

The Royal Scots Regimental Trust Exitus

Report and financial statements for
the year ended 31 March 2022

Scottish Charity number: SC008001

The Royal Scots Regimental Trust Exitus

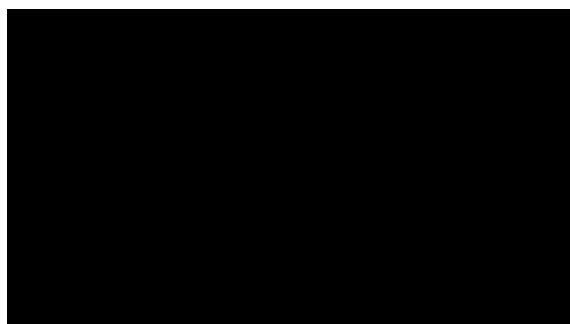
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The Royal Scots Regimental Trust Exitus

Reference and administrative information

Trustees



Honorary Governance Advisor



Honorary Legal Advisor



Regimental Administrator



Regimental Secretary



Address

The Royal Scots Regimental Office
The Royal Scots Club
29-31 Abercromby Place
Edinburgh
EH3 6QE

Bankers

The Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2YB

Barclays Bank
Unit 2, 10 – 15 Princes Street
Edinburgh
EH2 2AN

Treasurers

Henderson Loggie LLP
11 – 15 Thistle Street
Edinburgh
EH2 1DF

Auditors

Geoghegans
Chartered Accountants
6 St Colme Street
Edinburgh
EH3 6AF

Investment Managers

Brewin Dolphin Ltd
Sixth Floor, Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Charity number

SC008001

The Royal Scots Regimental Trust Exitus

Report of the trustees for the year ended 31 March 2022

The Trustees present their report along with the financial statements of the charity for the year ended 31 March 2022. The financial statements are prepared in accordance with the accounting policies as set out on pages 13 and 14 and comply with applicable charity law.

The Trust changed its name from The Royal Scots Regimental Trust to The Royal Scots Regimental Trust Exitus on 1 November 2021.

Objectives and activities

Objectives

The Trustees shall apply the funds of the charity together with any additional estate or income paid into the charity in such manner as they think fit for any purposes which appear to them in their absolute discretion to be directed to promote the efficiency of the Army by all or any of the following means:

1. By preserving the history and traditions of The Royal Scots (The Royal Regiment) ("the Regiment") and perpetuating its deeds.
2. By maintaining contact between former members of the Regiment and members and former members of its successor Regiment, The Royal Regiment of Scotland, and providing for social gatherings for them.
3. By assisting former members of the Regiment and members and former members of its said successor Regiment in search of employment in civilian life to obtain such employment.
4. By giving financial assistance or assisting with the provision of financial assistance by others, to former members of the Regiment and to members and former members of its said successor Regiment who are serving in or who have served in or been attached for service to the Regiment or its said successor Regiment who are in necessitous circumstances and to their spouses, widows, widowers, children and other dependants in such circumstances.
5. By promoting and maintaining the esprit de corps of the Regiment and its said successor Regiment and their respective former members and members.
6. By promoting the improvement, efficiency, benefit or welfare of the said successor Regiment.
7. Such other means as the Trustees shall think fit.

In furtherance of the objects of the charity, but not otherwise, the Trustees shall have power to make grants or loans to The Royal Scots Museum Trust (Scottish Charity No: SC005163) and the Royal Scots War Memorial Fund. The Trustees shall also have power to make payments to other charitable bodies whose objects are the same or similar to those herein set out or whose operations may militate in achieving either directly or indirectly those herein set out.

Activities

The Trustees have continued to give support to The Royal Scots Borderers, 1st Battalion The Royal Regiment of Scotland, the successor to the 1st Battalion The Royal Scots (The Royal Regiment). The Royal Scots Borderers, 1st Battalion the Royal Regiment of Scotland was re-designated 1st Battalion The Ranger Regiment on 1 December 2021 and the Trustees have continued to give support to this new battalion. The Trustees have continued to support all branches of The Royal Scots Association.

