

**Andrew Grant Bequest**  
**(Formerly Edinburgh College of Art, Andrew Grant**  
**Scholarship Fund)**

Trustee's Report and Financial Statements

Year ended 31 July 2012

Registered Charity Number SC001097

<b>Contents</b>	<b>Page</b>
Reference and administrative information	3
Trustee's report	4
Statement of the Trustee's responsibilities in respect of the Trustee's report and financial statements	9
Independent Auditor's Report	10
Statement of financial activities	12
Balance sheet	13
Notes to the financial statements	14

## Reference and administrative information

Charity name: Andrew Grant Bequest  
Charity number: SC001097

From 1 August 2011, the University Court of the University of Edinburgh is the single corporate Trustee of the Andrew Grant Bequest (the "Trustee"). Members of the University Court of the University of Edinburgh at the date of signing the accounts are given below:

Mr P McColl  
Professor Sir Timothy M M O'Shea  
Sheriff Principal E F Bowen QC  
Mr A Johnston  
Professor A Smyth  
Mrs M Tait  
Professor D J Finnegan  
Dr M Aliotta  
Professor J Ansell  
Professor A Harmar  
Rt Hon D Wilson  
Professor S Monro (Vice-Convenor of the Court of the University of Edinburgh)  
Mr D Bentley  
Dr R Black  
Mr P Budd  
Dr C Masters  
Mr L Matheson  
Mrs E Noad  
Ms A Richards  
Mr D Brook  
Mr J McAsh  
Mr A Burnie

Principal office: The University of Edinburgh, Old College, South Bridge,  
Edinburgh EH8 9YL

Bankers: The Royal Bank of Scotland plc, 36 St Andrew Square  
Edinburgh EH2 2AD

Solicitors: Lindsays WS, Caledonian Exchange, 19A Canning Street,  
Edinburgh EH3 8HE

Auditors: KPMG LLP, Saltire Court, 20 Castle Terrace,  
Edinburgh EH1 2EG

Investment advisors: Baillie Gifford Investment Managers Limited, Calton Square, 1 Greenside Row,  
Edinburgh EH1 3AN

## **Trustee's report**

The corporate Trustee presents the annual Report and audited Financial Statements for the year ended 31 July 2012. Reference and administrative information is shown on page one. With the merger of the Edinburgh College of Art with the University of Edinburgh on 1 August 2011, under the Edinburgh College of Art (Transfer) (Scotland) Order 2011 Scottish Statutory Instrument No 42 (the "2011 Order"), the University Court of the University of Edinburgh became the single corporate Trustee of the Andrew Grant Bequest and is referred to in this Trustee's report as "the Trustee".

The Financial Statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the 2011 Order, the Edinburgh College of Art (Scotland) Order of Council 1995 (the "1995 Order"), the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 as amended and the Statement of Recommended Practice: Accounting and Reporting by Charities published in 2005.

## **Structure, governance and management**

The Andrew Grant Bequest (the "Bequest") was created and directed by a codicil dated 12 September 1911 to a trust disposition and settlement dated 24 October 1894, of the late Andrew Grant. It was held and administered by the City of Edinburgh Council, transferring to Edinburgh College of Art in accordance with the provisions of The Edinburgh College of Art (Scotland) Order of Council 1959 (the "1959 Order") and from 1 August 2011 being administered in accordance with the 2011 Order.

At the time of the merger of the Edinburgh College of Art with the University of Edinburgh on 1 August 2011 the Andrew Grant Bequest and a number of other donations and bequests, from a variety of donors, including the Edinburgh College of Art Prize Fund were held within the Edinburgh College of Art, Andrew Grant Scholarship Fund (the "Fund"). The Trustee of the Fund and of the Andrew Grant Bequest approved that going forward the Edinburgh College of Art Prize Fund and other specific endowments would be transferred into the University of Edinburgh's endowment portfolio and that the Andrew Grant Bequest would remain the sole endowment in the Fund. In order to take this forward the Trustee sought approval from the Office of the Scottish Regulator (OSCR) on 23 May 2012 to change the constitution and name of the Fund and this was granted on 19 July 2012 with effect from 31 July 2012. The Edinburgh College of Art Prize Fund and other specific endowments are now administered by the University of Edinburgh in accordance with the directions of the respective testators and donors and statutory provisions and will be accounted for within the Reports and Financial Statements of the University of Edinburgh from 2012/13. These Financial Statements reflect not only the payments during the year from the Andrew Grant Bequest, the Edinburgh College of Art Prize Fund and other endowments but also the transfer of the capital relating to the Edinburgh College of Art Prize Fund and other endowments to the University of Edinburgh. Going forward, this will leave only the Andrew Grant Bequest monies in the Charity.

