



Macaulay Development Trust

Audit findings report

Year ended 30 September 2025

The Board of Trustees
Macaulay Development Trust
Macaulay Drive
Craigiebuckler
Aberdeen
AB15 8QH

16 December 2025

Dear Sirs

**Macaulay Development Trust
Audit findings for the year ended 30 September 2025**

This Audit Findings Report highlights the significant findings arising from the audit for the benefit of those charged with governance. We appreciate that you may be aware of some of the matters contained in this report, however as required by International Standard on Auditing (UK) 260 we are communicating them to you formally.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) (ISAs (UK)), which is directed towards forming and expressing an opinion on the financial statements that have been prepared on behalf of management with the oversight of those charged with governance. The audit of the Trust's financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements. The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit. If we can be of any further assistance, please contact Sally Cheeney.

Yours faithfully

Azets Audit Services

We are an accounting, tax, audit, advisory and businesses services group that delivers a personal experience both digitally and at your door.

Accounting | Tax | Audit | Advisory | Technology

Azets Audit Services is a trading name of Azets Audit Services Limited Registered in England & Wales Registered No. 09652677. VAT Registration No. 219 0608 22.
Registered office: Churchill House, 59 Lichfield Street, Walsall, West Midlands, WS4 2BX. Registered to carry on audit work in the UK under Firm Number C004632199 and regulated for a range of investment business activities by the Institute of Chartered Accountants in England & Wales. The term 'Board Director' is used to refer to a statutory director and principle of the company as registered at Companies House. Any other designations that include the term 'Partner' or 'Director' are not registered directors or principals of the registered company.



1. Executive summary

Audit overview

This table summarises the key findings from the statutory audit of Macaulay Development Trust for the year ended 30 September 2025 for those charged with governance.

Audit opinion	<ul style="list-style-type: none">• We do not propose any modifications to our audit opinion which is unqualified.• We have no matters to report regarding the adoption of the going concern basis or inadequate disclosures relating to material uncertainties.• Our audit work is substantially complete and there are currently no matters which would require modification of our audit report.
Key findings on audit risks and other matters	<ul style="list-style-type: none">• We have reported our audit findings in the significant risk areas section of this report and audit adjustments in the financial performance section of this report below. The impact on the Trust's profit is an increase of £68k.• We are pleased to report that the audit progressed well from our perspective and in accordance with the agreed timetable.
Audit adjustments	<ul style="list-style-type: none">• We are required to communicate all potential adjustments, other than those considered to be clearly trivial, to management and to request that management corrects them.• Audit adjustments proposed and adjusted can be seen in the reconciliation to accounts below.• Presentational and reclassification adjustments were proposed and accepted by management.• The aggregate impact of unadjusted misstatements on the statement of financial activities, were they to be processed, would result in a combined increase to the Trust profit of £Nil which is immaterial to the financial statements. Details of adjusted misstatements are included in the financial performance section of this report below.• All unadjusted differences are collectively and individually under materiality.
Accounting systems and internal controls	<ul style="list-style-type: none">• We have applied our risk based methodology to your audit. This approach requires us to document, evaluate and assess your business processes and internal controls relating to the financial reporting process.• Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we have reported these to you. No material weaknesses or significant deficiencies were noted.

2. Financial performance

This section of our report summarises the main features of the financial statements and key movements from the prior financial year.

Reconciliation to accounts

The reconciliation of the trial balance presented to the audited statutory financial statements is as follows:

	Ref.	£000's
Deficit per draft TB		(621)
<i>Audit adjustments</i>		
Being grant creditors identified		(2)
Being increase in property fair value		70
Deficit per statutory financial statements		(553)

Statement of Financial Activities

	2025	2024
	£000's	£000's
Investment Income	232	257
Expenditure on raising funds	50	95
Expenditure on charitable activities	969	3,330
Total resources expended	1,019	3,425
Net gains/(losses) on investments	234	291
Net movement in funds	(553)	(2,877)
Funds balances at 1 October 2024	9,718	12,595
Funds balances at 30 September 2025	9,165	9,718