The Royal Scots Regimental Trust Exitus

Report of the trustees for the year ended 31 March 2022 *(continued)*

Achievements and performance

During the year £10,340 (2021: £10,287) was paid out in grants to 32 individuals (2021: 31 individuals). The range of normal grants awarded was between £200 and £600, which is within the parameters set by the Trustees in the Grant Making Policy. This policy states that the Trust will support former members of the Regiment and their families in need of charitable welfare support. Up to 31 July 2021 cases were assessed by the Regimental Administrator, supported by appropriate advisors (e.g. SSAFA), and statutory authorities, and where possible almonised with other charitable grant makers (e.g. Army Benevolent Fund The Soldiers Charity, Poppyscotland). The administration of this activity was transferred to Regimental Headquarters (RHQ) of The Royal Regiment of Scotland (SCOTS), successor regiment to The Royal Scots (The Royal Regiment), on 1 August 2021. The criteria for award of grants are stipulated in a Memorandum of Understanding; the process is monitored by the Regimental Secretary on behalf of the Trustees and funds are transferred when required. In addition to the monies disbursed by RHQ SCOTS, they still retain £3,260 that has been allocated, but not yet used.

The Trust has continued to support Heritage activities during the period. The most notable was the fruition of a project over two years to create a Royal Scots Memorial at the National Memorial Arboretum in Staffordshire. This culminated with the unveiling ceremony in October 2021 and it now forms a permanent memorial in a national context to all Royal Scots.

The Trust has continued to support the Royal Scots Association. Easing of COVID-19 restrictions has permitted the organisation of more activities, although these have still not returned to pre-pandemic levels yet. The Regimental Office has reopened and has operated in accordance with Government guideline, providing it normal administrative functions and wider support to veterans and the Regimental Family.

The Trust continued to raise funds by donations, fundraising activities, and from the sale of regimental items held as shop stock in the Regimental Office.

Financial review

The statement of financial activities for the year is set out on page 9 of the financial statements. A summary of the financial results is given below.

The income for the year was £73,119 (2021: £70,494). Principal funding sources were largely investment income together with some income from social functions and retail sales. A grant of £30,000 was received for the Veterans' Foundation to assist with staff salaries. The grant was received in Nov 2021 to cover one year, so £12,500 has been allocated to 2021/22 as income. Expenditure was £134,887 (2021: £105,159) and this produced an excess of expenditure over income of £61,768 (2021: £34,665).

Investment income in the year has seen total income of £53,305, which is a decrease on the £54,063 from last year. However, there has been a realised gain on disposals of £33,557 (2021: £42,571) and an increase in investment value of £106,711 (2021: £350,531).

Risk

The Trustees review the risks faced by the organisation routinely at the bi-annual Trustee meetings and as required by exception. Risks are recorded in a Risk Register and appropriate action is taken to mitigate risks where necessary. Measures implemented to manage the situation as a result of COVID-19 have proved effective and have allowed the Trust to continue functioning in a safe environment in accordance with Government guidelines.

The Royal Scots Regimental Trust Exitus

Report of the trustees for the year ended 31 March 2022 *(continued)*

Investment policy

The investment portfolio is monitored regularly by the Trustees in conjunction with discretionary management from the investment advisers. The impact of the COVID 19 pandemic and impact on future returns were also carefully considered.

Following the recommendation from the investment manager, the Investment Policy was changed from an income bias to one of total return. Prior to adopting this recommendation, Trustees considered this change thoroughly and conducted additional monitoring of the Investment Policy in light of prevailing market conditions. This additional monitoring supports this recommendation. The change of Investment Policy was implemented in November 2021.

The investment objective is to obtain a mix of capital growth and income from a diversified risk portfolio. This change has increased diversification, opened up the investment universe and enabled the manager to consider a wider range of companies to choose from the only specific restriction to investment powers is that no more than 15% is placed in fixed interest securities or fixed interest collective funds.

