

The London Scottish Headquarters Trust

Annual Report and Financial Statements

For the year ended 31 March 2022

The London Scottish Headquarters Trust

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The London Scottish Headquarters Trust

Legal and Administrative Information

| | | |
|---------------------|---|------------------------------|
| Trustees | Colonel C. Stagg OBE | |
| | Lady Rachel Johnstone-Burt | |
| | Mr M.V. Ormiston | (Appointed 28 October 2021) |
| | Mr M.J. Felstead | (Appointed 28 October 2021) |
| | Major M.D. Randall | (Appointed 28 October 2021) |
| | Mr S.D. Lovelock | (Appointed 28 October 2021) |
| | Mr P.J. Layden TD KC | (Appointed 16 February 2023) |
| Charity number | 251499 | |
| Principal address | London Scottish House 95 Horseferry Road London SW1P 2DX | |
| Auditor | Gilberts Chartered Accountants Pendragon House 65 London Road St Albans Hertfordshire AL1 1UJ | |
| Bankers | Royal Bank of Scotland Holt's Farnborough Branch Lawrie House Victoria Road Farnborough GU14 7NR | |
| Investment advisors | RBC Brewin Dolphin Limited 12 Smithfield Street London EC1A 9LA | |

The London Scottish Headquarters Trust

Trustees' Report

For the year ended 31 March 2022

The Trustees present their annual report and financial statements for the year ended 31 March 2022.

The Trust is registered with the Charity Commission for England and Wales charity number 251499.

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 Trust's governing document, the Charities Act 2011 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)" (effective 1 January 2019).

Objectives and activities

The 1886 Trust Deed provides that the objects of the charity are that they shall hold the premises at 59 Buckingham Gate:

1. To provide and maintain a place of reunion and meeting in pursuit of military, athletic, social and other purposes of recreation and improvement for such natives of Scotland resident in London and under such regulations and restrictions as may be specified and imposed from time to time by the Trustees.
2. To permit the Regiment of London Scottish Rifle Volunteers or any other military body in the service of the Crown which from time to time may in the opinion of the Trustees represent or by its organisation and nationality be entitled to stand in the place of the said London Scottish Rifle Volunteers to occupy the said premises or any part of part thereof for drill, gymnastics or other purpose for any term of years.
3. In the event of the disbandment of the said regiment or body as aforesaid then at the discretion of the Trustees in trust for the Highland Society of London, the Corporation (now Scotsware) and the Caledonian Asylum (now the Royal Caledonian Education Trust).
4. The deed provided extensive powers for the trustee to sell and replace the building with any equality money received to be held under the same trusts.

In 1985 the Trustees made an agreement to sell the premises at 59 Buckingham Gate and to purchase a site at 95 Horseferry Road to build a new Headquarters. Equality money was received to be held as capital of the endowment fund.

Legal title to the property of the Trust is held by The London Scottish Trustee Limited.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Trust should undertake.

Structure, governance and management

The charity is established under a Trust Deed dated 23rd August 1886 as amended by a Charity Commission Scheme for the administration of the Trust sealed by the Charity Commission on 9th August 1993.

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

| | |
|---|---|
| Air Vice Marshal R.T.I. Munro CBE TD VR DL | (Ex Officio Tenure Expired 30 April 2023) |
| Brigadier A. Bruce of Crionaich OBE VR ADC DL | (Ex Officio Tenure Expired 1 April 2021) |
| Mr W.D. Foot | (Resigned 1 October 2021) |
| Colonel C. Stagg OBE | |
| Mr P. Lindsay | (Resigned 3 January 2023) |
| Mrs N. Miller | (Resigned 28 October 2021) |
| Lady Rachel Johnstone-Burt | |
| Commodore The Hon M. Cochrane OBE | (Resigned 6 October 2021) |
| Mr M.V. Ormiston | (Appointed 28 October 2021) |
| Mr M.J. Felstead | (Appointed 28 October 2021) |
| Major M.D. Randall | (Appointed 28 October 2021) |
| Mr S.D. Lovelock | (Appointed 28 October 2021) |
| Mr P.J. Layden TD KC | (Appointed 16 February 2023) |

The London Scottish Headquarters Trust

Trustees' Report (Continued)

For the year ended 31 March 2022

The governing document provides that there shall be 1 ex officio Trustee, being the Regimental Colonel, and up to 7 co-opted Trustees.

At the date of signing the financial statements the post of Regimental Colonel was vacant.