Investment Income

- Investment income from investment properties decreased by £8k in the period to £90k. Properties were occupied for the full year except for South Lodge which was vacant for the full year, and Gardners cottage which had 87 days vacant. Also included in this income in 2024 are common repairs which were charged to the tenants which has decreased (down £5k) in 2025 with no repairs occurring.
- There were dividends received this year of £120k compared to £82k last year. This relates to income from Rathbones investments held. Dividends have been earned on several investments. The increase (up £38k) in dividends is reflective of the stock market and type of investments held in the portfolio..

Expenditure on raising funds

- The decrease relates to a decrease in works completed on the Cunningham Building along with an increase (up £9k) in general maintenance.
- Fees from Rathbones amounted to £31k compared to £26k in 2024. Investment managers changed in 2024, therefore 2025 is a full year of Rathbones fees.
- The Cunningham Building works amounts to £NIL in 2025 and £58k in 2024. There was significant work undertaken to the Cunningham Building in 2024 to ensure that the building could be refurbished to fully utilise the whole space and therefore occupied by Bright Horizons.
- There was an increase in general maintenance in the year of £9k. In 2024 there was £NIL in relation to general repairs. In 2025 there were tree works undertaken which had not taken place in 2024.

2. Financial performance

Expenditure on charitable activities

- Expenditure on charitable activities has decreased by £2,361k.
- There has been a decrease in the grants payable of £665k. This figure included £1m of assistance funding to the JHI in 2024, however in 2025 only includes a figure of £500k with one new grant awarded in the year.
- The Macaulay Lecture costs this year amounted to £200 compared to £84k in 2024. Costs fully relate to the two Macaulay Lectures that took place in 2024. There was no Lecture in 2025 financial year therefore £nil costs. The 2025 Lecture was held in Oct 2025 so costs fell into the 2026 accounts.
- ILUSC works amounted to £66k in 2025 compared to £1,675k in 2024. The fees in 2024 relates to works for the new access road and car park for the Campus Road Project. Lower fees in 2025 as the works were almost complete by the end of 2024.

Net gains/(losses) on investments

- These will fluctuate year on year depending on how the market value has fluctuated and whether any gains have been made on disposal of investments. In 2025 there was £3,300k of investment additions and £4,176k of disposals at book cost were made. The realised gain on disposals was £2k with unrealised gain on investments was £164k.
- There has been a £70k increase from the revaluation of investment property.

2. Financial performance

Balance sheet

	2025	2024
	£000's	£000's
Investment properties	2,290	2,220
Investments	6,387	7,099
Fixed Assets	8,677	9,319
Debtors	96	16
Bank	485	534
Current Assets	581	550
Creditors less than one year	(93)	(151)
Net current assets	488	399
Total Assets less current liabilities	9,165	9,718
Unrestricted funds	9,165	9,718
Total funds	9,165	9,718

Investment properties

- There has been a revaluation in the investment property, increasing the value by £70k. A full valuation was carried out in September 2025.

Investments

- Investments value decreased in the period by £712k. In 2025 there was £3,300k of investment additions and £4,176k of disposals at book cost were made. The realised gain on disposals was £2k with unrealised gain on investments was £164k.

Debtors

- There is no trade debtor balances in the period and instead as part of the new rental agreement Bright Horizons have paid their rent quarterly in advance resulting in a deferred income creditor of £20k this year instead.
- Prepayments in the period increased by £80k, the increase is in relation to £42k of costs for retrofit and improvement works on the cottages being deferred and £41k of venue and refurbishments being prepaid for the Macaulay Lecture.

Creditors

- Grant creditors in the period decreased by £16k. This will vary depending on the type of grants awarded and timing of payments.
- Trade creditors in the period decreased by £37k. The balance owed to the James Hutton Institute decreased due to the grants being for different projects.
- The deferred income balance of £20k from Bright Horizons as noted above. Alongside this Accruals decreased by £5k. Included in creditors is also £24k for retentions in relation to the ILUSC works, no change from 2024.