Trustees are resolute in ensuring the Investment Policy remains appropriate as recovery picks up. All investments are held for the Trustees by a nominee company of Brewin Dolphin.

The total increase on the Trust's investment portfolio of 24.8% over the year compares against an increase in the Brewin Dolphin Risk Index of 28.3%. The Trust operates with a Risk Level of 7 out of 10 which represents moderate to high risk.

Reserves

The Trustees aim to maintain sufficient cash deposits via ad hoc quarterly withdrawals from the portfolio and an investment portfolio so that both the ongoing costs of running the trust and the payment of grants may continue to be made. The reserves policy is therefore to maintain an investment portfolio that generates real growth in capital and income over the long term to allow this policy to continue. There are no restricted or designated funds. All funds may be applied at the discretion of the Trustees. The total amount of reserves held at 31 March 2022 is £2,300,030 (2021: £2,221,530).

Generating sufficient income to cover expenditure is a challenge which is likely to be made more difficult with dividend restrictions in the aftermath of the current pandemic. To mitigate this expectation, the recommended change to the Investment Policy was adopted. The aim is to offer greater growth potential which could be accessed via ad hoc quarterly withdrawals and offset the reduced levels of anticipated income due to depressed yields. Further Grant Funding is being explored along with minimal portfolio withdrawals to support the budget. In setting the policy for the use of reserves Trustees were mindful of the need to meet the objectives of the Trust but recognise that over time there will be fewer former members of the Regiment and fewer dependents requiring assistance. In the light of this a modest use of the reserves to supplement income each year is acceptable but is closely managed by careful budgeting to ensure that the needs of current and future beneficiaries can be met and so far as possible capital value of the funds maintained.

As at 31 March 2022, the Trust investment portfolio had an estimated annual gross income of £53,300 (source: Brewin Dolphin) compared to actual income in the year to 31 March 2021 of £54,053. The Trustees believe this to be a realistic level of income to be anticipated for the Trust from its reserves during the ongoing aftermath of the pandemic, given the Trust requirement and investment mandate agreed. Despite the expected reduction in dividend income in 2021/22 due to constraints arising from the pandemic placed on the Companies in which the Trust holds investments, the Trustees are satisfied given the level of reserves to proceed with a budget that shows expenditure in excess of income.

The Royal Scots Regimental Trust Exitus

Report of the trustees for the year ended 31 March 2022 *(continued)*

Future plans

The Trustees will continue their activities in accordance with the Objectives. A major project is nearing completion, which will create a Scottish Charitable Incorporated Organisation (SCIO) into which The Royal Scots Regimental Trust Exitus, The Royal Scots Museum Trust and the Royal Scots Association will be merged, thus streamlining governance and taking advantage of administrative efficiencies. This is part of a wider initiative to ensure an enduring Royal Scots legacy. In due course consideration will be given to seeking charitable status for the Royal Scots War Memorial Fund, currently a Scottish Public Trust, and on which the Royal Scots Club is based, with the eventual aspiration to bring it into the SCIO, thus bringing greater coherence between all elements of the Regiment.

Structure, governance and management

The charity is governed by the Deed of Trust which was executed on 18 May 2011 and 24 November 2011 and registered in the Books of Council and Session on 7th September 2012.

Appointment of Trustees

The Trustees have the power to appoint new trustees and appointed one new Trustee, Maj WS Marshall, in July 2021.

