

THE MACKINNON-MACNEILL TRUST  
REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2024

SCOTTISH CHARITY NO.SC006104

## **THE MACKINNON-MACNEILL TRUST**

### **REPORT OF THE TRUSTEES**

**for the year ended 31 July 2024**

The Trustees present their annual report and the financial statements of the charity for the year ended 31 July 2024. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts 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 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**

#### **Summary of the charity's objectives and strategy for achieving them.**

The Trust is a body corporate continued in terms of The Mackinnon Macneill Trust Scheme 2000.

Following the closure of Keil School on 29 June 2000, the Trustees obtained from the Court a Variation of the Trust in order to establish a new educational endowment to provide bursaries for young people in Scotland.

### **ACHIEVEMENTS AND PERFORMANCE**

#### **Summary of the main achievements during the year**

The result for the year was a surplus of £382,775 (2023 - deficit of £191,256).

The Trust has retained ownership of an area of land of approximately nine acres, which is included in the Balance Sheet at a nominal value of £1.

#### **Scholarship Awards**

At the end of session 2023/24 the Trust was pleased to record 8 graduating scholars, including 3 with 1<sup>st</sup> Class Honours degrees.

For session 2024/25, 39 applications were received and at the May Trustees meeting it was agreed to offer 14 scholarship awards. The Clerk undertook interviews either online or in person and obtained school references for each of them. Following exam results in August, 13 were able to confirm their university place and accept the scholarship. These are all full scholarships of £2,500 awarded to pupils with excellent Higher results (4 or 5 A's) and modest or low family incomes.

The total cost of the 13 new 2024/25 scholarships is £32,500. Combined with 48 continuing scholars at £93,750, the total scholarship amount for 2024/25 is projected to be £126,250.

No new joint scholars with either the James Clerk Maxwell Foundation or the Applecross Trust were awarded and the current joint JCMF Scholar will enter their final Year.

## **THE MACKINNON-MACNEILL TRUST**

### **REPORT OF THE TRUSTEES (cont'd) for the year ended 31 July 2024**

#### **FINANCIAL REVIEW**

##### **Powers Investment**

Under the Trust deed, the charity has the power to make any investment which the Trustees think fit.

##### **Investment Strategy**

The funds are invested, on a discretionary basis, through Cazenove Capital Management who provide a valuation report every 3 months. A senior representative personally presents each Quarterly Report, with Trustees receiving copies in advance which allows close questioning and debate on the investment performance and continuing scrutiny of the investment mandate and strategy. The objective of the Board is to ensure that the total return from investments will meet the annual scholarship demands and running costs.

The portfolio value grew by £382,752 in the year.

##### **Risk Management**

The Trustees have considered the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

A new annual internal scholarship check has been implemented this year. This requires a Trustee to check a sample of scholarship paperwork to ensure systems are robust and to mitigate risk from fraudulent claims.

##### **Possible Financial Risk**

The Scottish Child Abuse Inquiry's case study concerning abuse at a number of residential boarding schools concluded and Lady Smith published her related findings on 29<sup>th</sup> September 2021. A former member of staff of Keil School was convicted for sexual abuse in the 1990's.

The Trust currently has 2 ongoing claims which have all been referred to Ecclesiastical who were the insurers at the time.

Notice of 1 further potential claim was received in May 2024 which relates to earlier dates than the previous claims. As such, only partial insurance cover is currently established, and work is ongoing to determine who the provider was for the earlier time. If cover cannot be determined and the claim proceeds, there may be significant impact on the Trust. Any financial outcome in connection with the above is uncertain and reference to this is made in note 15 to the Accounts.

**THE MACKINNON-MACNEILL TRUST**

**REPORT OF THE TRUSTEES (cont'd)  
for the year ended 31 July 2024**

**Reserves Policy**

It is the Policy of the charity to maintain unrestricted funds at a level to provide sufficient funds to cover management and administration costs for one year.