3. Significant risk areas

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Key risk area	Audit Approach	Conclusions
<p>Revenue recognition Under ISA (UK) 240 there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the company could adopt accounting policies or recognise sales in such a way as to lead to a material misstatement in the reported revenue position.</p> <p>Risk assessment: Occurrence: Very high – fraud risk Completeness – Medium Accuracy – Medium Cut off - Medium</p>	<p>In order to mitigate this risk we performed the following tests:</p> <ul style="list-style-type: none"> Performed a proof in total around rental income. Performed a proof in total around investment income. 	<p>During the audit, a rental proof in total was performed by forming an expectation using lease agreements and comparing it to the revenue in the accounts. No issues were noted from this testing.</p> <p>During the audit, a dividend proof in total was performed by forming an expectation using reports from the investment managers and comparing it to the revenue in the accounts.</p> <p>Although the risk of fraud over revenue is set as very high for our audit testing, our work demonstrated that this risk is being suitably managed.</p>

<p>Management override ISA (UK) 240 there is a presumed risk that management and directors have the ability to process transactions or make adjustments to financial records outside of the normal financial control processes. Such transactions could lead to a material misstatement in the financial statements.</p> <p>Risk assessment: Very high – fraud risk</p>	<p>In order to mitigate this risk we performed the following tests:</p> <ul style="list-style-type: none"> Reviewed journal adjustments processed throughout the period and post year end. We agreed a sample to supporting documentation and obtained an understanding of the rationale behind the journals. 	<p>During the audit we reviewed the manual journals posted on the accounts software for evidence of management override using our data analytic tools. We have not identified any indications of management override in the year.</p> <p>We have also reviewed management estimates and the journal processed in the period and around the year end. We did not identify any areas of bias in key judgements made by management and judgements were consistent with prior years.</p> <p>The risk of fraud in relation to management override is set as very high, however our audit work demonstrated that this risk is being suitably managed.</p>
---	--	---

<p>Valuation of Investment Properties As investment properties are valued at fair value this has been identified as an audit risk. Any changes in this fair value will need to be reflected accurately through the accounts.</p> <p>Risk assessment: Medium</p>	<p>In order to mitigate this risk we performed the following tests:</p> <ul style="list-style-type: none"> Ensured that the investment properties are held at fair value in the accounts by agreeing the fair value at the year end to an independent surveyor valuation. Assessed the competence, objectivity, experience and reputation of the valuer. If the valuation is carried out at another date apart from the year end assessed if this is still reflective of the fair value at the year end. 	<p>We reviewed the valuation performed by Ryden LLP on 30th September 2025. We assessed the competence, objectivity, experience and reputation of the valuer and determined it to be reasonable and that we could rely on the valuation performed. The upward valuation of the investment properties was included in the accounts.</p>
---	---	---

3. Significant risk areas

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Key risk area	Audit Approach	Conclusions
Going Concern Under ISA (UK) 570 we must gain adequate assurance that the Trust has sufficient cash and reserves in place to continue as a going concern. Risk assessment: Low	<p>In order to mitigate this risk we performed the following tests:</p> <ul style="list-style-type: none">• Ensured that there are sufficient assets in place to allow for the Trust to continue to operate for at least 12 months from the date which the audit report is signed.• Reviewed budgets for future periods to ensure that there is no evidence of significant events which may cast doubt on the Trust's ability to continue as a going concern	<p>We reviewed up to date financial information along with cash forecasts for the next three years. Upon review of this we are satisfied that the Trust is a going concern.</p>

4. Estimates and judgements

During the audit planning process we identified the following areas which require significant estimation or judgement. Our audit work consisted of reviewing these keys areas for any indication of bias and assessing whether the judgements used by Management are reasonable. We have summarised our assessment of this below, categorised between **Prudent**, **Balanced** and **Optimistic**.

