charitable activities have been apportioned based on the number of grant awards made in recognition that the administrative costs of awarding, monitoring and assessing all grants are broadly equivalent. The allocation of support and governance costs is analysed in Note 4.

Costs of raising funds
The costs of raising funds consist of investment management costs.

Charitable activities
Costs of charitable activities include grants made, governance costs and an apportionment of support costs as shown in Note 5.

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

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

1. Accounting policies (cont)

Investments (cont)
The main form of financial risk faced by the Trust is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors.

Realised/Unrealised gains and losses
All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later). Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

2. Investment income

	2025 £	2024 £
Dividends - equities	132,808	143,477
Interest – fixed interest securities	26,821	23,739
Interest on cash deposits	151	308
	159,780	167,524

In 2025 of the investment income, £7,350 (2024: £7,590) was attributable to restricted funds with the balance of £152,430 (2024: £159,934) relating to unrestricted income funds.

3. Investment management costs

	2025 £	2024 £
Investment management fees	31,115	30,528

In 2025, £29,684 (2024: £29,124) of investment management costs were attributable to the restricted capital fund and £1,431 (2024: £1,404) was attributable to the restricted JWFT fund.

4. Allocation of governance and support costs

The breakdown of support costs and how these were allocated between governance and other support costs is shown in the table over:-

4. Allocation of governance and support costs (cont)

Cost type	Total allocated £	Governance related £	Other support costs £
Management fees – case assessment	28,000	-	28,000
Management fees – support	22,400	-	22,400
Subscriptions	131	-	131
	50,531	-	50,531

Due to the nature of the Trust's activities and its management structure, the Trustees do not believe it is appropriate to allocate any of the support costs against the governance costs of the Trust.

Governance costs

	2025 £	2024 £
Auditor's remuneration – audit fee	4,860	4,200

The total governance and support cost attributable to charitable activities is then apportioned pro rata to the number of grants awarded as shown in the table below. An allocation of 4.6% of governance is charged to the restricted JWFT fund based upon the split of the value of funds at the date of receipt of this restricted fund.

5. Analysis of charitable expenditure

The Trust undertakes its charitable activities through grant making and awarded grants to a number of individuals and institutions in furtherance of is charitable activities.

	Grants to Institutions £	Grants to Individuals £	Support Costs £	Governance Costs £	Total 2025 £	Total 2024 £
Funded from:						
General grants	56,114	48,392	50,531	4,860	159,897	156,854
	56,114	48,392	50,531	4,860	159,897	156,854

In 2025 the expenditure on charitable activities was £159,897 (2024: £156,854) of which £154,866 (2024: £ 151,964) was expenditure from unrestricted funds and £5,031 (2024: £ 4,890) was expenditure from restricted funds.

5. Analysis of charitable expenditure (cont)

The following grants of £1,000 or more were made to organisations in 2025:-

Name	Amount	Purpose
	£	
Bonnyrigg Primary School	1,050	Lockerbie Manor Trip
Broomhouse Primary School	1,500	Lagganlia Trip
Cannongate Youth Schools	1,400	Out Activities
Craigentinny Primary School	2,250	Lagganlia Trip
Dalry Primary School	1,050	Fordell Firs Trip
Dean and Cauvin	1,000	Dalguise Trip
Ferryhill Primary School	4,000	Benmore Trip
Edinburgh Sick Kids Hospital	1,500	Read for Good - Books
Frogstone Primary School	2,850	Lagganlia Trip
Lawfield Primary School	2,250	Lockerbie Manor Trip
Liberton Primary School	2,400	Benmore Trip
Longstone Primary School	1,000	Lagganlia Trip
Move on	1,000	CSCS Cards
Muirhouse Youth Development	2,000	Other Educational Trip
Ocean Youth Trust	1,500	Scotland Young Carers Voyage
Pirniehall Primary School	4,050	Lendrick Muir Trip
Royal Milar Primary School	1,050	Lagganlia Trip
Scotland Yard Adventure Centre	1,500	Equipment for Clubs
St Josephs RC Primary School	2,250	Lagganlia Trip
Swimclusion	1,978	Swimming Equipment
Trinity Primary School	1,200	Benmore Trip
Wardie Primary School	1,200	Benmore Trip
West Calder High School	1,800	Dalguise Trip
Y2K	1,000	Summer Programme
Unclaimed Grants	(3,900)	
Grants less than £1,000	17,236	
	56,114	