The investment managers maintain sufficient cash reserves to cover at least 2 years of costs. Scholarship awards made in any year are intended to continue for the duration of the student's first course, but applicants are advised that the Trustees reserve the right to withhold payments. This is intended to provide the Trust with the ability to react to a sustained stock market fall. There is also an inbuilt flexibility each year in determining the number of scholarships to award.

**PLANS FOR FUTURE PERIODS**

The Trustees have made a determination to give priority to maintaining the portfolio value in real terms, so far as possible.

The Trustees give close attention to both the annual running costs and the cost of scholarship awards. Attention to future projections ensures that the level of awards made each year is consistent with the Board's policy of retaining the Trust's capital value while continuing to support the students through all of their undergraduate years.

## **THE MACKINNON-MACNEILL TRUST**

### **REPORT OF THE TRUSTEES (cont'd) for the year ended 31 July 2024**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Nature of the Trust's Governing Document**

The Trust is governed by a Trust Deed.

##### **Methods of Recruiting and Appointing New Trustees**

The Board has a membership of eight with a balance of family members/nominees and others elected/selected for their particular expertise in business, law and education. At present there are 6 Trustees on the Board, with 2 vacancies.

Appointees are given a brief induction and a paper covering the 'Rules and Responsibilities of a Trustee' and a comprehensive OSCR publication 'Guidance for Charity Trustees'. In addition, new Trustees are given a short paper, specific to the Trust, entitled 'Origins of the Mackinnon Macneill Trust' which offers an historical perspective and a summary of the present strategy of the Trust. The Board is serviced by the Clerk whose background is in finance administration.

##### **Board Meetings**

The Board of Trustees, with the Clerk in attendance, meets every quarter. The Scholarship Committee meets annually to consider scholarship applications. In recent years the full Board has acted as the Scholarship Committee and has completed deliberations during an extended quarterly Board meeting.

At full Board meetings a senior representative of the investment managers attends in person and discusses the Quarterly Report. The auditor, also in person, presents the first draft accounts early in the new session and the final draft at the following meeting. The Clerk completes the financial picture at each meeting with the quarterly financial statement of the business account.

Other business would include the Clerk's report on scholars and scholarships, OSCR returns, an annual Risk Assessment and other relevant business.

##### **Key Management Personnel Remuneration**

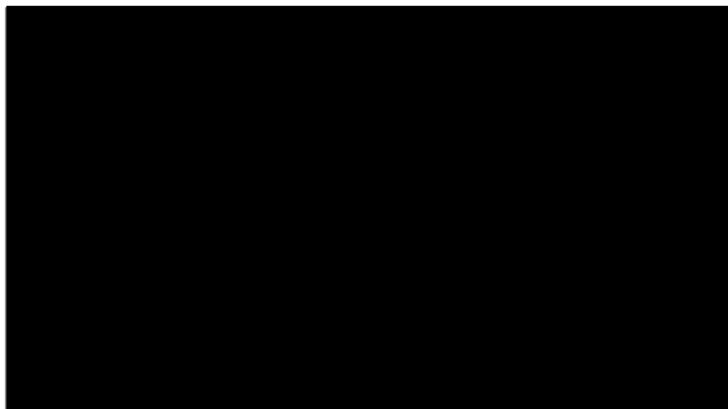
The Trustees consider the Board of Trustees and the Clerk of the Trust as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day-to-day basis. No Trustee receives remuneration from the Trust. The salary of the Clerk is set by the Board of Trustees and reviewed annually.