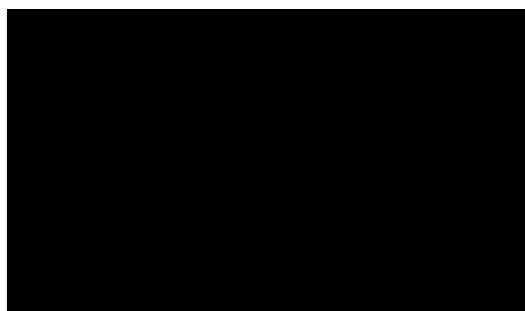
Management

Organisation

Capt J Springthorpe retired from the post of Regimental Administrator after nearly seven years of service in the position. Maj JV Dent has resigned as Secretary to the Trustees after many years of service. Both roles have been subsumed into a new position of Regimental Secretary, to which Lt Col DT Jack was appointed in August 2021.

The Trustees determine the policy and agree the principal distributions to be made during the year. The management is carried out by the Regimental Secretary, supported by the Executive Committee, which has delegated powers of decision making.

Approved by the Trustees and signed on their behalf



20 May 2022

The Royal Scots Regimental Trust Exitus

Report of the trustees for the year ended 31 March 2022 *(continued)*

Trustees' responsibilities statement

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

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

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 2019 (FRS102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

Independent auditor's report to the Trustees of The Royal Scots Regimental Trust Exitus

Opinion

We have audited the financial statements of The Royal Scots Regimental Trust Exitus (the 'charity') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cashflows 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, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees annual report⁴, 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, except to the extent otherwise explicitly stated in our report, 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.

Independent auditor's report to the Trustees of The Royal Scots Regimental Trust Exitus *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 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' report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement, 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 regulations made under that Act.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures to respond to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

- The nature of the industry, control environment and business performance of the charity
- The results of our enquires with management and the Trustees about their own identification and assessment of the risks of irregularities
- The matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we consider the opportunities and incentives that may exist within the charity for fraud. In common with all audits under ISAs (UK), we perform specific procedures to respond to the risk of management override and inappropriate income recognition.

Independent auditor's report to the Trustees of The Royal Scots Regimental Trust Exitus *(continued)*

Auditor's responsibilities for the audit of the financial statements *(continued)*

We also obtain an understanding of the legal and regulatory environment in which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements and those which may be fundamental to the charity's ability to operate. The key laws and regulations we considered in this context included the Statement of Recommended Practice: Accounting for Charities FRS 102 (2019), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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.


Geoghegans, Chartered Accountants
Statutory Auditor

6 St Colme Street
Edinburgh
EH3 6AD

20 May 2022

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

The Royal Scots Regimental Trust Exitus

Statement of financial activities for the year ended 31 March 2022

	Note	Unrestricted 2022 £	Unrestricted 2021 £
Income			
Donations and grants	2	16,764	16,362
Income from charitable activities	3	2,400	-
Income from trading activities	4	650	69
Income from investments	5	53,305	54,063
Total income		73,119	70,494
Expenditure			
Expenditure on raising funds	6	(15,208)	(12,719)
Expenditure on charitable activities	7a	(119,679)	(92,440)
Total expenditure		(134,887)	(105,159)
Net expenditure and net movement in funds before gains and losses on investments		(61,768)	(34,665)
Realised investment gains		33,557	42,571
Unrealised gains	9	106,711	350,531
Net income		78,500	358,437
Fund balances brought forward	13	2,221,530	1,863,093
Fund balances carried forward	13	2,300,030	2,221,530

The notes on pages 13 to 20 form part of these financial statements.

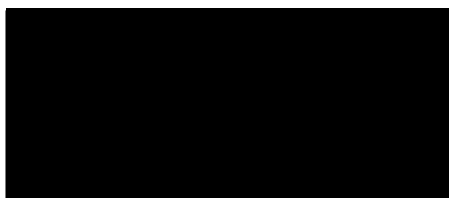
The statement of financial activities includes all gains and losses recognised in the period.

