

**The Andrew Grant Bequest**  
Trustee's Report and Financial Statements  
Year ended 31 July 2014  
Registered Charity Number SC001097

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## Reference and administrative information

Charity name: The 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 financial statements 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  
Ms D Davidson  
Dr M Aliotta  
Professor J Ansell  
Professor S Cooper  
Dr C Phillips  
The Rt Hon D Wilson  
Dr A Richards (Vice-Convener of the Court of the University of Edinburgh)  
Mr D Bentley  
Dr R Black  
Mr P Budd  
Dr C Masters  
Mr L Matheson  
Lady S Rice  
Ms A Lamb  
Ms B Pegado  
Ms T Boardman

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

Independent Auditors: PricewaterhouseCoopers LLP, 141 Bothwell Street,  
Glasgow, G2 7EQ

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 2014. 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 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 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 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 Edinburgh College of Art within the University of Edinburgh. The corporate Trustee seeks to achieve the objectives of the Andrew Grant Bequest as set out above and will continue to do so during 2014-2015.

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

### **Corporate trustee's report (continued)**

- 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 ("the Court") 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 four occasions during 2013-2014. It has agreed its operational arrangements which were formally set out in a document approved by the Trustee on 11 September 2012. The Vice-Convenor 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-Convenor of Court was previously elected from and among members of Court every three years in accordance with arrangements approved from time to time by Court. During 2013-2014 in order to take forward the requirements of the Scottish Code of Good Higher Education Governance published in July 2013, the University of Edinburgh agreed that the Vice-Convenor of Court would be appointed through an open and transparent recruitment process. As a result of such a recruitment process, Dr Anne Richards was appointed by Court on 17 February 2014 as the next Vice-Convenor of Court with effect from 1 August 2014.

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 Edinburgh College of Art within the University of Edinburgh: these delegated arrangements have continued to operate during 2013-2014. The operational document sets out those matters requiring the approval of the corporate Trustee and confirms and provides further detail on these delegated duties. As part of consideration by the University of Edinburgh of the Scottish Code of Good Higher Education Governance the University has introduced a new Committee structure with effect from 1 August 2014 which will be reflected in the revised operational arrangements for the Andrew Grant Bequest during 2014-2015.

Members of Court 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 Court 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>

## **Corporate trustee's report (continued)**

### **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 misstatement 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. During 2013-2014 the Audit Committee of the University of Edinburgh received regular reports from internal audit prepared on a risk basis which include recommendations for improvement. From 1 August 2014, it will be the Audit and Risk Committee of the University of Edinburgh which will have responsibility for reviewing the internal control environment of the University of Edinburgh and taking an oversight of risk management arrangements.

By its 8 December 2014 meeting, the corporate Trustee had received the University of Edinburgh's Audit and Risk Committee report for the year ended 31 July 2014 on the Andrew Grant Bequest and is satisfied that adequate controls were in place for the year ending 31 July 2014.

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 and Risk 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 and Risk 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 normally aims to disburse all income received as student support or awards to deserving students of the 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. The corporate Trustee plans to continue this policy during 2014-2015.

### **Disclosure of information to auditors**

The corporate Trustee confirms that, so far as it is aware, there is no relevant audit information of which the trust's auditors are 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 auditors are aware of that information.

## Corporate trustee's report (continued)

### Objectives and activities

The Andrew Grant Bequest's objective is the advancement of education of existing and previous students of the 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 Edinburgh College of Art within the University of Edinburgh. The corporate Trustee plans to continue to achieve the above objective and to delegate the management and awarding of prizes to the Edinburgh College of Art Awards and Bequests Committee during 2014-2015.

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 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 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 College;
    - (iii) in assisting the provision and development of sports activities at or in connection with the 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.

## **Corporate trustee's report (continued)**

### **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 £138,207. The market value of the Andrew Grant Bequest's investments increased by £168,802 representing a 4.5% increase on the previous year.

The fund benefits from its share of income from units in the University of Edinburgh Endowment Fund which is under the remit of the University's Investment Committee. This Committee considers the strategic formulation and risk containment of the Fund's investments and has implemented its policy to lower risk by diversifying investment over several fund managers and different asset types. The funds are invested by Baillie Gifford, BlackRock, Royal London Asset Management (RLAM) and Hermes Property Unit Trust and in UoE Deaconess Ltd and pooled deposits of the University.

Funds of £106,698 were made available to the Edinburgh College of Art, Awards and Bequests Committee to award to appropriate applicants of which £101,015 was applied in the year.