THE MACKINNON-MACNEILL TRUST

REPORT OF THE TRUSTEES (cont'd)  
for the year ended 31 July 2024

Reference and Administrative Information

TRUSTEES



CLERK TO THE TRUST



AUDITORS

Welsh Walker Limited, 179A Dalrymple Street, Greenock, PA15 1BX

BANKERS

The Royal Bank of Scotland plc., 37 High Street, Dumbarton, G82 1LX

SOLICITORS

Murray Beith Murray, 3 Glenfinlas Street, Edinburgh, EH3 6AQ

INVESTMENT MANAGERS

Cazenove Capital Management, Schroder & Co Limited, 1 London Wall Place,  
London, EC2Y 5AU

SCOTTISH CHARITY NUMBER

SC006104

THE MACKINNON-MACNEILL TRUST

REPORT OF THE TRUSTEES (cont'd)  
for the year ended 31 July 2024

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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 incoming resources and application of resources, of the charity for that period.

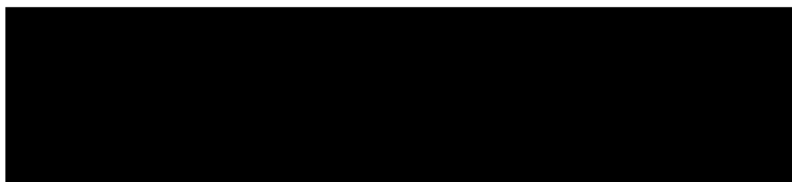
In preparing the Financial Statements the Trustees are required to:

- . select suitable accounting policies and apply them consistently;
  - . observe the methods and principles in the applicable 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;
- 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 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 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Trustees at their Meeting on 26<sup>th</sup> November 2024 and signed on their behalf by:-



## THE MACKINNON-MACNEILL TRUST

STATEMENT OF FINANCIAL ACTIVITIES  
for the year to 31 July 2024

	NOTE	£	2024 £	£	2023 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Investment income	2		85,839		77,161
Other income	2		500		660
<b>TOTAL INCOMING RESOURCES</b>			<b>86,339</b>		<b>77,821</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Investment management costs	3	28,325		27,116	
<b>Charitable activities</b>					
Administration costs	4	28,034		30,166	
Scholarships	4	118,750		117,500	
Governance costs	5	3,835		3,641	
<b>TOTAL RESOURCES EXPENDED</b>			<b>( 178,944 )</b>		<b>( 178,423 )</b>
			<b>( 92,605 )</b>		<b>( 100,602 )</b>
Net Gain / (Loss) on investments			475,380		( 90,654 )
<b>NET MOVEMENT IN FUNDS</b>			<b>382,775</b>		<b>( 191,256 )</b>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward			4,707,175		4,898,431
Total funds carried forward			5,089,950		4,707,175
All funds are unrestricted					



