

The Hugo Burge Foundation SCIO
(a Scottish Charitable Incorporated Organisation)
(formerly known as Marchmont Makers Foundation SCIO)

Scottish charity number: SC048981

Trustees' report and financial statements
31 December 2024

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Scottish Incorporated Organisation information
as at 31 December 2024

Principal office:



Trustees:



Bankers:

The Co-operative Bank plc
Business Direct Branch
P.O. Box 250
Skelmersdale
Lancashire
WN8 6WT

Auditor:

Henderson Loggie LLP
Level 5
Stamp Office
10 – 14 Waterloo Place
Edinburgh
EH1 1EG



Trustees' report

Hugo Burge (1972 - 2024)

Hugo Burge, the founder of the SCIO, very sadly passed away in May 2023. A successful technology entrepreneur and investor, Hugo was also a passionate supporter of the arts, crafts and all aspects of creativity. He is sorely missed by his family, friends and all whose lives were positively impacted by Hugo. The Hugo Burge Foundation and its Trustees will strive to keep his spirit alive through inspiring creativity in every one of us.

The Trustees present their report and financial statements for the year to 31st December 2024.

Structure, governance and management

The Hugo Burge Foundation was formed on 23 January 2019 and is a Scottish Charitable Incorporated Organisation (SCIO). It is a recognised charity (Scottish Charity Number SC048981). It is governed by a Constitution. On 17 January 2024, the charity changed its name from Marchmont Makers Foundation SCIO.

Details of the trustees and advisers and other reference information is given on page 1.

The powers of appointing and removing Trustees rest with the members and the Trustees and these powers are set out in the charity's constitution.

It is the SCIO's policy to seek to recruit Trustees who have a specific interest in its charitable objects or whose skills can complement those already in place.

The positions of chairperson and treasurer are elected by the Board of Trustees.

Trustee induction and training

Newly appointed Trustees receive an appropriate induction and are introduced to the workings of the Board through their first meetings. Training for Trustees has been undertaken and is offered to new Trustees, to ensure that Trustees are fully up to date with their legal duties and responsibilities.

Objective and activities

The Hugo Burge Foundation is dedicated to nourishing and inspiring creativity in individuals and communities.

The Foundation's work focuses on three key strategic pillars: Creative Education, Patron of the Arts, and Creative Spaces.

Achievements and performance

In 2024, the SCIO made substantial progress across its strategic pillars, strengthening its programs, increasing community impact, and reinforcing governance and operational structures.

Creative Education

The SCIO delivered a growing program of creative workshops and classes, including the successful expansion of the Friday Art Club and community craft groups. These were made accessible through subsidised transport and free venue use for local organisations. The SCIO's new apprenticeship program supported young people in endangered and heritage crafts, in partnership with charities such as QEST and the Heritage Crafts Association.

Trustees' report *(continued)*

Achievements and performance *(continued)*

Patron of the Arts

The SCIO continued to support individual artists through grant funding and residencies. It developed interpretation materials for the Hugo Burge Collection and made significant progress in cataloguing the SCIO's holdings. The development of a new public prize to fund and celebrate works of community-based public art also commenced in 2024.

Creative Spaces

During 2024 the SCIO awarded 20 artist residencies and expanded its residency program into crafts such as silversmithing and embroidery. The SCIO's "Springboard Studios" initiative, offering 12 months of funded studio space, attracted strong applications and national coverage. Improvements to Studio Cottage and the development of the Earlston site for future creative use advanced in line with plans.

Plans for the future

2024 has been a transformative year for the SCIO thanks to the receipt of over £32 million in legacy receipts, primarily from the Estate of Hugo Burge. These additional funds will allow the Foundation to significantly expand its charitable activities and impact across Scotland and the UK. To help deliver this goal it has established a strategic roadmap stretching to 2028 focused on broadening and deepening impact, enhancing sustainability, and refining operations. The key objectives within this roadmap are:

1. Significantly expand reach and participation.
2. Strengthen the residency and Springboard programs.
3. Expand the SCIO's grant funding initiatives.
4. Launch the Creative Hub in Earlston.
5. Enhance organisational resilience.
6. Advance good governance and staff development.