Under the terms of the governing documents, the Trustees have power to co-opt new Trustees to fill vacancies within the number of Trustees required therein.

The Trustees meet regularly to discuss operational matters as required.

New Trustees were appointed on 28th October 2021. Their immediate responsibility was to review the activity of the Trust and its future.

Public Benefit

The previous Trustees were confident that they had complied with their duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales. The Headquarters Trust provides a public benefit in that it supports the Army community and the Scottish community in London and abroad. Through its grants programme and access to London Scottish House, the Trust also enables other charities to maximise their public benefit, in support of the military family, public welfare, education and the promotion of Scottish culture and the arts.

Financial review

The lease of the premises ran out in March 2018 and the Trustees were unable to agree terms with the Reserve Forces and Cadets Association to renew the lease. This resulted in the relocation of the serving unit "A" London Scottish Company to other military accommodation with the consequent loss of income and contribution to the running costs of the premises.

The Trustees embarked on an ambitious scheme to convert the premises into a Hub for Scots people in London. The plan would have involved quite extensive alteration to the building and relied heavily on raising substantial sums of capital either by loan or philanthropy. Feasibility studies and plans were commissioned as well as a fundraising initiative and advice from various consultants.

Other regimental funds were used to finance the plan.

At the same time a trading company, London Scottish Volunteer Enterprises Limited (LSVE), was created in the joint ownership of the Trust and The London Scottish Regimental Trust (LSRT) to exploit the premises from events and other commercial activities.

The timing was not propitious and it became apparent that fundraising has failed and the trading company has not succeeded in raising funds sufficient to cover the overheads of the premises. In fact, the company has suffered significant losses.

The future of the Trust is in some serious doubt.

Trading activity

From when LSVE was formed, it managed and operated London Scottish House on behalf of the Trust. It occupied the building on a tenancy at will and paid an annual rent to the Trust for the office space that, as a business, it occupied. The Trust also recovered an appropriate proportion of the rates and insurance from the trading company in addition to the rent.

The position of the trading company at 31st March 2020 was that it was in deficit by £347,193. It was liquidated in June 2022.

A new trading company has been established, London S/H Ltd, which now manages the premises. It is owned jointly with the London Scottish Regimental Trust.

The London Scottish Headquarters Trust

Trustees' Report (Continued)

For the year ended 31 March 2022

Results

Unrestricted income for the year amounts to £35,689 (2021: £34,344).

| Unrestricted income | 2022 | 2021 |
|------------------------------|---------------|---------------|
| | £ | £ |
| London Scottish 1990 Fund | - | - |
| London Scottish 1995 Charity | - | - |
| Donations from individuals | 5,331 | 4,000 |
| Other income | 30,358 | 30,344 |
| Total income | 35,689 | 34,344 |

The results show that there was an overall deficit in the year of £402,773 (2021: £548,725) and investment gains of £125 (£2,038).

The balances on the funds at 31st March 2022 are as follows:

| Total funds | 2022 | 2021 |
|--------------------------------|-------------------|-------------------|
| | £ | £ |
| Endowment and restricted funds | 15,356,703 | 15,356,626 |
| Unrestricted fund (deficit) | (2,386,213) | (1,983,363) |
| Total funds | 12,970,490 | 13,373,263 |

The deficit on unrestricted funds indicates that an equivalent amount of endowment fund has been expended.

Investment

The Trust has a small investment portfolio with Brewin Dolphin Ltd.

Plans for future periods

The Trustees are very concerned about the position of the Trust and the impact of events during the year and earlier. They have taken action to reduce costs and generate income and will be considering what can be done by all the regimental charities to rectify the position, particularly of the Endowment Fund and the possibility of recovering funds. Legal advice has been taken.

New Trustees have been appointed during the year end who will be considering what can be done by all the regimental charities to rectify the position.

A loan facility for £1.2m was taken with the Hoare's Bank during the prior year. This was secured on the Freehold premises. At the year end £63,714 remained unused and held in an account at Hoare's Bank.

Risk management

The Trustees are acutely aware of the risks to which the charity was exposed since the termination of the lease of the premises in March 2018 at which point there was a significant loss of income and a very substantial increase in the burden of cost relating to the building.

There is now concern over the future viability of the charity.

The London Scottish Headquarters Trust

Trustees' Report (Continued)

For the year ended 31 March 2022

Statement of Trustees' responsibilities

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

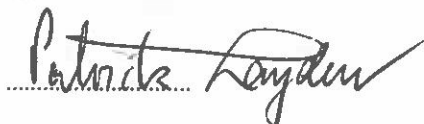
The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the incoming resources and application of resources of the Trust for that year.