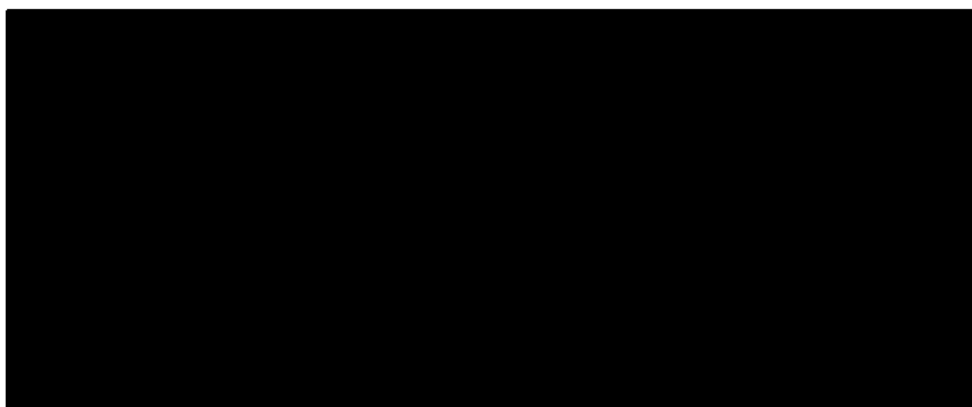
## THE MACKINNON-MACNEILL TRUST

## BALANCE SHEET

As at 31 July 2024

	NOTE	£	2024 £	£	2023 £
<b>FIXED ASSETS</b>					
Tangible Assets	7		1		1
Investments	8		<u>5,086,599</u>		<u>4,703,847</u>
			5,086,600		4,703,848
<b>CURRENT ASSETS</b>					
Debtors	9	32		30	
Cash at Bank		<u>9,456</u>		<u>9,319</u>	
		9,488		9,349	
<b>CURRENT LIABILITIES</b>					
CREDITORS - due within one year	10	<u>( 6,138 )</u>		<u>( 6,022 )</u>	
NET CURRENT ASSETS			<u>3,350</u>		<u>3,327</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,089,950</u>		<u>4,707,175</u>
RESERVES	11		<u>5,089,950</u>		<u>4,707,175</u>

Approved by the Trustees on 26<sup>th</sup> November 2024 and signed on their behalf.



## THE MACKINNON-MACNEILL TRUST

## STATEMENT OF CASH FLOWS

For the year ended 31 July 2024

	2024 £	2023 £
Net movement in Funds	382,775	( 191,256 )
(Gain) / Loss on revaluation of investments	( 475,380 )	90,654
(Increase) / Decrease in debtors	( 2 )	( 30 )
Increase / (Decrease) in creditors	116	( 58 )
Net cash movement before investing activities	( 92,491 )	( 100,690 )
Proceeds from sale of investments	1,142,903	1,098,492
Purchase of investments	( 1,107,389 )	( 1,195,788 )
Decrease in portfolio cash balance	57,114	192,496
Change in cash and cash equivalents in year	137	( 5,490 )
Cash and cash equivalents at the beginning of the reporting period	9,319	14,809
Cash and cash equivalents at the end of the reporting period	9,456	9,319

**THE MACKINNON-MACNEILL TRUST****NOTES TO THE ACCOUNTS****For the year ended 31 July 2024****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. 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 (FRS 102), 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 are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

**Preparation of accounts 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. With respect to the next reporting period, 2024-25, 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 & performance and risk management sections of the Trustees' annual report for more information). In addition there may be financial implications arising from the Scottish Abuse Inquiry and possible claims against the Trust.

**Funds structure**

Unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects.

**Incoming recognition**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

**THE MACKINNON-MACNEILL TRUST****NOTES TO THE ACCOUNTS (cont'd)**  
**For the year ended 31 July 2024****1. ACCOUNTING POLICIES (cont'd)****Expenditure recognition**

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

All expenditure is accounted for on an accruals basis. Expenditure includes any VAT which cannot be recovered, and is reported as part of the expenditure to which it relates:

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- The costs of generating funds consist of investment management costs.

**Fixed Assets**

An area of land approximately 9 acres has been retained and is included in the Balance Sheet at the nominal value of £1. The site is at present listed as a local nature reserve and enjoys planning protection. Should this restriction ever be lifted then the site, which enjoys an excellent sea front, would be of significant development value.

**Fixed Asset 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.

THE MACKINNON-MACNEILL TRUST

NOTES TO THE ACCOUNTS (cont'd)  
For the year ended 31 July 2024

1. ACCOUNTING POLICIES (cont'd)

**Realised 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 their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

## THE MACKINNON-MACNEILL TRUST

NOTES TO THE ACCOUNTS (cont'd)  
For the year ended 31 July 2024

2. INCOMING RESOURCES	2024	2023
	£	£
Bank Interest Received	327	208
Investment Income	85,512	76,953
Total Investment Income	85,839	77,161
<b>Other Income</b>		
James Clerk Maxwell Foundation	500	500
Sale of Books	-	160
	500	660
All incoming resources are unrestricted		
3. RESOURCES EXPENDED - Costs of generating funds	£	£
Investment management costs	28,325	27,116
	28,325	27,116
All resources expended are unrestricted		
4. RESOURCES EXPENDED - Charitable activities	£	£
Salaries (incl NIC & Pension)	25,910	26,516
Sundry Expenses	1,818	2,863
Bank Charges	306	67
Scholarships	118,750	117,500
Legal Fees	-	720
	146,784	147,666
All resources expended are unrestricted		
5. GOVERNANCE COSTS	£	£
Auditor's remuneration -		
for audit	3,300	3,125
for other services	535	516
	3,835	3,641