Financial review

The surplus for the year amounted to £31,911,299 (2023: £20,430) due to funds received from the Estates of Hugo and [REDACTED] Burge.

Investment policy

The Trustees have wide powers of investment and, whilst the Foundation's investments are professionally managed, the Trustees closely monitor performance and determine an ethical policy. During 2024 the Trustees formulated an Investment Policy Statement, which establishes the investment requirements for the SCIO and which investments are appropriate for its needs. The Foundation aims to hold a diversified portfolio of financial investments to generate the best financial return within the level of risk considered to be acceptable. This is driven by the need to generate a healthy return from investments to fund charitable and operating activities and protect capital in absolute terms.

Risk assessment

The Trustees assess the major risks to which the Organisation is exposed on an annual basis, in particular those related to the operations and finances of the Organisation and are satisfied that systems are in place to mitigate any such exposure.

Reserves policy

Unrestricted funds represent the general funds which the Trustees are free to use in accordance with the Organisation's charitable objectives. At 31 December 2024, the total reserves amount of the charity were £32,397,468 (2023: £486,169) of which £32,391,858 was unrestricted (2023: £480,429).

Trustees' report *(continued)*

Reserves policy *(continued)*

The Trustees have established a policy whereby the unrestricted reserves not committed to or invested in tangible assets ("the free reserves") held by the charity covering committed recurrent expenditure, ongoing capital expenditure and known and unknown risks should be a minimum of £1,500,000 held in liquid investments. This policy maintains a level of expenditure to cover 12 months of operating, charitable and capital expenditure. In addition, the SCIO aims to deliver total investment returns each year to cover annual expenditure and sustain its capital base. In order to generate target returns it will need to maintain total reserves of between £25 and £30 million.

The free reserves at 31 December 2024 are £29,634,234 (2023: £324,876) being the unrestricted reserves balance less the tangible fixed assets balance which provides significant headroom.

The Trustees confirm that in their opinion the assets of the Organisation are available and adequate to fulfil current obligations.

This report was approved by the Board and signed on its behalf by:



..... 2025

Statement of trustees' responsibilities

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable Law and United Kingdom Generally Accepted Accounting Practice (UK GAAP). Under the SCIO's Constitution, the Trustees are required to ensure that full and punctual accounts are prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 (as amended) and the Charities Accounts (Scotland) Regulations 2006 (as amended). The Trustees also have regard to the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities". Under this legislation, the Trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the SCIO 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 of the Charities SORP (FRS 102)
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to assume the SCIO will continue in operation

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the SCIO and 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 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 Hugo Burge Foundation SCIO

Opinion

We have audited the financial statements of The Hugo Burge Foundation SCIO (the 'charity') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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 December 2024, 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 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 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.

Other matter

The corresponding figures in the financial statements were not audited.

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' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' 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.

Independent Auditor's Report to the Trustees of The Hugo Burge Foundation SCIO (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 set out on page 4, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud
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:

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: OSCR and Charities SORP and the anti-bribery and corruption Act.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the charity, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

Independent Auditor's Report to the Trustees of The Hugo Burge Foundation SCIO (continued)

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Inquiry of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of board and sub-committee meetings;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular regarding valuation of investments and accruals; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Owing to the inherent limitations of an audit, there is unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the 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. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with 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.