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

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

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Trustee

Date: 26th July 2023



The London Scottish Headquarters Trust

Independent Auditor's Report

To the Trustees of The London Scottish Headquarters Trust

Opinion

We have audited the financial statements of The London Scottish Headquarters Trust (the 'Trust') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including 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 March 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 Trust 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.

The audit report for the previous year was qualified on the basis of uncertainty as to the treatment of monies received, expenses incurred and the consequent treatment of the Trust's property. The nature of this uncertainty in itself gives rise to uncertainty regarding the opening balances within these financial statements and the consequent balances as at 31st March 2021. The Trustees have been working to resolve these issues and arrive at balances that correctly reflect the nature of transactions undertaken.

Material uncertainty relating to going concern

We draw attention to note 1.2 in the financial statements which indicates that while the Trustees have a reasonable expectation that the Trust will continue in operational existence for the foreseeable future that there are material uncertainties as to whether there will be sufficient liquid funds to allow the Trust to do so and consequently cast doubt on the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient 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.



The London Scottish Headquarters Trust

Independent Auditor's Report (Continued)

To the Trustees of The London Scottish Headquarters Trust

Responsibilities of Trustees

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 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.

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

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

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "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)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



The London Scottish Headquarters Trust

Independent Auditor's Report (Continued)

To the Trustees of The London Scottish Headquarters Trust

Richard Hattrell BA FCA (Senior Statutory Auditor)
for and on behalf of Gilberts Chartered Accountants

Richard Hattrell
26/07/23

Chartered Accountants
Statutory Auditor

Pendragon House
65 London Road
St Albans
Hertfordshire
AL1 1LJ

Gilberts Chartered Accountants is eligible for appointment as auditor of the Trust by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

The London Scottish Headquarters Trust

Statement of Financial Activities

For the year ended 31 March 2022

| | | Unrestricted funds 2022 £ | Endowment funds 2022 £ | Total 2022 £ | Unrestricted funds 2021 £ | Endowment funds 2021 £ | Total 2021 £ |
|---------------------------------------|-------|------------------------------------|---------------------------------|--------------------|------------------------------------|---------------------------------|--------------------|
| | Notes | | | | | | |
| Income from: | | | | | | | |
| Donations and legacies | 3 | 5,331 | - | 5,331 | 4,000 | - | 4,000 |
| Investments | 4 | 30,358 | - | 30,358 | 30,344 | - | 30,344 |
| Other income | | - | - | - | (795,000) | 795,000 | - |
| Total income and endowments | | 35,689 | - | 35,689 | (760,656) | 795,000 | 34,344 |
| Expenditure on: | | | | | | | |
| Raising funds | 5 | 54,367 | - | 54,367 | 84,929 | - | 84,929 |
| Charitable activities | 6 | 384,172 | - | 384,172 | 274,148 | 225,983 | 500,131 |
| Other | 9 | - | 48 | 48 | - | 47 | 47 |
| Total expenditure | | 438,539 | 48 | 438,587 | 359,077 | 226,030 | 585,107 |
| Net gains/(losses) on investments | 10 | - | 125 | 125 | - | 2,038 | 2,038 |
| Net movement in funds | | (402,850) | 77 | (402,773) | (1,119,733) | 571,008 | (548,725) |
| Fund balances at 1 April 2021 | | (1,983,363) | 15,356,626 | 13,373,263 | (863,630) | 14,785,618 | 13,921,988 |
| Fund balances at 31 March 2022 | | (2,386,213) | 15,356,703 | 12,970,490 | (1,983,363) | 15,356,626 | 13,373,263 |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 10 to 21 form part of these financial statements.