The Andrew Grant Bequest does not actively fundraise and seeks to continue the charitable work desired by Andrew Grant through the careful stewardship of its existing resources. The Andrew Grant Bequest is a lasting testimony to the generosity of Andrew Grant and his wish to contribute to the support of students now studying at the reconstituted Edinburgh College of Art within the University of Edinburgh. The on-going aim and objective of the Andrew Grant Bequest is to ensure sufficient interest is generated from the trust to support scholarships and awards for students studying at the reconstituted Edinburgh College of Art within the University of Edinburgh.

The University Court of the University of Edinburgh is the single corporate Trustee of the Andrew Grant Bequest. The composition of the University Court of the University of Edinburgh comprises the following 22 members:

- The Rector, elected by staff and students of the University of Edinburgh
- The Principal of the University of Edinburgh
- One assessor nominated by the Chancellor of the University of Edinburgh
- Four assessors elected by the Senatus of the University of Edinburgh: at least one of whom must be of professorial status and one non-professorial
- Three assessors elected by the General Council of the University of Edinburgh
- An assessor nominated by the City of Edinburgh Council
- An assessor elected by the non-teaching staff of the University of Edinburgh from amongst their number
- Two fully matriculated students nominated by the Students' Representative Council of the University of Edinburgh
- Up to eight co-opted members appointed by the University Court following an open advertisement process: at least one of whom must be male and one must be female

The University Court of the University of Edinburgh is constituted by the Universities (Scotland) Acts 1858 to 1966 and secondary or subordinate legislation and in particular Edinburgh Ordinances No 187, 192, and 201.

The corporate Trustee met on six occasions during 2011-2012. It has agreed its operational arrangements which were formally set out in a document approved by the Trustee on 11 September 2012: this document will be fully implemented during 2012-2013. The Vice-Convener of the University Court of the University of Edinburgh is the chairperson of the corporate Trustee, chairs meetings of the corporate Trustee and is responsible for the conduct of meetings and governance arrangements: the Vice-Convener of the University Court of the University of Edinburgh is elected from and among members of the University Court of the University of Edinburgh every three years in accordance with arrangements approved from time to time by the University Court of the University of Edinburgh. During 2011-2012, the corporate Trustee agreed to delegate some of its functions to the University of Edinburgh's Finance Department, Audit Committee and Finance and General Purposes Committee in respect of the Annual Accounts; the University of Edinburgh's Investment Committee in respect of on-going financial management of the Andrew Grant Bequest and alignment of the investment strategy with that of the University of Edinburgh's endowment funds; and management and awarding of prizes and scholarships in accordance with section 8 of the 2011 Order to Edinburgh College of Art, Awards and Bequests Committee convened by the Principal of the reconstituted Edinburgh College of Art within the University of Edinburgh. The operational document sets out those matters requiring the approval of the corporate Trustee and confirms and provides further detail on these delegated duties which will be taken forward in 2012-2013.

Members of the University Court of the University of Edinburgh acting in the capacity of corporate Trustee of the Andrew Grant Bequest gave freely of their time and no remuneration was paid in the year. Members of the University Court of the University of Edinburgh are required to disclose all relevant interests and these are maintained in a Register of Interests which is publically available on the University of Edinburgh's web site at:

<http://www.ed.ac.uk/schools-departments/governance-strategic-planning/governance/university-court/overview>

## **System of Internal Control**

The corporate Trustee is responsible for the system of internal control and for ensuring that such a system is designed to manage rather than eliminate risks and provide reasonable and not absolute assurance against material mis-statement or loss. It relies on the University of Edinburgh's internal control environment, policies, procedural and system controls to discharge this responsibility under delegated arrangements. The Audit Committee of the University of Edinburgh receives regular reports from internal audit prepared on a risk basis which include recommendations for improvement and reports from the University of Edinburgh's Risk Management Committee including the Committee's annual report which includes the overall view of the Risk Management Committee on the adequacy of the management of risk in the University of Edinburgh.