### **Charitable Status**

The Andrew Grant Bequest has charitable status (No. SC001097). 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  
8 December 2014



## **Statement of the corporate Trustee's responsibilities**

The corporate Trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

In preparing these financial statements, the corporate trustee is required to:

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

The corporate Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and 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 (as set out in the 2011 Order). It is 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 auditors' report to the trustee of The Andrew Grant Bequest**

### **Report on the financial statements**

#### **Our opinion**

*In our opinion the financial statements, defined below:*

- *give a true and fair view of the state of the charity's affairs as at 31 July 2014 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 (as amended).*

*This opinion is to be read in the context of what we say in the remainder of this report.*

#### **What we have audited**

*The financial statements, which are prepared by The Andrew Grant Bequest, comprise:*

- *the balance sheet as at 31 July 2014;*
- *the statement of financial activities for the year then ended; and*
- *the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.*

*The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).*

*In applying the financial reporting framework, the trustee has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.*

#### **What an audit of financial statements involves**

*We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:*

- *whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed;*
- *the reasonableness of significant accounting estimates made by the trustee; and*
- *the overall presentation of the financial statements.*

*In addition, we read all the financial and non-financial information in the Trustee's Report (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.*

### **Other matters on which we are required to report by exception**

#### **Sufficiency of accounting records and information and explanations received**

*Under the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:*

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Other information in the Annual Report**

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the trustee**

As explained more fully in the Statement of the corporate Trustee's Responsibilities, set out on page seven, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's trustee in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under that Act, regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow

8 December 2014

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

**Statement of Financial Activities**  
for the year ending 31 July 2014

	Note	Unrestricted funds 2013-14 £	Endowment funds 2013-14 £	Total funds 2013-14 £	Total funds 2012-13 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds:</i>					
Voluntary income	2	2,000	-	2,000	9,632
Investment income	2	-	138,207	138,207	103,201
		<u>2,000</u>	<u>138,207</u>	<u>140,207</u>	<u>112,833</u>
<b>Total incoming resources</b>					
<b>Resources expended</b>					
<i>Costs of generating funds:</i>					
Investment management costs		-	3,261	3,261	3,541
<i>Charitable activities:</i>					
Grants awarded	3	101,015	-	101,015	50,578
Governance costs	4	12,760	-	12,760	14,863
		<u>113,775</u>	<u>3,261</u>	<u>117,036</u>	<u>68,982</u>
<b>Total resources expended</b>					
<b>Net incoming / (outgoing) resources before transfers</b>		<u>(111,775)</u>	<u>134,946</u>	<u>23,171</u>	<u>43,851</u>
<b>Transfers</b>					
Gross transfers between funds		<u>111,775</u>	<u>(111,775)</u>	-	-
		-	23,171	23,171	43,851
<b>Net incoming resources before other recognised gains and losses</b>					
<i>Other recognised gains and losses</i>					
Gains on investment assets		-	137,799	137,799	540,268
		-	160,970	160,970	584,119
<b>Net movement in funds</b>					
<i>Reconciliation of funds:</i>					
Total funds brought forward at 1 August		-	<u>3,616,035</u>	<u>3,616,035</u>	<u>3,031,916</u>
		-	3,777,005	3,777,005	3,616,035
<b>Total funds carried forward at 31 July</b>		<u><u>-</u></u>	<u><u>3,777,005</u></u>	<u><u>3,777,005</u></u>	<u><u>3,616,035</u></u>

All of the charities activities are continuing.

There is no material difference between the net incoming resources on ordinary activities before taxation and the incoming resources for the financial year stated above and their historical cost equivalents.

All gains and losses recognised in the year are included in the Statement of Financial Activities.

**Balance Sheet**

as at 31 July 2014

	Note	Total funds 2013-14 £	Total funds 2012-13 £
<i>Fixed assets:</i>			
Investments	5	3,874,903	3,706,101
<b>Total fixed assets</b>		<b>3,874,903</b>	<b>3,706,101</b>
<i>Current assets:</i>			
Debtors		-	-
<b>Total current assets</b>		<b>-</b>	<b>-</b>
<i>Current liabilities</i>			
Accruals		97,898	90,066
<i>Net current liabilities</i>		<b>(97,898)</b>	<b>(90,066)</b>
<b>Net assets</b>		<b>3,777,005</b>	<b>3,616,035</b>
<i>The funds of the charity:</i>			
Endowment funds	6	3,777,005	3,616,035
<b>Total charity funds</b>		<b>3,777,005</b>	<b>3,616,035</b>

The notes on pages 12 to 16 form part of these financial statements.

These financial statements on pages 10 to 16 were approved by the Trustee on 8 December 2014 and were signed on its behalf by:



On behalf of the Trustee

8 December 2014

## Notes to the financial statements

### 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, under the historic cost convention, with the exception that investment assets are included at market value. The financial statements have been prepared on the going concern basis.