Henderson Loggie LLP
Chartered Accountants
Statutory Auditor
Level 5
Stamp Office
10 – 14 Waterloo Place
Edinburgh
EH1 3EG

.....2025

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

**Statement of financial activities (incorporating income and expenditure account)
for year ended 31 December 2024**

	Note	Unrestricted 2024 £	Restricted 2024 £	Total 2024 £	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £
Income from:							
Donations & legacies	3	32,335,944	11,000	32,346,944	357,244	-	357,244
Charitable activities	4	8,104	-	8,104	722	-	722
Investment income		14,710	-	14,710	39	-	39
Rental income	5	52,004	-	52,004	11,384	-	11,384
Total income		32,410,762	11,000	32,421,762	369,389	-	369,389
Expenditure on:							
Raising funds	6	101,726	-	101,726	7,726	-	7,726
Charitable expenditure	7	1,024,623	11,130	1,035,753	337,433	3,800	341,233
Total expenditure		1,126,349	11,130	1,137,479	345,159	3,800	348,959
Net income/(expenditure) before gain on investments		31,284,413	(130)	31,284,283	24,230	(3,800)	20,430
Net gain on investments		627,016	-	627,016	-	-	-
Net income/(expenditure) and net movement in funds		31,911,429	(130)	31,911,299	24,230	(3,800)	20,430
Reconciliation of funds:							
Fund balances brought forward at 1 January 2024		480,429	5,740	486,169	456,199	9,540	465,739
Fund balances at 31 December 2024	16, 17	32,391,858	5,610	32,397,468	480,429	5,740	486,169

The notes on pages 11 to 24 form an integral part of the financial statements.

Balance sheet
as at 31 December 2024

	<i>Note</i>	2024 £	2024 £	2023 £	2023 £
Fixed Assets					
Tangible fixed assets	10		1,025,167		155,553
Heritage Assets	11		966,172		-
Investments	12		16,986,430		-
			<hr/>		<hr/>
			18,977,769		155,553
Current Assets					
Debtors and prepayments	13	10,342,137		70,882	
Tangible assets held for resale	14	766,285		-	
Bank balances and cash		2,413,161		286,312	
		<hr/>		<hr/>	
			13,521,583		357,194
Creditors					
Amounts falling due within one year	15	(96,032)		(26,578)	
		<hr/>		<hr/>	
Net current assets			13,425,551		330,616
			<hr/>		<hr/>
Net current assets less current liabilities			32,403,320		486,169
Creditors					
Amounts falling due after more than one year	16		(5,852)		-
			<hr/>		<hr/>
Total net assets			32,397,468		486,169
			<hr/>		<hr/>
Funds					
Unrestricted reserve	17, 18		32,391,858		480,429
Restricted reserves	17, 18		5,610		5,740
			<hr/>		<hr/>
			32,397,468		486,169
			<hr/>		<hr/>

The notes on pages 11 to 24 form an integral part of the financial statements.

The financial statements were approved by Trustees on 2025 and signed on their behalf by:

Chair and Trustee

Statement of cash flows
at 31 December 2024

	2024 £	2024 £	2023 £	2023 £
Cash flows from operating activities				
Net income and movement in funds	31,911,299		20,430	
Adjustment for donated assets	(20,889,372)		-	
Revaluation of fixed assets	362,887		-	
Loss on disposal of fixed assets	-		13,561	
Gains on investments	(627,016)		-	
Investment income	(14,710)		-3	
Depreciation	7,418		9,518	
Increase in creditors	75,306		10,180	
Increase in debtors	(10,271,255)		(51,858)	
Cash provided by / (used in) operating activities		554,557		1,831
Cash flows from investment activities				
Investment income	14,710		-	
Acquisition of tangible assets	(82,817)		(155,472)	
Proceeds from sale of assets held for resale	907,525		-	
Proceeds from sale of investments	732,874		-	
		1,572,292		(155,472)
Cash used in investment activities				
Total cash and cash equivalents in the year		2,126,849		(153,641)
Cash and cash equivalents at beginning of year		286,312		439,953
Cash and cash equivalents at end of year		2,413,161		286,312
Cash and cash equivalents comprise:				
Bank balances and cash		2,413,161		286,312

Notes

(forming part of the financial statements)

1 Incorporated Organisation Constitution

The Hugo Burge Foundation SCIO is a Scottish Charitable Incorporated Organisation that is governed by a Constitution. The charity constitutes a public benefit entity as defined by FRS102.