The London Scottish Headquarters Trust

Balance Sheet

As at 31 March 2022

| | | 2022 | | 2021 as restated | |
|--|-------|---------------|--------------------------|---------------------|--------------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 12 | | 15,075,840 | | 15,122,030 |
| Investments | 13 | | 13,425 | | 13,397 |
| | | | <u>15,089,265</u> | | <u>15,135,427</u> |
| Current assets | | | | | |
| Debtors | 14 | 458 | | 458 | |
| Cash at bank and in hand | | 80,739 | | 402,046 | |
| | | <u>81,197</u> | | <u>402,504</u> | |
| Creditors: amounts falling due within one year | 16 | (999,972) | | (964,668) | |
| Net current liabilities | | | <u>(918,775)</u> | | <u>(562,164)</u> |
| Total assets less current liabilities | | | <u>14,170,490</u> | | <u>14,573,263</u> |
| Creditors: amounts falling due after more than one year | | | <u>(1,200,000)</u> | | <u>(1,200,000)</u> |
| Net assets | | | <u><u>12,970,490</u></u> | | <u><u>13,373,263</u></u> |
| Capital funds | | | | | |
| Endowment funds - general | 17 | | 15,356,703 | | 15,356,626 |
| Income funds | | | | | |
| Unrestricted funds | | | <u>(2,386,213)</u> | | <u>(1,983,363)</u> |
| | | | <u><u>12,970,490</u></u> | | <u><u>13,373,263</u></u> |

The notes on pages 10 to 21 form part of these financial statements.

The financial statements were approved by the Trustees on

26th July 2023

Patricia Gayden

Trustee

The London Scottish Headquarters Trust

Notes to the Financial Statements

For the year ended 31 March 2022

1 Accounting policies

Charity information

The London Scottish Headquarters Trust is an unincorporated charitable trust registered with the Charity Commission in England and Wales, number 251499. Its principal office is London Scottish House, 95 Horseferry Road, London, SW1P 2DX.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Trust's governing document, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The Trust is a Public Benefit Entity as defined by FRS 102.

The Trust has taken advantage of the provisions in the SORP for charities not to prepare a Statement of Cash Flows.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

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

1.2 Going concern

These financial statements are prepared on the going concern basis. The Trustees have a reasonable expectation that the Trust will continue in operational existence for the foreseeable future, however, the Trustees are aware of certain material uncertainties which may cause doubt on the charity's ability to continue as a going concern.

The Trustees are concerned that the Trust will have insufficient liquid funds to continue to meet its objects. The Trustees are working towards a plan that would allow the Trust to continue in operation, however it is not certain at this time that the plan will be successful.

1.3 Charitable funds

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

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Trust.

1.4 Income

Income is recognised when the Trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Trust has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

The London Scottish Headquarters Trust

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

Legacies are recognised on receipt or otherwise if the Trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------------|-------------------------|
| Freehold land and buildings | No depreciation charged |
| Fixtures and fittings | 10% - 33% straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

The freehold property became a Grade II listed building in December 2021.

1.7 Fixed asset investments

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

1.8 Impairment of fixed assets

At each reporting end date, the Trust reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

The London Scottish Headquarters Trust

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

1.10 Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's balance sheet when the Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

2 Critical accounting estimates and judgements

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

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

The London Scottish Headquarters Trust
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

3 Donations and legacies

| | Unrestricted funds | Unrestricted funds |
|---------------------|-----------------------|-----------------------|
| | 2022 | 2021 |
| | £ | £ |
| Donations and gifts | 331 | - |
| Grants receivable | 5,000 | 4,000 |
| | <u>5,331</u> | <u>4,000</u> |

4 Investments

| | Unrestricted funds | Unrestricted funds |
|--------------------------------|-----------------------|-----------------------|
| | 2022 | 2021 |
| | £ | £ |
| Rental income | 30,000 | 30,000 |
| Income from listed investments | 318 | 318 |
| Interest receivable | 40 | 26 |
| | <u>30,358</u> | <u>30,344</u> |

5 Raising funds

| | Unrestricted funds | Unrestricted funds |
|----------------------------------|-----------------------|-----------------------|
| | 2022 | 2021 |
| | £ | £ |
| <u>Fundraising and publicity</u> | | |
| Other fundraising costs | 54,319 | 84,882 |
| | <u>48</u> | <u>47</u> |
| <u>Investment management</u> | 54,367 | 84,929 |

The London Scottish Headquarters Trust

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

6 Charitable activities

| | Charitable activities 2022 £ | Charitable activities 2021 £ |
|--|---------------------------------------|---------------------------------------|
| Staff costs | - | 225,983 |
| Depreciation and impairment | 46,190 | 68,217 |
| Activities undertaken directly | - | (225,983) |
| | 46,190 | 68,217 |
| Grant funding of activities (see note 7) | 36,305 | 500 |
| Share of support costs (see note) | 301,677 | 431,414 |
| | 384,172 | 500,131 |
| Analysis by fund | | |
| Unrestricted funds | 384,172 | 274,148 |
| Endowment funds - general | - | 225,983 |

7 Grants payable

| | Charitable activities 2022 £ | Charitable activities 2021 £ |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Grants to institutions: | | |
| The London Scottish Regimental Trust | 36,305 | - |
| Other | - | 500 |
| | 36,305 | 500 |

8 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Trust during the year.