All governance costs are unrestricted

## THE MACKINNON-MACNEILL TRUST

NOTES TO THE ACCOUNTS (cont'd)  
for the year ended 31 July 2024

6. STAFF COSTS	2024	2023
	£	£
Wages and salaries	25,497	26,111
Social Security costs	1,505	1,461
Employers NI Allowance	( 1,505 )	( 1,461 )
Pension costs	413	405
	<u>25,910</u>	<u>26,516</u>

The average number of employees  
in the year was -  
Administration

No.	No.
<u>2</u>	<u>2</u>

## 7. TANGIBLE FIXED ASSETS (See Note 1)

Land and Buildings etc.  
£

Written down value 1 August 2023  
and 31 July 2024

1

## 8. INVESTMENTS

Investments are held primarily to provide an investment return for the charity.

Movement in fixed asset listed Investments	2024	2023
	£	£
Carrying value (market value) at 1 August 2023	4,703,847	4,889,701
Add: Additions to investments at cost	1,107,389	1,195,788
Less: Disposals at carrying value	( 1,124,354 )	( 1,127,588 )
Gain / (Loss) on revaluation	456,831	( 61,558 )
Movement in cash balance within portfolio	( 57,114 )	( 192,496 )
	<u>5,086,599</u>	<u>4,703,847</u>

Net cash released from investments this year was £150,000 (2023: £145,000)

## Investments at fair value comprised:

	2024	2023
	£	£
Equities	3,120,811	2,712,156
Bonds	696,557	761,137
Multi-Asset Funds	143,628	138,333
Hedge Funds	82,264	71,876
Private Equity	335,006	276,142
Commodities	256,915	236,146
Other Securities	199,238	198,765
Cash held in Investment Portfolio	198,169	188,987
Cash held in reserve account	54,011	120,305
	<u>5,086,599</u>	<u>4,703,847</u>

## THE MACKINNON-MACNEILL TRUST

NOTES TO THE ACCOUNTS (cont'd)  
for the year ended 31 July 2024

All investments are carried at fair value.  
Holdings are valued using prices obtained from independent pricing sources.  
The price type varies depending on asset class and liquidity source.  
Funds/unit Trusts are priced on a net asset value basis and structured products are valued on a mark to market basis.

The significance of financial instruments to the ongoing financial sustainability of the Trust is considered in the Financial Review and Investment Policy & Performance sections of the Trustees Annual Report.

## 9. DEBTORS

	2024	2023
	£	£
Prepayments	32	30
	<u>32</u>	<u>30</u>

## 10. CREDITORS due within one year

	£	£
Accruals	5,783	5,444
PAYE Creditor	275	498
Pension Creditor	80	80
	<u>6,138</u>	<u>6,022</u>

## 11. FUNDS

All funds are unrestricted. These are funds which the Trustees are free to use in accordance with the charitable objects.

	Unrestricted Funds General	Unrestricted Funds General
	£	£
Balance at 1 August 2023	4,707,175	4,898,431
Transfer from Income & Expenditure	382,775	( 191,256 )
	<u>5,089,950</u>	<u>4,707,175</u>

## 12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	2024	2023
	£	£
Fixed assets	5,086,600	4,703,848
Current assets	9,488	9,349
Current liabilities	( 6,138 )	( 6,022 )
Net assets at 31 July 2024	<u>5,089,950</u>	<u>4,707,175</u>



THE MACKINNON-MACNEILL TRUST

NOTES TO THE ACCOUNTS (cont'd)  
for the year ended 31 July 2024

13. MOVEMENT IN FUNDS 2023/2024

	At 1 August 2023 £	Incoming Resources £	Outgoing Resources £	Net Gain / (Loss) on Investments £	At 31 July 2024 £
Unrestricted Funds:					
General Funds	4,707,175	86,339	( 178,944 )	475,380	5,089,950