5. Analysis of charitable expenditure (cont)

The following grants of £1,000 or more were made to organisations in 2024:-

Name	Amount	Purpose
	£	
Abeyhill Primary School	1,050	Lagganlia Trip
Bonnyrigg Primary School	1,200	Ford Castle
Branch Out Together	1,000	Trip transport and gates
Broomhouse Primary School	2,000	Benmore Trip
Brunstane Primary School	4,950	Lagganlia Trip
Canal View Primary School	6,000	Lagganlia Trip
Capella Charity	1,000	Smart Board
Castleview Primary School	9,300	Benmore Trip
Clermiston Primary School	1,200	Lagganlia Trip
Clovenstone Primary School	3,600	Benmore Trip
Craigtinny Primary School	3,800	Benmore Trip
Dalry Primary School	1,050	Fordell Firs Trip
Davidson Mains Primary School	1,050	Benmore Trip
Edinburgh City Youth Café	1,500	Holiday Activities
Ferryhill Primary School	2,675	Benmore Trip
Ferryhill Youth Project	1,000	Day Trip
FetLor Youth Club	1,000	Outward Bound Trips
Forthview Primary School	1,000	Benmore Trip
Friends of Cedarbank School	1,600	Coach Trips
Frogston Primary School	1,950	Lagganlia Trip
Guide Dogs Scotland	1,020	CustomEyes Books
Gylemuir Primary School	1,080	Benmore Trip
Hearts and Minds	1,000	Clowndoctors and Elderflowers
Hopscotch Children's Charity	1,395	Ardvullin Residential
Liberton High School	2,950	Benmore Trip
Mayfield and Easterhouse Y2K	1,000	Summer Programme
Murrayburn Primary School	2,100	Benmore Trip
Ogilvie School	1,500	ASN Educational Toys
Pleasance Theatre Trust	1,000	SEND Performances
Preston Street Primary School	1,650	Benmore Trip
Read for Good	1,000	Books for Sick Kids Hospital
Sighthill Primary School	2,100	Benmore Trip
St Josephs RC Primary School	5,500	Lagganalia Trip
The Yard	1,000	Materials for Friendship & Fun
Tranent Youth & Community	2,000	Residential Trips
Trinity Primary School	1,800	Benmore Trip
Tynecastle Youth Pipe Band	2,000	Musical Instruments
Unclaimed Grants	(15,537)	
Grants less than £1,000	6,064	
	68,547	

6. Salary costs

There were no employees during the year (2024: Nil).

No remuneration was paid to the Trustees (2024: £Nil).

No Trustees received any reimbursements of expenses during the year (2024: £Nil).

The Trust considers its key management personnel comprise the Trustees and the Clerk and Treasurer.

No remuneration was payable to the key management personnel. However, as disclosed in Note 13, the Clerk and Treasurer of JWT is an employee of the WS Society and seven of the Trustees are members of the WS Society, as required by JWT's trust deed. During the year JWT paid management fees, on a commercial basis, totalling £42,000 plus VAT (2024: £42,000 plus VAT) to the WS Society.

7. Auditor's remuneration

The Auditor's remuneration constituted an audit fee of £3,400 (2024: £3,100) and additional accountancy support fees of £1,460 (2024: £1,100).

8. Investments

	2025 £	2024 £
Market value at 1 January	4,899,285	4,728,342
Additions at cost	935,875	1,327,389
Disposal proceeds	(921,235)	(1,374,059)
	4,913,925	4,681,672
Net gain/(loss) on revaluation at 31 December	332,301	217,611
	5,246,226	4,899,283
Cash held for reinvestment	45,265	87,415
Market value at 31 December	5,291,491	4,986,698
Historical cost (including cash) at 31 December	4,454,402	4,156,962

Included within the net gain on revaluation for the year ended 31 December 2025 were realised loses of £83,054 (2024: realised gains of £9,146).

8. Investments (cont)

Investments at fair value comprised:

	2025 £	2024 £
Equities	4,895,694	4,564,040
Fixed interest securities	350,532	344,391
Cash held within the investment portfolio	45,265	78,267
	5,291,491	4,986,698

The investments are held in accordance with the Trustees' powers. The following investments exceeded 5% of the total portfolio value as at 31 December 2025:

Fidelity UCTIS Quality Income Inc USD 9.77%
BNY Mellon FD MNGR Asian Inc 6.09%
Vanguard UCITS ETF USD 8.36%
Vanguard UCITS ETF GBP 5.23%

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investment is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the Trust is considered in the financial review and investment policy and performance sections of the Report of the Trustees.