By its 10 December 2012 meeting, the corporate Trustee had received the University of Edinburgh's Audit Committee report for the year ended 31 July 2012 on the Andrew Grant Bequest and is satisfied that adequate controls were in place for the year ending 31 July 2012.

In reaching this view, the corporate Trustee was informed by the following:

- a) the University of Edinburgh's Internal Audit Service's Annual Report to the University of Edinburgh's Audit Committee on the adequacy and effectiveness of systems of internal control;
- b) the University of Edinburgh's Risk Management Committee's Annual Report to the University of Edinburgh's Audit Committee regarding its operation;
- c) comments made by the External Auditor of the Andrew Grant Bequest in their Highlights Memorandum; and
- d) thorough review to ensure that awards were made in line with section 8 of the 2011 Order.

## **Reserves policy**

The corporate Trustee aims to generate about £90,000 of income per annum to be disbursed as prizes and awards to deserving students of the reconstituted Edinburgh College of Art within the University of Edinburgh.

All endowments held by the Fund are permanent endowments; the capital must be maintained and only the income received from investing the capital sums may be distributed each year.

## **Disclosure of information to auditor**

The corporate Trustee confirms that, so far as it is aware, there is no relevant audit information of which the trust's auditor is unaware; and the corporate Trustee has taken all the steps that it ought to have taken as a corporate trustee to make itself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

## **Objectives and activities**

The Andrew Grant Bequest's objective is the advancement of education of existing and previous students of the reconstituted Edinburgh College of Art within the University of Edinburgh. These objectives are met through a variety of routes, primarily the provision of scholarships and travel awards, in line with the terms of the original benefaction from Andrew Grant. The corporate Trustee has delegated responsibility for the management and awarding of prizes and scholarships in accordance with section 8 of the 2011 Order to the

Edinburgh College of Art, Awards and Bequests Committee convened by the Principal of the reconstituted Edinburgh College of Art within the University of Edinburgh.

Section 8 of the 2011 Order states:

- (1) The endowment created by a codicil dated 12th September 1911 to the trust disposition and settlement dated 24th October 1894 of the late Andrew Grant and known as the Andrew Grant Bequest (in this article referred to as the 'bequest') is to be held and administered by the transferee in accordance with the provisions of this article.
- (2) The transferee –
  - (a) must apply not less than four-fifths of the free income of the bequest in each financial year to provide scholarships or bursaries to deserving students of the University on programmes of study within the reconstituted ECA either during such programme of study or in the way of travelling scholarships or otherwise after such programme of study is finished under such regulations as the transferee shall from time to time appoint: and
  - (b) may apply the remainder –
    - (i) in the meeting of the expenses of organised educational excursions for the benefit of students of the University on programmes of study within the reconstituted College or the expenses of holding exhibitions of works of art at the University;
    - (ii) in providing equipment and facilities for special study at the reconstituted College;
    - (iii) in assisting the provision and development of sports activities at or in connection with the reconstituted College;
    - (iv) in assisting the formation, maintenance and encouragement of clubs, societies, and other organisations conducted for the benefit of students of the University on programmes of study at the reconstituted College.
- (3) Income unused at the end of the financial year may be carried forward to the next financial year or added to the capital of the bequest or both.

In the above Articles the transferor means the Governors of the Edinburgh College of Art and the transferee means the Court of the University of Edinburgh.

### **Financial review**

As in previous years, a forecast of income to the Andrew Grant Bequest is made and awards allocated up to that limit. The Andrew Grant Bequest's income from investments in the year totalled £111,717. The year-end market value of the Andrew Grant Bequest's investments increased by £116,358 representing a 5% increase on the previous year end. The principal funding source is the yield produced by the investment as managed by Baillie Gifford Investment Managers Limited. Over £1,233,957 was paid out from grants awarded. This is made up of monies paid out on behalf of the Andrew Grant Bequest. Funds of £88,562 in relation to the Andrew Grant bequest was made available to the Edinburgh College of Art, Awards and Bequests Committee to award to appropriate applicants of which £86,883 has been dispersed. The balance of the monies related to payment from other ECA prize funds and endowments and a transfer of £1 million

to the University of Edinburgh representing the formal transfer of the ECA prize funds and other endowments (excluding the Andrew Grant Bequest) to the University of Edinburgh.