The Royal Scots Regimental Trust Exitus

Balance sheet as at 31 March 2022

	<i>Note</i>	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Investments	9		2,280,595		2,192,765
Tangible assets	10		455		416
			<u>2,281,050</u>		<u>2,193,181</u>
Current assets					
Debtors	11	5,169		3,834	
Cash at bank and in hand		56,737		31,136	
		<u>61,906</u>		<u>34,970</u>	
Creditors					
Amounts falling due within one year	12	(42,926)		(6,621)	
Net current assets			<u>18,980</u>	<u>28,349</u>	
Total assets less current liabilities			<u>2,300,030</u>	<u>2,221,530</u>	
Funds					
Unrestricted fund	13		1,858,028		1,621,617
Revaluation reserve	13		442,002		599,913
Total funds			<u>2,300,030</u>	<u>2,221,530</u>	

The accounts were approved by the Trustees on 20 May 2022 and signed on their behalf:



SC008001

The notes on pages 13 to 20 form part of these financial statements.

The Royal Scots Regimental Trust Exitus

Statement of cash flows for the year ended 31 March 2022

	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities				
Net income		78,500		358,437
Net (gains) on investments		(140,268)		(393,102)
Income from investments		(53,305)		(54,063)
(Increase)/decrease in debtors		(1,334)		2,112
Increase/(decrease) in creditors		36,305		(4,021)
Depreciation charge		208		209
Cash used in operating activities		(79,894)		(90,428)
Cash used in investing activities				
Investment income	53,305		54,063	
Payments to acquire investments	(747,435)		(395,442)	
Receipts from sale of investments	818,015		419,399	
Movement in cash held in investment portfolio	(18,143)		9,112	
Payment to acquire tangible assets	(247)		(430)	
Cash provided by investing activities		105,495		86,702
Increase/(decrease) in cash and cash equivalents in the year		25,601		(3,726)
Cash and cash equivalents at the beginning of the year		31,136		34,862
Total cash and cash equivalents at the end of the year		56,737		31,136
Cash and cash equivalents comprise:				
Cash at bank and in hand		56,737		31,136

The Royal Scots Regimental Trust Exitus

Notes to the financial statements

1 Accounting policies

Charity status

The charity, which is unincorporated, is governed by a Deed of Trust which was executed on 18 May 2011 and 24 November 2011 and registered in the Books of Council and Session on 7 September 2012. The Royal Scots Regimental Trust Exitus constitutes a public benefit entity as defined by FRS102.

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost accounting rules, except that investments held as fixed assets are carried at fair value, and in accordance with applicable accounting standards. The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Statement of Recommended Practice (SORP) FRS102 "Accounting and Reporting by Charities" issued in October 2019 and in accordance with Financial Reporting Standard 102 (FRS102).

The Trustees consider that the financial statements should be drawn up on a going concern basis as investments generate funds sufficient to cover the grants paid and other expenditure. The anticipated transfer of the activities of the Trust to a Scottish Charitable Incorporated Organisation (SCIO) will have no impact on the continuing operations of the Trust.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds are those where the Trustees have identified funds to be used towards a specific purpose at their discretion.

There are no restricted funds.

Income

Income is recognised in the financial statements when there is legal entitlement to the income, the amount can be quantified with reasonable accuracy and when receipt is probable.

Donations, legacies and similar incoming resources are included in the period in which they are receivable, which is when the charity becomes entitled to the resource.

Donated facilities are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity.

Income from charitable activities comprises income from regimental gatherings and social functions and is recognised in the period in which the event takes place, which is when the charity becomes entitled to the income.

Income from trading activities comprises proceeds from the sale of items through the shop, which is recognised when the sale is complete and the charity becomes entitled to the income.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank. Dividends are recognised once the dividends have been declared and notification has been received of the dividend due.

The Royal Scots Regimental Trust Exitus

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Expenditure

Expenditure on raising funds includes costs associated with generating income for the charity through its investment portfolio or through its shop. Charitable expenditure comprises both the direct costs of grant making and those costs of an indirect nature necessary to support them.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer, this is accrued once the recipient has been notified of the award. This notification gives the recipient a reasonable expectation that they will receive the grant.