Area	Assessment	Comment
Valuation of Investment Properties	Prudent	All heritable land and buildings were independently valued on 30 September 2025 by Ryden LLP, Chartered Surveyors (regulated by RICS). This resulted in an upwards valuation of land which was appropriately reflected in the accounts.

5. Going Concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Management's assessment of going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

The Trust has significant investment holdings which can be realised should the cash flow need require. Along with this cash flow forecasts are looked at three years in advance to ensure that any grants committed to can be paid. Most of the the Trust's outlays relate to the payment of grants and when deciding upon which grants to approve the Trustees review the cash position if there was no cash availability they would not commit to new grants.

Audit work performed

ISA 570 (revised) specifies mandatory procedures that we are required to carry out on going concern.

We reviewed up to date financial information along with cash forecasts for the next three years. Upon review of this we are satisfied that the Trust is a going concern.

Conclusion

We concur with management's assessment that it is appropriate to continue to adopt the going concern basis and there are no material uncertainties relating to going concern which should be disclosed in the financial statements.

6. Audit communication

Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the business and the needs of the users.

Our assessment of materiality for this year is shown over.

Accounting policies

The accounting policies used in preparing the financial statements are unchanged from the prior year.

Presentation and disclosures

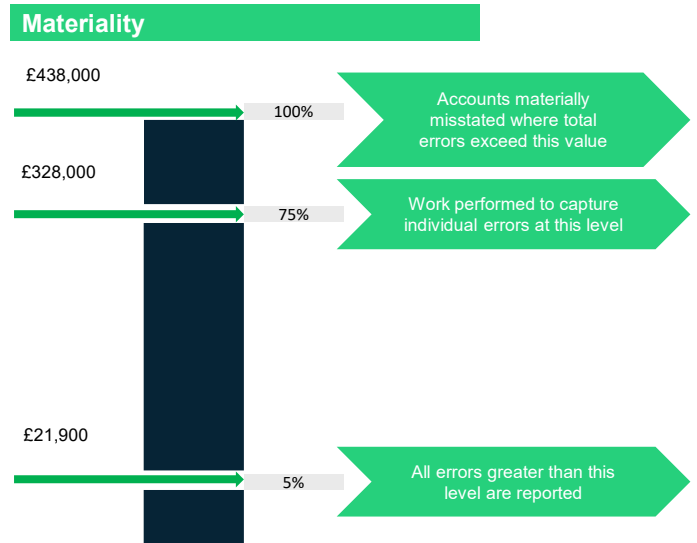
Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the entity. We identified a number of reclassification adjustments and some minor presentational issues in the Trust and these have all been amended by management.

Overall we found the disclosed accounting policies, significant accounting estimates and the overall disclosures and presentation to be appropriate.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management. We have not been made aware of any incidents in the period nor have any incidents come to our attention as a result of our audit testing

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose. In the event that the directors wish to obtain enhanced assurance with regard to the effectiveness of internal control in preventing and detecting fraud we should be happy to provide additional services.



Materiality

Materiality has been set based on net assets as these are key to the organisation and the financial statements.

Given the low levels of activity within income and expenditure we have chosen to test these areas at a lower level of materiality being 1% giving a specific performance materiality level of £840.

Written representations

We will present the final letter of representation to the Board to sign at the same time as the financial statements are approved.

Related parties

We are not aware of any related party transactions which have not been disclosed.

Confirmations from third parties

All requested third party confirmations in respect of stock, bank and legal confirmations have been received.

6. Audit communication (cont'd)

Unadjusted audit differences

Our summary of unadjusted audit differences is presented below. We have discussed these with management and confirmed that all unadjusted differences are collectively and individually under materiality.

No	Detail	Assets	Liabilities	Profit / (loss)
Details of unadjusted audit differences		Dr / (Cr)	Dr / (Cr)	Dr / (Cr)
		£	£	£
1	None			
Total				

AZETS