### **Charitable Status**

The Andrew Grant Bequest has charitable status (No. SC001097) under the legislative framework. The corporate Trustee considers that the Andrew Grant Bequest meets the 'Charity Test' set out in Section 7 of the Charities and Trustee Investment (Scotland) Act 2005. It will take such actions as are necessary to ensure continued full compliance with the legislation and retention of its charitable status.



On behalf of the corporate Trustee

10 December 2012



## Statement of corporate Trustee's responsibilities in respect of the Trustee's Report and the Financial Statements

Under the 2011 Order and charity law, the Trustee is responsible for preparing the Trustee's Report and the Financial Statements in accordance with applicable law and regulations.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these Financial Statements, generally accepted accounting practice entails that the Trustee:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- states whether the Financial Statements comply with the 2011 Order, the 1995 Order, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 as amended and the Statement of Recommended Practice: Accounting and Reporting by Charities published in 2005 subject to any material departures disclosed and explained in the Financial Statements; and
- prepares the Financial Statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The corporate Trustee is required to act in accordance with the 2011 Order, within the framework of trust law. It is responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time and to enable the corporate Trustee to ensure that, where any statements of accounts are prepared by it under Section 44 of the Charities and Trustees Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and the 2011 Order, those statements of accounts comply with the requirements of regulation under that provision. It has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the charity and to prevent and detect fraud and other irregularities. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Financial Statements have been prepared in accordance with the accounting policies set out in note 1 and comply.

## **Independent auditor's report to the Trustee of the Andrew Grant Bequest**

We have audited the financial statements of Andrew Grant Bequest for the year ended 31 July 2012 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charity's trustee as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to it 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 its trustee as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustee and auditor**

As explained more fully in the Statement of the Trustee's Responsibilities set out on page nine, the Trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under that Act. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at <http://www.frc.org.uk/apb/scope/private.cfm>.

### **Opinion on the financial statement**

In our opinion the financial statements:

- give a true and fair view of the charity's affairs as at 31 July 2012 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

## Independent auditor's report to the Trustee of the Andrew Grant Bequest *(continued)*

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if in our opinion:

- the information given in the Trustee's Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



**S Reid**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

Saltire Court  
20 Castle Terrace  
EH1 2EG

21 December 2012

*KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*

**Statement of Financial Activities**  
for the year ending 31 July 2012

	Note	Unrestricted funds 2011-12 £	Endowment funds 2011-12 £	Total funds 2011-12 £	Total funds 2010-11 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds:</i>					
Voluntary income	2	-	-	-	27,621
Investment income	2	-	117,434	117,434	322,690
Other incoming resources		-	-	-	30,000
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total incoming resources</b>		-	117,434	117,434	380,311
<b>Resources expended</b>					
<i>Costs of generating funds:</i>					
Investment management costs		-	3,320	3,320	11,241
<i>Charitable activities:</i>					
Grants awarded	3	80,318	1,153,640	1,233,958	159,776
Governance costs	5	14,752	-	14,752	9,294
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total resources expended</b>		95,070	1,156,960	1,252,030	180,311
<b>Net incoming / (outgoing) resources before transfers</b>		(95,070)	(1,039,526)	(1,134,596)	200,000
<b>Transfers</b>					
Gross transfers between funds		95,070	(95,070)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net incoming resource before other recognised gains and losses</b>		-	(1,134,596)	(1,134,596)	200,000
<b>Other recognised gains and losses:</b>					
Unrealised gains on investment assets		-	116,358	116,358	184,666
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net movement in funds</b>		-	(1,018,238)	(1,018,238)	384,666
<b>Reconciliation of funds:</b>					
Total funds brought forward		-	4,050,154	4,050,154	3,665,488
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funds carried forward</b>		-	3,031,916	3,031,916	4,050,154
		<hr/>	<hr/>	<hr/>	<hr/>

All of the charities activities are continuing

**Balance Sheet**  
as at 31 July 2012

	Note	Total funds 2011-12 £	Total funds 2010-11 £
<i>Fixed assets:</i>			
Investments	6	3,142,432	2,350,154
<b>Total fixed assets</b>		<b>3,142,432</b>	<b>2,350,154</b>
<i>Current assets:</i>			
Debtors		5,717	21,499
Cash at bank and in hand		-	1,753,968
<b>Total current assets</b>		<b>5,717</b>	<b>1,775,467</b>
<i>Current liabilities</i>			
Accruals		(116,233)	(75,467)
<i>Net current assets</i>		<b>(110,516)</b>	<b>1,700,000</b>
<b>Net assets</b>		<b>3,031,916</b>	<b>4,050,154</b>
<i>The funds of the charity:</i>			
Endowment funds	7	3,031,916	4,050,154
<b>Total charity funds</b>		<b>3,031,916</b>	<b>4,050,154</b>

The notes on pages 14 to 18 form part of these financial statements.