The financial statements have been prepared in accordance with the Charity and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), The Statement of Recommended Practice: Accounting and Reporting by Charities 2005 and applicable accounting standards in the United Kingdom.

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 8.

#### 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.

#### c) Incoming Resources

##### *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 to the financial statements (continued)

### e) Incoming Resources (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.

### d) Resources Expended

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

Costs of generating funds	represent costs of investment management costs
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.

### e) Fixed Assets Investments

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

### f) 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).

### g) 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.

### h) 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 to the financial statements (*continued*)

### 2 Incoming resources from generated funds

	<b>2014</b>	2013
	£	£
<i>Voluntary income</i>		
Donations	<b>2,000</b>	9,632
<i>Investment income</i>		
Dividends received	<b>138,207</b>	103,202
	<hr/>	<hr/>
	<b>140,207</b>	112,834
	<hr/> <hr/>	<hr/> <hr/>

### 3 Charitable activities

	<b>Total</b>	Total
	<b>2014</b>	2013
	£	£
Organised travel	<b>1,660</b>	24,572
Scholarships and prize	<b>99,355</b>	26,006
	<hr/>	<hr/>
	<b>101,015</b>	50,577
	<hr/> <hr/>	<hr/> <hr/>

### 4 Governance costs

	<b>2014</b>	2013
	£	£
Auditors' remuneration in respect of the statutory financial statements	<b>2,000</b>	5,324
Other expenses	<b>10,760</b>	9,539
	<hr/>	<hr/>
	<b>12,760</b>	14,863
	<hr/> <hr/>	<hr/> <hr/>

The Fund has no employees (2012-13: nil) and the Corporate Trustee / University Court members received neither remuneration nor expenses for work performed in connection with the affairs of the Fund during the year (2012-13: nil). The University does not charge support services to Endowments, instead it charges a management fee which is shown under governance costs.



## Notes to the financial statements (*continued*)

### 5 Investments

	<b>Total 2014 £</b>	Total 2013 £
<i>Movements in fixed asset investments</i>		
Market value brought forward	3,706,101	3,142,432
Additions to investments at cost	31,003	23,401
Add net gain on revaluation	137,799	540,268
	<hr/>	<hr/>
Market value as at 31 July	<b>3,874,903</b>	<b>3,706,101</b>
	<hr/> <hr/>	<hr/> <hr/>

The investments are held in the University of Edinburgh Endowment Fund. This is a pooled unitised fund overseen by the University of Edinburgh Investment committee. The market price of the fund is calculated independently by the Bank of New York Mellon on a monthly basis. The University of Edinburgh Endowment Fund holds a range of investments designed to protect capital and provide a sustainable income stream. A breakdown of the underlying investments is as follows:

<i>Investment at market value</i>	<b>2014 £</b>	<b>2013 £</b>
Equities	<b>2,126,668</b>	2,433,229
Fixed interest securities	<b>797,321</b>	759,008
Cash	<b>9,220</b>	90,691
Property	<b>558,429</b>	423,173
Emerging Markets	<b>352,262</b>	-
	<hr/>	<hr/>
Investment units value	<b>3,843,900</b>	<b>3,706,101</b>
Other cash	<b>31,003</b>	-
	<hr/>	<hr/>
	<b>3,874,903</b>	3,706,101
	<hr/> <hr/>	<hr/> <hr/>
	<b>2014</b>	2013
<i>Units held at 31 July:</i>	<b>125,246</b>	124,455
Opening units	-	791
Investment	<hr/>	<hr/>
Closing units	<b>125,246</b>	125,246
	<hr/> <hr/>	<hr/> <hr/>
	<b>£</b>	<b>£</b>
Unit price	<b>30.7</b>	29.59

## Notes to the financial statements (*continued*)

### 6 Endowment and unrestricted funds

	Balance 1 August 2013 £	Incoming resources £	Resources expended £	Transfers between funds £	Unrealised gains and losses £	Balance 31 July 2014 £
Endowment funds	3,616,035	138,207	(115,036)	-	137,799	3,777,005
Unrestricted funds	-	2,000	(2,000)	-	-	-
<b>Total funds</b>	<b>3,616,035</b>	<b>140,207</b>	<b>(117,036)</b>	<b>-</b>	<b>137,779</b>	<b>3,777,005</b>

### 7 Analysis of funds

	Endowment fund £	Total 2014 £	Total 2013 £
Investments	3,874,903	<b>3,874,903</b>	3,706,101
Current assets	-	-	-
Current liabilities	(97,898)	(97,898)	(90,066)
<b>Total funds</b>	<b>3,777,005</b>	<b>3,777,005</b>	3,616,035

### 8 Ultimate parent undertaking

The Fund's immediate and ultimate parent undertaking at 31 July 2014 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>.