2 Accounting policies

Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention and are in accordance with Applicable Accounting Standards, the Statement of Recommended Practice FRS102 (SORP FRS 102) "Accounting and Reporting by Charities", The Charities and Trustees Investment (Scotland) Act 2005 (as amended), The Charities Accounts (Scotland) Regulations 2006 (as amended) and in accordance with the Financial Reporting Standard 102 FRS (FRS 102). The financial statements are prepared in Sterling, which is the functional currency of the SCIO. Monetary amounts in these financial statements are rounded to the nearest pound sterling.

Going concern

These financial statements have been prepared on a going concern basis which assumes that the charity will continue its operations for the foreseeable future and at least 12 months from the date of approval of the financial statements. There are no material uncertainties that exist or material changes in the way the charity operated, and the Trustees consider it appropriate to prepare financial statements on a going concern basis.

Income

Income is recognised when the charity has entitlement to the funds, when it is probable that the income will be received and the amount can be measured reliably. Net donations are accounted for in the period in which they are receivable with any recoverable tax being included to record the donations at their gross value.

Donated Services and Gifts in Kind

Donated services and facilities are included at the value to the charity where this can be quantified which is the value the charity would have paid on the open market. No amounts are included in the financial statement for services donated by volunteers.

Expenditure

Expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of expenditure in the Statement of Financial Activities. Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Pensions

The charity operates a defined contribution scheme and complies with auto-enrolment regulations. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting year.

Notes *(continued)*
(forming part of the financial statements)

2 Accounting policies (continued)

Tangible Fixed Assets

Buildings and items of equipment, furniture, fixtures and fittings that cost more than £1,000, are capitalised as tangible fixed assets. Leasehold improvements are depreciated over the term of the lease. Depreciation is provided using the following rates to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:

Buildings	No depreciation
Leasehold Improvements	33% Straight Line basis / remaining term of the lease
Computer Equipment	33% Straight Line basis
Plant & Machinery	25% Straight Line basis
Artwork	No depreciation

Buildings are held at cost at the 2024 year-end. No depreciation is charged because the Trustees believe the residual value of the building will equal cost.

Artwork included in tangible fixed assets is held at valuation, based on market valuation. No depreciation is charged because the Trustees believe the assets have indefinite useful economic lives and so any depreciation charge would be immaterial.

Heritage assets

Heritage assets are recognised on the balance sheet and were initially measured at valuation as they were donated. Fair values for donated assets are estimated by reference to market prices. Assets are subsequently stated at valuation. No depreciation is charged on heritage assets as the Trustees believe the assets have indefinite useful economic lives and so any depreciation charge would be immaterial.

Where information on the cost or valuation of heritage assets is not available or the cost of providing such information significantly outweighs any benefit to the users of the accounts then heritage assets are not recognised on the balance sheet.

Acquisitions only arise when donated to the charity or if it is believed that they will further the charity's objectives. Once acquired they will be preserved by the charity in order to keep their historical, artistic, scientific, technological, geophysical or environmental qualities to such a high level as to contribute to knowledge and culture. A register of all assets held by the charity is available and the assets themselves are accessible to the public with prior agreement. Heritage assets are to be held for the foreseeable future.

Cash

Cash at bank includes cash and highly liquid short-term investments until a maturity of three months or less from the date of acquisition of the deposit or similar account.

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.

Notes *(continued)*
(forming part of the financial statements)

Funds

Funds are classified as either restricted or unrestricted. Restricted funds are funds subject to specific conditions authorised by the donor. Unrestricted funds are expendable at the trustees' discretion in furtherance of the objectives of the charity.

Taxation

The incorporated association is recognised by HMRC as a charity and no charge for taxation arises on the results of the year.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value/cost and subsequently listed investments being measured at their fair value as at the balance sheet date using the closing market prices as valued by the appointed investment managers. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Gains and losses arising are charged or credited to the Statement of Financial Activities in the period in which 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 recognised in the Statement of Financial Activities.

Financial assets and liabilities

Financial instruments are recognised in the Statement of Financial Activities when the Trust becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price.