The main risk to the Trust from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Due to 'quantative easing' and market sentiment favouring lower risk investments, the yield on bonds has been abnormally low giving rise to a significant downside risk of a fall in capital values when interest rates return to normal levels. Although rising interest rates resulting from a stronger economy and improved economic activity should be indicative of improving divided yields and equity values, there is concern that the abnormal availability of 'cheap money' to the banking sector has led to over-valuation of traded assets (an 'asset bubble') that may depress equity values once economic conditions cease. The Trust is reliant on dividend yield in part to finance its work and this leads to a greater exposure to international companies, the values of which, together with their yield are exposed to exchange rate risk when converting the holdings into sterling. The outlook got the sterling exchange rate is that it is anticipated to weaken as European, US and Asian economies strengthen. A weakening in the exchange rate will improve sterling returns from foreign currency denominated holdings.

8. Investments (cont)

The default rate on fixed interest securities due to corporate failures is expected to improve with a strengthening economy. The high current demand for high quality corporate bond and government stock continues to depress the yield.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so their ability to buy and sell quoted equities and stock is anticipated to continue. The Trust's investments are mainly traded in markets with good liquidity and high trading volumes. The Trust has no material investment holdings in markets subject to exchange controls or trading restrictions.

The Trust manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The Trust does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular 5-year period will normally by corrected.

9. Debtors

	2025 £	2024 £
Dividends receivable	4,528	6,134
	4,528	6,134

10. Creditors falling due within one year

	2025 £	2024 £
Grants committed	13,345	6,300
Accruals	12,507	12,158
	25,852	18,458

Grants committed represent grant applications approved but not paid by the year end.

11. Movement in Funds

	As at 1 January 2025 £	Income £	Expenditure £	Gains/ (Losses) £	As at December 2025 £
Unrestricted Revenue Fund	90,266	153,030	(154,866)	-	88,430
Restricted Capital Fund	4,672,129	-	(29,684)	317,015	4,959,460
Restricted JWFT Fund	222,395	7,350	(6,462)	15,286	238,569
	4,984,790	160,380	(190,012)	332,301	5,286,459

	As at 1 January 2024 £	Income £	Expenditure £	Gains/ (Losses) £	As at December 2024 £
Unrestricted Revenue Fund	82,296	159,934	(151,964)	-	90,266
Restricted Capital Fund	4,493,652	-	(29,124)	207,601	4,672,129
Restricted JWFT Fund	211,089	7,590	(6,294)	10,010	222,395
	4,787,037	167,524	(187,382)	217,611	4,984,790

Unrestricted funds
The Revenue Fund represents income donated or earned by John Watson's Trust to be used at the discretion of the Trustees to fund any activity which is in furtherance of the Trust's objectives.

Restricted funds
The Capital Fund represents the initial original proceeds from the sale of the ground and buildings of John Watson's School in 1977, net realised and unrealised gains on investments arising since then and capital donations. The Capital Fund is represented by investments.

The JWFT Fund represents the proceeds from the winding up of the John Watson's Foundationers Trust in 2010 and net realised and unrealised gains on investments arising since then and any surplus of deficit from activities. The purpose of the JWFT Fund is to provide grants for the education of day pupils (non-boarding) at schools in Scotland, who would otherwise not be able to continue in their education due to financial hardship.

11. Movement in Funds (cont)

When the Trust first started to distribute funds in 1986, the balance of the Revenue Fund representing accumulated net revenue since 1977 stood at £134,968. In years of deficit, it is the policy of the Trustees to utilise the Revenue Fund to augment current income available. In years of surplus, the surplus is added to the Revenue Fund.

12. Analysis of assets between funds

	Unrestricted Funds	Restricted Funds	Total Funds 2025
	£	£	£
Fixed assets	93,230	5,198,261	5,291,491
Current assets	19,863	957	20,820
Current liabilities	(24,663)	(1,189)	(25,852)
	88,430	5,198,029	5,286,459

	Unrestricted Funds	Restricted Funds	Total Funds 2024
	£	£	£
Fixed assets	92,086	4,894,612	4,986,698
Current assets	15,789	761	16,550
Current liabilities	(17,609)	(849)	(18,458)
	90,266	4,894,524	4,984,790

13. Related party transactions

Sophie Mills WS, Clerk and Treasurer of JWT is an employee of the WS Society. Seven of the Trustees are members of the WS Society; six are required by JWT's trust deed. During the year JWT paid management fees, on a commercial basis, totalling £42,000 plus VAT (2024: £42,000 plus VAT) to the WS Society. The contract is now on a quarterly rolling basis at a rate of £42,000 plus VAT per annum.