These financial statements were approved by the Trustee on 10 December 2012 and were signed on its behalf by:

On behalf of the Trustee

10 December 2012

## Notes

### 1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### a) Basis of preparation

The financial statements have been prepared on an accruals basis and under the historic cost convention, with the exception that investment assets are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005 and applicable United Kingdom accounting standards.

Under Financial Reporting Standard 1, the charity is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the charity in its own published consolidated financial statements. As the results of the charity are included in the consolidated financial statements of the University of Edinburgh, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of the University of Edinburgh can be obtained from the address given in note 9.

#### b) Funds

The Fund consists of a permanent endowment, namely the Andrew Grant Bequest. The funds are invested in such a way that the Trustee can distribute the interest received by way of provision of scholarships or bursaries to students. All endowment funds are permanent and the capital must be maintained. Revenue income generated is transferred between the funds to permit the award of relevant resources.

#### *Unrestricted funds – Andrew Grant Bequest*

The Trustee, after paying all expenses of management properly chargeable against the income of the bequest and any taxes or other burdens affecting the bequest; apply not less than four-fifths of the free income of the bequest in each year in providing scholarships or bursaries to deserving students of either sex of the reconstituted Edinburgh College of Art within the University of Edinburgh either during their course or in the way of travelling scholarships or otherwise after their course is finished.

The Trustee may also apply so much of the remainder of the free annual income of the bequest in each year to assist the expenses of organised educational excursions, providing equipment and facilities for special study and/or sports activities and in the encouragement of clubs, societies and other organisations within reconstituted Edinburgh College of Art within the University of Edinburgh.

#### *Restricted funds – other bequests*

Endowment funds from sources other than Andrew Grant are restricted for the purposes intended by the donor.

#### *Incoming resources from generated funds*

##### *Donations*

Donations receivable for general purposes are credited to unrestricted funds. Restricted donations are accounted for as restricted funds and matched against the related expenditure.

##### *Voluntary income*

The Fund may receive donations, legacies, annuities, subscriptions or other gifts for reconstituted Edinburgh College of Art within the University of Edinburgh. These shall be applied in accordance with the directions of the specific testators or donors.

## Notes (continued)

### *Gifts in kind*

Where services that would normally be purchased from the Fund's suppliers are provided as a donation, this contribution is included in the financial statements at an estimate based on the value of the contribution to the Fund.

### *Investment income*

Endowment interest receivable is credited to income in the period to which it relates.

### *Other Incoming Resources*

Interest receivable on intra-group loans is credited to income in the period to which it relates.

## **c) Resources Expended**

All expenditure is included on an accruals basis. Expenditure includes any irrecoverable VAT.

Costs of generating funds	represent costs of investment management
Charitable activities	represent direct costs of student awards, and the notional costs incurred by staff to support these programmes
Governance costs	represent costs incurred in connection with the general running of the charity as opposed to the management and administration of its activities. They include costs relating to statutory requirements.

Resources expended in the statement of financial activities include support costs of running the Fund. These are charged as charitable expenditure or governance costs, as appropriate, being expenses incurred in the ordinary operations of the Fund.

Support costs are allocated to the categories of charitable activities on a pro-rata basis if it is not possible to allocate the costs on a specific basis.

## **d) Fixed Assets Investments**

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

## **e) Gains and losses**

All gains and losses are taken to the statement of financial activities as they arise. Unrealised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later).

## **f) Contingent Liabilities and Provisions**

In accordance with the SORP, a contingent liability would be disclosed for activities, which do not represent liabilities, where the possible obligation which arises from past events, will only be confirmed by the occurrence of one or more uncertain events not wholly within the Trustees' control. Provisions would be recognised for activities where there is uncertainty as to the timing or amount, and any uncertainty regarding the amount is more than one of determining a basis for reasonable estimation of the liability arising from that constructive obligation.