The London Scottish Headquarters Trust

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

9 Other

| | Endowment funds general 2022 £ | Endowment funds general 2021 £ |
|-------------------|--|--|
| Other expenditure | 48 | 47 |
| | <u>48</u> | <u>47</u> |

10 Net gains/(losses) on investments

| | Endowment funds general 2022 £ | Endowment funds general 2021 £ |
|----------------------------|--|--|
| Revaluation of investments | 125 | 2,038 |
| | <u>125</u> | <u>2,038</u> |

11 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

12 Tangible fixed assets

| | Freehold land and buildings £ | Assets under construction £ | Fixtures and fittings £ | Total £ |
|------------------------------------|-------------------------------------|-----------------------------------|-------------------------------|-------------------|
| Cost | | | | |
| At 1 April 2021 | 15,000,000 | 401,227 | 212,939 | 15,614,166 |
| Disposals | - | (401,227) | - | (401,227) |
| | <u>15,000,000</u> | <u>-</u> | <u>212,939</u> | <u>15,212,939</u> |
| At 31 March 2022 | 15,000,000 | - | 212,939 | 15,212,939 |
| Depreciation and impairment | | | | |
| At 1 April 2021 | - | 401,227 | 90,909 | 492,136 |
| Depreciation charged in the year | - | - | 46,190 | 46,190 |
| Eliminated in respect of disposals | - | (401,227) | - | (401,227) |
| | <u>-</u> | <u>-</u> | <u>137,099</u> | <u>137,099</u> |
| At 31 March 2022 | - | - | 137,099 | 137,099 |
| Carrying amount | | | | |
| At 31 March 2022 | 15,000,000 | - | 75,840 | 15,075,840 |
| | <u>15,000,000</u> | <u>-</u> | <u>122,030</u> | <u>15,122,030</u> |
| At 31 March 2021 | 15,000,000 | - | 122,030 | 15,122,030 |

The London Scottish Headquarters Trust

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

12 Tangible fixed assets

(Continued)

Investment properties rented to another group entity have been accounted for using the cost model. The carrying value of these investment properties included within tangible fixed assets is £15,000,000 (2021 - £15,000,000).

The London Scottish Headquarters Trust

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

13 Fixed asset investments

| | Listed investments £ | Unlisted investments £ | Total £ |
|----------------------------|----------------------------|------------------------------|---------------|
| Cost or valuation | | | |
| At 1 April 2021 | 13,396 | 1 | 13,397 |
| Revaluations | 124 | - | 124 |
| Investment management fees | (96) | - | (96) |
| At 31 March 2022 | <u>13,424</u> | <u>1</u> | <u>13,425</u> |
| Carrying amount | | | |
| At 31 March 2022 | <u>13,424</u> | <u>1</u> | <u>13,425</u> |
| At 31 March 2021 | <u>13,396</u> | <u>1</u> | <u>13,397</u> |

14 Debtors

| | 2022 £ | 2021 £ |
|---|------------|------------|
| Amounts falling due within one year: | | |
| Prepayments and accrued income | <u>458</u> | <u>458</u> |

15 Loans and overdrafts

| | 2022 £ | 2021 £ |
|--------------------------------------|------------------|------------------|
| Bank loan - secured | 1,200,000 | 1,200,000 |
| Loans from related regimental trusts | <u>912,950</u> | <u>912,950</u> |
| | <u>2,112,950</u> | <u>2,112,950</u> |
| Payable within one year | 912,950 | 912,950 |
| Payable after one year | <u>1,200,000</u> | <u>1,200,000</u> |

The bank loan is secured by fixed charges over the freehold property (95 Horseferry Road, London, SW1P 2DX). It is repayable in full before July 2025 and carries a fixed interest rate of 5.5% pa.