MOVEMENT IN FUNDS 2022/2023

	At 1 August 2022 £	Incoming Resources £	Outgoing Resources £	Net Gain / (Loss) on Investments £	At 31 July 2023 £
Unrestricted Funds:					
General Funds	4,898,431	77,821	( 178,423 )	( 90,654 )	4,707,175

14. FUTURE COMMITMENTS

As stated in the Trustees Report, awards made in any year are intended to continue for the duration of the student's first course, although the certificate of award does state that the Trustees reserve the right to withhold payment.

On the assumption that all awards made to date are honoured, the total payable in respect of the year to 31 July 2025 will be £126,250 (2024 - £122,500). It is anticipated that this will be fully met out of income.

15. CONTINGENT LIABILITY

Further claims may be actioned against the Trust for compensation following allegations of abuse perpetrated by members of staff in the 1980s and 90s. At present the extent of any further potential liability is unquantifiable

## WELSH WALKER LIMITED

179A Dalrymple Street  
Greenock  
PA15 1BX  
Tel. No. 01475 722233

Chartered Accountants

### INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF MACKINNON MACNEILL TRUST FOR THE YEAR ENDED 31 JULY 2024

#### Opinion

We have audited the financial statements of Mackinnon Macneill Trust (the 'charity') for the year ended 31 July 2024 which comprise Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and related 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2024 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations (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 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.

#### Emphasis of matter - Contingent Liability

We draw your attention to note 15 to the financial statements concerning the uncertain outcome of a possible claim for damages. The outcome for the Trust cannot be determined at present or financially quantifiable. No provision for any liability that may result for the Trust has been made in the financial statements. Our opinion is not modified for this matter.

#### 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

THE MACKINNON-MACNEILL TRUST

INDEPENDENT AUDITORS' REPORT (cont'd)

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. 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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## THE MACKINNON-MACNEILL TRUST

### INDEPENDENT AUDITORS' REPORT (cont'd)

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

In identifying and assessing risks of material misstatement in respect to irregularities, including fraud and non-compliance with laws & regulations, we considered the following:

- Enquiries of management, including obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations.
  - Whether they were aware of any instances of non-compliance.
- As with all audits performed under ISAs (UK), performance of procedures to respond to the risk of the management override of controls.
- We obtained an understanding of the legal and regulatory frameworks in which the charity operates, focussing on those laws which had a direct effect on the material balances and disclosures in the charity's financial statements. Key laws & regulations considered in this context were:
  - The Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102)
  - Charities Accounts (Scotland) Regulations 2006

In addition, we considered other laws & regulations that do not have a direct effect on the financial statements, but compliance is necessary for the continued operations of the charity, or to avoid a material penalty.

THE MACKINNON-MACNEILL TRUST

INDEPENDENT AUDITORS' REPORT (cont'd)

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures, and testing to supporting documentation.
- Enquiring of management concerning any actual or potential litigation or claims.
- Reviewing minutes of meetings of those charged with governance, and correspondence with HMRC and OSCR.
- In the assessment of the risk of fraud through management override of controls, we have tested the appropriateness of journal entries, assessed whether the judgements made in the charity making accounting estimates are indicative of a potential management bias, and evaluated the business rationale of any significant transactions that are outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://frc.org.uk/auditorsresponsibilities>. The 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) (as amended) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to charity's 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's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



26 November 2024

For and on behalf of Welsh Walker Limited  
Chartered Accountants  
Statutory Auditor  
179A Dalrymple Street  
Greenock  
PA15 1BX

Welsh Walker Limited is eligible for appointment as auditor of the charity under regulation 10(2) of the Charities Accounts (Scotland) Regulations by virtue of its eligibility under section 1212 of the Companies Act 2006.