Financial instruments are classified as 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Trust has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Critical accounting estimates and judgements

In the application of the charity'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.

In preparing these financial statements, the directors have made the following judgements:

- Fixed assets are assessed as to whether that are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

Notes (continued)
(forming part of the financial statements)

Critical accounting estimates and judgements (continued)

- Artwork held by the Trust received from the legacies of Hugo Burge are initially measured at fair value performed by Sotheby's for the estate of Hugo Burge prior to transfer and are then subsequently assessed for any impairment at each reporting date.
- Listed investments held by the Trust are administered by the Trust's investment advisors Rathbone Investment Management Ltd. In line with the accounting policy the investments are initially measured at transaction price, and are subsequently measured at fair value at each reporting date. The transaction price, transaction costs and fair value of the investments are based upon the regular investment portfolio reports obtained from the investment advisors.
- The requirement for accruals is assessed using post year end information and information available from detailed budgets. This identifies costs that are expected to be incurred for services provided by other parties. Accruals are only released when there is a reasonable expectation that these costs will not be invoiced in the future.

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.

3 Donations		Unrestricted £	Restricted £	2024 £	2023 £
	Donations	36,240	11,000	47,240	328,159
	Gift Aid recovered	-	-	-	29,085
	Legacies	32,299,704	-	32,299,704	-
		<u>32,335,944</u>	<u>11,000</u>	<u>32,346,944</u>	<u>357,244</u>
4 Income from Charitable Activities - Unrestricted				2024 £	2023 £
	Fees from charitable events			8,104	722
				<u>8,104</u>	<u>722</u>
5 Other Income - Unrestricted				2024 £	2023 £
	Rental income			52,004	11,384
				<u>52,004</u>	<u>11,384</u>

Notes (continued)
(forming part of the financial statements)

6 Expenditure on Raising Funds – Unrestricted

	2024 £	2023 £
Investment manager fees	90,869	-
Direct Expenses	38	4,426
Direct Wages	-	3,300
Event costs	10,819	-
	<u>101,726</u>	<u>7,726</u>

7 Expenditure on Charitable Activities

	Unrestricted £	Restricted £	Total 2024 £	Total 2023 £
Cost contributions	-	-	-	4,875
Residency costs – stipends	28,030	2,800	30,830	19,382
Residency costs - rent	-	-	-	21,131
Donations paid	570	-	570	37,045
Advertising & marketing	4,005	-	4,005	1,080
Website costs	11,323	-	11,323	8,750
Bank fees	528	-	528	130
Premises costs	73,069	-	73,069	11,722
Consultancy	2,800	-	2,800	43,127
Depreciation	7,418	-	7,418	9,518
Staff entertainment & subsistence	2,784	-	2,784	-
Office expenses	7,725	-	7,725	1,568
General expenses	4,310	1,286	5,596	908
Insurance	5,910	-	5,910	1,227
Interest paid	787	-	787	2
Legal expenses	12,149	-	12,149	14,093
Professional fees	3,365	-	3,365	-
Motor vehicle expenses	779	-	779	-
Rent	126,750	1,750	128,500	21,729
Repairs & maintenance	16,853	5,294	22,147	3,894
Travel	5,968	-	5,968	2,977
Subscriptions	915	-	915	499
Telephone and internet	653	-	653	-
Governance costs (note 8)	20,500	-	20,500	1,060
Apprentice costs	7,040	-	7,040	1,848
Staff costs	295,356	-	295,356	113,874
Staff training and benefits	1,798	-	1,798	1,150
Disallowed VAT	20,351	-	20,351	6,083
Loss on disposal of fixed assets	-	-	-	13,561
Revaluation of fixed assets	362,887	-	362,887	-
	<u>1,024,623</u>	<u>11,130</u>	<u>1,035,753</u>	<u>341,233</u>

In 2023 there was £1,000 of restricted expenditure for Residency costs-rent and £2,800 for Residency costs – stipends.