## **g) Taxation**

The Fund is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes. There is no similar exemption for VAT; non reclaimable VAT is charged to the statement of financial activities on an accruals basis.

**Notes (continued)**

**2 Incoming resources from generated funds**

	2012 £	2011 £
<i>Voluntary income</i>		
Donations	-	550
Gifts in kind	-	27,071
	<u>-</u>	<u>27,621</u>
<i>Investment income</i>		
Dividends received	117,434	13,491
Fixed interest securities	-	109,199
Return on settlement of loan	-	200,000
	<u>-</u>	<u>322,690</u>
	<u>117,434</u>	<u>350,311</u>
	<u><u>117,434</u></u>	<u><u>350,311</u></u>

Any new voluntary income relating to the Edinburgh College of Art is recorded in the University of Edinburgh Accounts.

The dividends received represent income from the Baillie Gifford pooled funds in which the Andrew Grant Bequest is invested and would include any fixed interest income.

**3 Charitable activities**

	Total 2012 £	Total 2011 £
Organised travel	18,000	24,442
Scholarships and prizes	62,318	135,334
Transfer out non – AGB endowments	1,153,640	-
	<u>1,233,958</u>	<u>159,776</u>
	<u><u>1,233,958</u></u>	<u><u>159,776</u></u>

**4 Support costs**

	2012 £	2011 £
Service delivery	-	843
Bank costs	-	90
	<u>-</u>	<u>933</u>
	<u><u>-</u></u>	<u><u>933</u></u>

The Fund has no employees and the corporate Trustee / University Court members received neither remuneration nor expenses for work performed in connection with the affairs of the Fund. The University does not charge support services to Endowments. Instead it charges a management fee which is shown under governance costs. There are no bank costs as there is not a separate bank account for the Andrew Grant Bequest monies. These are managed within the University's bank account.



## Notes (continued)

### 5 Governance costs

	2012 £	2011 £
Auditor's remuneration in respect of the statutory financial statements	4,308	6,900
Other expenses	10,444	2,394
	<u>14,752</u>	<u>9,294</u>

The Corporate Trustee / University Court members received no emoluments or expenses during the year (2010-11: nil).

### 6 Investments

	Total 2012 £	2011 £
<i>Movements in fixed asset investments</i>		
Market value brought forward	2,350,154	2,165,488
Additions to investments at cost	1,777,729	-
Disposals at carrying value	(1,101,809)	-
Add net gain on revaluation	116,358	184,666
	<u>3,142,432</u>	<u>2,350,154</u>
Market value as at 31 July	<u>3,142,432</u>	<u>2,350,154</u>
<i>Investments at market value</i>		
Equities	2,142,380	484,332
Fixed interest securities	709,538	1,860,104
Cash	266,003	5,718
Working Capital	24,511	-
	<u>3,142,432</u>	<u>2,350,154</u>

The additions to the investments at cost represents the transfer of monies on short-term cash deposits to longer-term investments. (Balance Sheet 2010/11 £1.7m "cash at bank and in hand" transferred to investments at cost.)

**Notes (continued)**

**7 Endowment and restricted funds**

	Balance 31 July 2011 £	Incoming resources £	Resources expended £	Transfers between funds £	Unrealised gains and losses £	Balance 31 July 2012 £
Endowment funds	4,050,154	117,434	3,320	(1,248,710)	116,358	3,031,916
Restricted funds	-	-	1,248,710	1,248,710	-	-
Unrestricted funds	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	4,050,154	117,434	1,252,030	-	116,358	3,031,916
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**8 Analysis of funds**

	Endowment fund £	Total 2012 £	Total 2011 £
Investments	3,142,432	3,142,432	2,350,154
Current assets	5,717	5,717	1,775,467
Current liabilities	(116,233)	(116,233)	(75,467)
	<hr/>	<hr/>	<hr/>
Total funds	3,031,916	3,031,916	4,050,154
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**9 Ultimate parent undertaking**

The Fund's immediate and ultimate parent undertaking at 31 July 2012 was The University of Edinburgh, a higher education institution with its principal place of business at Old College, South Bridge, Edinburgh, EH8 9YL. Copies of The University of Edinburgh financial statements can be accessed at <http://www.ed.ac.uk/schools-departments/finance/about/financial-statements>.