All expenditure is accounted for on an accruals basis when there is a legal or constructive obligation which can be measured reliably. After careful consideration it was decided that the expenditure from regimental gatherings and social functions were charitable expenditure rather than fundraising activities. Support costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value at the balance sheet date using the closing market price. Realised and unrealised gains and losses are charged or credited in the statement of financial activities and are allocated to the endowment fund. The charity has no complex financial instruments. The main form of financial risk faced by the Trust is that of volatility in the investment markets due to wider economic conditions.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment 3 years straight line

Cash at bank and in hand

Cash at bank and in hand includes cash which is accessible on demand.

Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Operating leases

Rentals payable under operating leases are charged to the SOFA on the straight line basis over the lease term.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

The Royal Scots Regimental Trust Exitus

Notes to the financial statements *(continued)*

2	Donations and grants	2022	2021
		£	£
	Donations in kind	-	15,000
	Other smaller donations	4,264	1,362
	Grant income	12,500	-
		<hr/>	<hr/>
		16,764	16,362
		<hr/>	<hr/>
3	Income from charitable activities	2022	2021
		£	£
	Social functions	2,400	-
		<hr/>	<hr/>
4	Income from trading activities	2022	2021
		£	£
	Shop sales	175	69
	Other income	475	-
		<hr/>	<hr/>
		650	69
		<hr/>	<hr/>
5	Income from investments	2022	2021
		£	£
	Dividends	53,300	54,053
	Bank interest	5	10
		<hr/>	<hr/>
		53,305	54,063
		<hr/>	<hr/>
6	Expenditure on raising funds	2022	2021
		£	£
	Shop stock	-	120
	Investment managers' fees	15,208	12,599
		<hr/>	<hr/>
		15,208	12,719
		<hr/>	<hr/>

The Royal Scots Regimental Trust Exitus
Notes to the financial statements *(continued)*

7a	Expenditure on charitable activities	2022	2021
		£	£
	Grants paid	13,600	10,287
	Social functions expenses	2,778	1,370
	The Thistle Journal	689	1,604
	The Regimental Prize (previously Purves Prize)	200	200
	Lisbon Maru	-	3,000
	National Arboretum	10,679	4,550
	Project 373	720	2,362
	Le Paradis Memorial Room	-	20
	Memorial maintenance	-	226
	Wreaths	673	343
	Support costs (see note 7b)	78,536	59,983
	Governance costs (see note 7c)	11,804	8,495
		<hr/>	<hr/>
		119,679	92,440
		<hr/>	<hr/>
7b	Support costs	2022	2021
		£	£
	Honorarium	6,038	2,760
	Staff wages (note 8)	34,300	24,594
	Treasurer costs	10,917	11,622
	Postage and stationery	93	1,953
	Rent	22,500	15,000
	Office costs	4,268	3,743
	Depreciation	208	209
	Travel costs	212	102
		<hr/>	<hr/>
		78,536	59,983
		<hr/>	<hr/>
7c	Governance costs	2022	2021
		£	£
	Audit fee	2,440	2,362
	Legal & governance expenses	9,095	6,000
	Trustee and AGM expenses	269	133
		<hr/>	<hr/>
		11,804	8,495
		<hr/>	<hr/>

The Royal Scots Regimental Trust Exitus
Notes to the financial statements *(continued)*

8 Employees

	2022 £	2021 £
Gross wages	33,251	24,452
Pension contributions	349	142
Redundancy	700	-
	<u>34,300</u>	<u>24,594</u>
Key management remuneration	<u>27,686</u>	<u>13,485</u>

The charity has 3 paid employees during the year (2021: 2).

None of the Trustees (or any person connected with them) received any remuneration. Trustees expenses and reimbursement of charity costs of £Nil were paid to trustees during the year (2021: £Nil).

The key management is considered to be the Regimental Secretary and the Regimental Administrator.