Notes (continued)
(forming part of the financial statements)

8 Governance costs

	2024 £	2023 £
Accountancy fees	11,000	1,060
Auditor's remuneration	9,500	-
	<u>20,500</u>	<u>1,060</u>

9 Employment Costs, Numbers and Trustee and Key Management Personnel Remuneration

Number of employees

	2024 Number	2023 Number
The average number of employees throughout the year was:		
Executive Director	1	1
Support Staff	6	1
	<u>7</u>	<u>2</u>

Employment costs

	2024 £	2023 £
Wages and salaries	266,749	104,215
Social security costs (net of Employment Allowance)	23,025	7,080
Pension costs	5,582	2,579
	<u>295,356</u>	<u>113,874</u>

There was one (2023: one) employee in the current year receiving emoluments in excess of £60,000. One employee received remuneration in the band £70,000 - £80,000 (2023: one employee £70,000 - £80,000).

The total amount of employee emoluments received by key management personnel of the charity is £131,508 (2023: £91,885). This includes employer national insurance and employer pension costs. The charity considers its key management personnel comprise the Executive Director, Creative Director and the Trustees.

Remuneration of Trustees

Two Trustees (2023: one) received remuneration totaling £48,333 (2023: £78,467) for work performed in connection with the affairs of the Organisation.

Notes (continued)
(forming part of the financial statements)

10 Tangible Assets - Fixed

	Buildings £	Leasehold Improvements £	Computer Equipment £	Plant and Machinery £	Motor Vehicle £	Artwork £	2024 £
Cost at 1 Jan 2024	149,409	2,715	1,577	3,348	-	-	157,049
Additions	-	58,429	4,030	11,363	8,995	2,830,912	2,913,729
Revaluation	-	-	-	-	-	(362,887)	(362,887)
Transfer to assets held for sale	-	-	-	-	-	(1,673,810)	(1,673,810)
Cost at 31 Dec 2024	149,409	61,144	5,607	14,711	8,995	794,215	1,034,081
Depreciation at 1 Jan 2024	-	166	1,051	279	-	-	1,496
Charge for the year	-	1,526	974	2,857	2,061	-	7,418
Disposals	-	-	-	-	-	-	-
Depreciation at 31 Dec 2024	-	1,692	2,025	3,136	2,061	-	8,914
Net Book Value at 31 Dec 2024	149,409	59,452	3,582	11,575	6,934	794,215	1,025,167
Net Book Value at 1 Jan 2024	149,409	2,549	526	3,069	-	-	155,553

Artwork was formally valued by Sothebys on 10 May 2023.

Notes (continued)
(forming part of the financial statements)

11 Heritage Assets

	2024 £	2023 £
At 1 January 2024	-	-
Additions	966,172	-
At 31 December 2024	966,172	-

The Foundation's heritage assets consist of a collection of approximately 400 objects, all of which were acquired by Hugo Burge himself. The collection consists of paintings, sculptures, furniture, and other decorative items, with a particular strength in modern British arts and crafts spanning the period 1900 to the present day. There are currently no plans to dispose of this collection, which is of significant cultural importance, nor are there plans to add to it. The main body of the collection is currently in storage while cataloguing, research and photography is undertaken. The Foundation plans to loan the works (for no cost) to museums and galleries around the United Kingdom. The long-term plan is to find a permanent home for the collection in or around the Scottish Borders, where it will be made accessible to the public for free.

The collection was subject to independent, qualified valuation by Sothebys on 10 May 2023. By the nature of the items classed by the Trustees as a heritage asset, the Trustees believe the date of this valuation to be appropriate for use as at 31 December 2024.

12 Investments

	Unlisted 2024 £	Listed 2024 £	Total 2024 £	Total 2023 £
At 1 January 2024	-	-	-	-
Additions	12,886,379	4,205,909	17,092,288	-
Disposals	(94,326)	(638,548)	(732,874)	-
Revaluation gain	264,814	362,202	627,016	-
At 31 December 2024	13,056,867	3,929,563	16,986,430	-
Total investments	13,056,867	3,929,563	16,986,430	-
Historical cost	12,792,054	3,567,361	16,359,415	-

Notes (continued)
(forming part of the financial statements)

Investment Risks

FRS 102 requires the disclosure of information in relation to investment risks, which is set out below:

- Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk, and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of any other changes.