The London Scottish Headquarters Trust

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

16 Creditors: amounts falling due within one year

| | 2022 | 2021 |
|---|----------------|-------------|
| | £ | £ |
| Loans from related regimental trusts | 912,950 | 912,950 |
| Trade creditors | 40,415 | 17,440 |
| Amounts owed to related regimental trusts | 28,496 | 23,028 |
| Accruals and deferred income | 18,111 | 11,250 |
| | 999,972 | 964,668 |

The London Scottish Headquarters Trust

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

17 Endowment funds

Endowment funds represent assets which must be held permanently by the Trust. Income arising on the endowment funds can be used in accordance with the objects of the Trust and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

| | Balance at 1 April 2020 £ | Movement in funds | | | | | | Balance at 1 April 2021 £ | Resources expended £ | Revaluations gains and losses £ | Balance at 31 March 2022 £ |
|-----------------------------|---------------------------------|----------------------------|----------------------------|---------------------------------------|---------------------------------------|----------------------------|---------------------------------------|---------------------------------|----------------------------|---------------------------------------|----------------------------------|
| | | Incoming resources £ | Resources expended £ | Revaluations gains and losses £ | Revaluations gains and losses £ | Resources expended £ | Revaluations gains and losses £ | | | | |
| Permanent endowments | | | | | | | | | | | |
| Freehold Fund | 14,500,000 | 569,017 | - | - | - | 15,069,017 | - | - | - | - | 15,069,017 |
| 1986 Fund | 285,618 | - | (47) | 2,038 | 2,038 | 287,609 | (48) | 125 | (48) | 125 | 287,686 |
| | <u>14,785,618</u> | <u>569,017</u> | <u>(47)</u> | <u>2,038</u> | <u>2,038</u> | <u>15,356,626</u> | <u>(48)</u> | <u>125</u> | <u>(48)</u> | <u>125</u> | <u>15,356,703</u> |

The Freehold Fund represents the carrying value of The London Scottish Regimental Trust Headquarters and funds subsequently received for dilapidations.

The 1986 Fund represents the residue of the equality money received from the sale of 59 Buckingham Gate and the development of 95 Horseferry Road in accordance with the Court Order dated 20th January 1986. The Trustees have power to expend the income from this Fund and the future income of the Trust from rents and investments for the benefit of The Regiment.

The London Scottish Headquarters Trust

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

18 Analysis of net assets between funds

| | Unrestricted funds 2022 £ | Endowment funds 2022 £ | Total 2022 £ | Unrestricted funds 2021 £ | Endowment funds 2021 £ | Total 2021 £ |
|--|------------------------------------|---------------------------------|--------------------|------------------------------------|---------------------------------|--------------------|
| Fund balances at 31 March 2022 are represented by: | | | | | | |
| Tangible assets | 75,840 | 15,000,000 | 15,075,840 | 122,030 | 15,000,000 | 15,122,030 |
| Investments | - | 13,425 | 13,425 | - | 13,397 | 13,397 |
| Current assets/(liabilities) | (987,442) | 68,714 | (918,775) | (846,653) | 284,489 | (562,164) |
| | (911,602) | 15,082,139 | 14,170,490 | (724,623) | 15,297,886 | 14,573,263 |
| Long term liabilities | - | (1,200,000) | (1,200,000) | - | (1,200,000) | (1,200,000) |
| | (911,602) | 13,882,139 | 12,970,490 | (724,623) | 14,097,886 | 13,373,263 |
| Interfund loan | (1,474,564) | 1,474,564 | - | (1,258,787) | 1,258,787 | - |
| | (2,386,166) | 15,356,703 | 12,970,490 | (1,983,410) | 15,356,673 | 13,373,263 |

19 Events after the reporting date

In June 2022, London Scottish Volunteer Enterprises Limited, a company which is 50% owned by the Charity, was placed in Voluntary Liquidation. In April 2022 a new trading company was established London SH Limited to assume responsibility for managing the premises, the new company is owned 50% by the charity.

20 Related party transactions

Transactions with related parties

The London Scottish Headquarters Trust

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

20 Related party transactions

(Continued)

The Charity paid grants of £36,305 (2021: £nil) to The London Scottish Regimental Trust, a charity with common trustees, during the year. The charity owed £5,978 to The London Scottish Regimental Trust at the balance sheet date. (2021: £23,027).

The Charity owed £816,850 (2021: £816,850) to the London Scottish Regiment 1995 Charity and £96,100 (2021: £96,100) to the London Scottish 1990 Fund at the balance sheet date.

The Charity paid management fees in respect of staff salaries of £90,500 (2021: £105,840) to London Scottish Volunteer Enterprises Limited, a company in which it has a 50% shareholding. The Charity owed £22,517 (2021: £nil) to this company at the balance sheet date.

The Charity charged rent of £30,000 (2021: £30,000) to London Scottish Volunteer Enterprises Limited.

London Scottish Volunteer Enterprises Limited was placed into voluntary liquidation on 30th June 2022.