9 Investments

	2022 £	2021 £
Balance at start of year	2,192,765	1,832,732
Less cash held for reinvestment	(7,072)	(16,184)
	<u>2,185,693</u>	<u>1,816,548</u>
Additions at cost	747,435	395,442
Disposals at opening market value	(784,459)	(376,828)
Unrealised gains/(losses)	106,711	350,531
	<u>2,255,380</u>	<u>2,185,693</u>
Cash held for reinvestment	25,215	7,072
	<u>2,280,595</u>	<u>2,192,765</u>
Total investments at end of year	<u>2,280,595</u>	<u>2,192,765</u>
Historical cost	<u>1,838,593</u>	<u>1,592,852</u>
Investments making up more than 5% of the portfolio include:		
- Findlay Park FDS American USD DIS	-	179,169
- JP Morgan AM LTD	-	186,629
- Vanguard Funds PLC	114,532	-
	<u>114,532</u>	<u>-</u>

The Royal Scots Regimental Trust Exitus

Notes to the financial statements *(continued)*

10	Fixed assets – Tangible assets		Computer equipment £
	Cost		
	At start of year		843
	Additions		247
			<hr/>
	At end of year		1,090
			<hr/>
	Depreciation		
	At start of year		427
	Charge in year		208
			<hr/>
	At end of year		635
			<hr/>
	Net book value		
	At 31 March 2022		455
			<hr/>
	At 31 March 2021		416
			<hr/>
11	Debtors	2022	2021
		£	£
	Funds held by investment managers	3,126	3,834
	Other debtors	2,043	-
		<hr/>	<hr/>
		5,169	3,834
		<hr/>	<hr/>
12	Creditors	2022	2021
		£	£
	<i>Amounts falling due within one year:</i>		
	Trade creditors	9,095	-
	Social security and other taxes	2,671	28
	Accruals and deferred income	31,160	6,593
		<hr/>	<hr/>
		42,926	6,621
		<hr/>	<hr/>

The Royal Scots Regimental Trust Exitus

Notes to the financial statements (continued)

13	Fund allocation	Balance at 31 March 2021 £	Income £	Expenditure £	Investment gains £	Transfers between funds £	Balance at 31 March 2022 £
	2022						
	Unrestricted fund	1,621,617	73,119	(134,887)	33,557	263,622	1,857,028
	Designated fund	-	-	-	-	1,000	1,000
	Revaluation reserve	599,913	-	-	106,711	(264,622)	442,002
		<u>2,221,530</u>	<u>73,119</u>	<u>(134,887)</u>	<u>140,268</u>	<u>-</u>	<u>2,300,030</u>
	2021						
	Unrestricted fund	1,671,189	70,494	(105,159)	42,571	(57,478)	1,621,617
	Revaluation reserve	191,904	-	-	350,531	57,478	599,913
		<u>1,863,093</u>	<u>70,494</u>	<u>(105,159)</u>	<u>393,102</u>	<u>-</u>	<u>2,221,530</u>

Designated funds

A donation was given in the year to help towards the commissioning and manufacture of a bench to go to Le Paradis. Due to COVID the bench was not built and shipped by the year end as expected.

14 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2022 Property £	2021 Property £
Not later than one year	7,500	7,500
	<u>7,500</u>	<u>7,500</u>

15 Related party transactions

There were no related party transactions in the current or previous years.

The Royal Scots Regimental Trust Exitus

Notes to the financial statements *(continued)*

16 Financial instruments

	2022 £	2021 £
Carrying amount of financial assets		
Fair value through net income/expenditure	2,280,595	2,192,765
	<u>2,280,595</u>	<u>2,192,765</u>

Financial assets that are debt instruments measured at amortised cost comprise trade receivables and other debtors.

Financial assets measured at fair value through net income/expenditure comprise listed investments.

17 Analysis of changes in net funds during the year

	2022 £	2021 £
As at 1 April 2021	31,136	34,682
Net cash inflow/(outflow)	25,255	(3,546)
	<u>56,391</u>	<u>31,136</u>
As at 31 March 2022	56,391	31,136