The charity has exposure to these risks because of the investments it makes to implement its investment strategy. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the charity's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the charity's investment managers.

- Credit Risk – the charity is subject to credit risk in relation to cash deposits held and the funds with fixed interest investments.
- Currency risk – the charity is subject to currency risk because some of the charity's investments are traded in overseas markets.
- Interest rate risk – the charity is subject to interest rate risk through investments in funds with bonds.
- Other price risk – other price risk arises principally in relation to equity holdings. The charity manages this exposure to other price risk through a diverse portfolio of investment funds across various markets.

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

Liquidity risk

Liquidity risk is anticipated to be low as while the Foundation holds a number of unlisted investments, the overall portfolio of investments is such that the Foundation has ready access to sufficient levels of liquid assets to meet the Foundation's anticipated expenditure needs over the medium term.

13 Debtors and prepayments

	2024 £	2023 £
Donations receivable	8,750	6,250
Legacies receivable	9,368,484	-
Trade receivables	856,712	47,271
Prepayments and accrued income	88,006	2,640
VAT recoverable	18,618	14,328
Other debtors	1,567	393
	<hr/>	<hr/>
	10,342,137	70,882
	<hr/>	<hr/>

14 Assets held for resale

	Artwork £	2024 £
Cost at 1 Jan 2024	-	-
Transfer from fixed assets	1,673,810	1,673,810
Disposals	(907,525)	(907,525)
	<hr/>	<hr/>
Cost at 31 Dec 2024	766,285	766,285
	<hr/>	<hr/>
Depreciation at 1 Jan 2024	-	-
Charge for the year	-	-
Disposals	-	-
	<hr/>	<hr/>
Depreciation at 31 Dec 2024	-	-
	<hr/>	<hr/>
Net Book Value at 31 Dec 2024	766,285	766,285
	<hr/>	<hr/>
Net Book Value at 1 Jan 2024	-	-
	<hr/>	<hr/>

Artwork was formally valued by Sothebys on 10 May 2023. Assets held for resale are included within current assets as they were sold after the year-end. The sale prices of these assets have been used as the valuation basis at the 2024 year-end.

15 Creditors: Amounts falling due within one year

	2024 £	2023 £
Trade payables	53,276	3,038
Accruals and deferred income	18,556	11,141
Obligations under hire purchase agreement	5,016	-
National insurance & PAYE payable	19,184	12,399
	<hr/>	<hr/>
	96,032	26,578
	<hr/>	<hr/>

Notes (continued)
(forming part of the financial statements)

16 Creditors: Amounts falling due after one year

	2024 £	2023 £
Obligations under hire purchase agreement	5,852	-
	<u>5,852</u>	<u>-</u>

17 Reserves

2024	Balance at 1 Jan 2024 £	Income £	Expenditure £	Gains / (Losses) £	Balance at 31 Dec 2024 £
Restricted Funds:					
Skyboat Residency	5,740	-	(4,550)	-	1,190
Scottish Goldsmiths	-	11,000	(6,580)		4,420
	<u>5,740</u>	<u>11,000</u>	<u>(11,130)</u>	<u>-</u>	<u>5,610</u>
Unrestricted Funds:					
General Fund	480,429	32,410,762	(1,126,349)	627,016	32,391,858
Total Funds	<u>486,169</u>	<u>32,421,762</u>	<u>(1,126,349)</u>	<u>627,016</u>	<u>32,397,468</u>
2023	Balance at 1 Jan 2023 £	Income £	Expenditure £	Gains/(Losses) £	Balance at 31 Dec 2023 £
Restricted Funds:					
Skyboat residency	9,540	-	(3,800)	-	5,740
	<u>9,540</u>	<u>-</u>	<u>(3,800)</u>	<u>-</u>	<u>5,740</u>
Unrestricted Funds:					
General Fund	456,199	369,389	(345,159)	-	480,429
Total Funds	<u>465,739</u>	<u>369,389</u>	<u>(348,959)</u>	<u>-</u>	<u>486,169</u>

Skyboat Residency: Donations to cover rent and stipends for this residency.

Scottish Goldsmiths: Donation to cover the replacement of fire damaged items.

Notes (continued)
(forming part of the financial statements)

17 Analysis of net assets between funds

31 December 2024	Fixed Assets 2024 £	Net current assets 2024 £	Liabilities due > 1 year 2024 £	Total 2024 £
Restricted Funds	-	5,610	-	5,610
General Fund (unrestricted)	18,977,769	13,419,941	(5,852)	32,391,858
	<u>18,977,769</u>	<u>13,425,551</u>	<u>(5,852)</u>	<u>32,397,468</u>
31 December 2023	Tangible Fixed Assets 2023 £	Net current assets 2023 £	Liabilities due > 1 year 2023 £	Total 2023 £
Restricted Funds	-	5,740	-	5,740
General Fund (unrestricted)	155,553	324,876	-	480,429
	<u>155,553</u>	<u>330,616</u>	<u>-</u>	<u>486,169</u>

18. Analysis of Changes in Net Cash and Cash Equivalents

	2024 £	2023 £
As start of year	286,312	439,953
Net cash inflow/ (outflow)	2,126,849	(153,641)
	<u>2,413,161</u>	<u>286,312</u>
As at end of year	2,413,161	286,312

	As at 1 January 2024 £	Cashflows	As at 31 December 2024	As at 1 January 2023	Cashflows	As at 31 December 2023
Cash at Bank	<u>286,312</u>	<u>2,126,849</u>	<u>2,413,161</u>	<u>439,953</u>	<u>(153,641)</u>	<u>286,312</u>

Notes *(continued)*
(forming part of the financial statements)

19 Financial Instruments

	2024 £	2023 £
Carrying amount of financial assets		
Assets measured at fair value	16,986,430	-
	<hr/>	<hr/>
	16,986,430	-
	<hr/>	<hr/>

Financial assets measured at fair value comprise unlisted and listed investments.

20 Related party transactions

During the year the SCIO was invoiced £6,440 (2023: £nil) of expenditure by Marchmont Ventures Group Limited, a company in which one Trustee is a director. At the year-end the balance due to Marchmont Ventures Group Limited was £7,200 (2023: £nil).

21 Trustee donations and reimbursements

The total amount donated to the SCIO during the year by trustees was £nil (2023: £298,617).

During the year, a total of £2,161 (2023: £3,350) was reimbursed to Trustees for expenditure that they had paid on behalf of the charity. As at 31 December 2024 £nil reimbursement was due to be paid to any Trustee for expenditure incurred on behalf of the charity (2023: £nil).

22 Ultimate controlling party

The charity is controlled by its Trustees.

Notes *(continued)*
(forming part of the financial statements)

23 Commitments under operating leases

At 31 December 2024 the organisation had future minimum lease payments under a non-cancellable operating lease as follows:

	2024 £	2023 £
Within 1 year	128,500	130,000
Between 2-5 years	514,000	520,000
More than 5 years	2,291,583	2,448,333
	<hr/>	<hr/>
	2,934,083	3,098,333
	<hr/>	<hr/>

The total lease payments during the year were £128,500 (2023: £21,729).

24 Contingent Liability

At the year-end the organisation had committed to partially funding two projects. The donations were conditional; dependant on the beneficiary sourcing the remaining funding from other donors. At the balance sheet date, the balance of funding had not been secured by the beneficiary therefore the conditions had not been fulfilled. The donations will be recognised as payable when the conditions have been met by the beneficiary, when there is a legal and constructive obligation committing the charity to the expenditure. The contingent liability is as follows:

	2024 £	2023 £
Payable within 1 year	3,560	-
	<hr/>	<hr/>
	3,560	-
	<hr/>	<hr/>

