

FINANCIAL STATEMENTS
FOR THE YEAR ENDED

31 MARCH 2020

THE LONDON SCOTTISH
HEADQUARTERS TRUST

MENZIES
BRIGHTER THINKING

THE LONDON SCOTTISH HEADQUARTERS TRUST

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THE LONDON SCOTTISH HEADQUARTERS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2020

Trustees	Air Vice Marshal R.T.I. Munro CBE TD VR DL Colonel C. Stagg OBE Mr P Lindsay Lady Rachel Johnstone-Burt Major M. D. Randall Mr S. D. Lovelock Mr M. J. Felstead Mr M. V. Ormiston
Charity registered number	251499
Principal office	The London Scottish Regimental Headquarters 95 Horseferry Road London SW1P 2DX
Independent auditor	Menzies LLP Chartered Accountants Centrum House 36 Station Road Egham Surrey TW20 9LF
Bankers	Royal Bank of Scotland Holt's Farnborough Branch Lawrie House Victoria Road Farnborough GU14 7NR
Solicitors	Blake Morgan 6 New Street Square London EC4A 3DJ
Investment Advisers	Brewin Dolphin Limited 12 Smithfield Street London EC1A 9BD

THE LONDON SCOTTISH HEADQUARTERS TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Trustees present their annual report and financial statements for the year ended 31st March 2020

Status

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

Reference and administrative information

Details are shown on page 1

Structure and Governance

The Charity was established under a Trust Deed dated 23rd August 1886 as amended by an Administrative Scheme approved by the Charity Commission on the 9th August 1993 which together are the governing documents of the Charity.

Appointment of Trustees

The governing documents provide that there shall be 1 Ex Officio trustee The Regimental Colonel and 7 Co-opted Trustees. Under the terms of the governing documents the trustees have power to co-opt new trustees to fill vacancies within the number of Trustees required therein.

The following Trustees served during the year:-

Ex Officio

Brigadier A. Bruce of Crionaich OBE VR ADC DL Regimental Colonel (retired as Regimental Colonel 11 July 2020).

Co-opted

Air Vice Marshal R.T.I. Munro CBE TD VR DL

Mr W. D. Foot, Chair (resigned 6 October 2021)

Commodore The Hon M. Cochrane OBE (appointed 25 April 2019, resigned 6 October 2021)

Mr P. Lindsay (appointed 10 April 2019)

Lady Rachel Johnstone-Burt (appointed 14 February 2020)

Colonel C. Stagg OBE (appointed 25 April 2019)

The following trustees were appointed after the year-end:-

Ex officio

Air Vice Marshal R.T.I. Munro CBE TD VR DL (from the date of his appointment as Regimental Colonel 11 July 2020)

Co-opted

Mrs N. Miller (appointed 1 August 2020, resigned 25 November 2020)

Major M. D. Randall (appointed 28 October 2021)

Mr S. D. Lovelock (appointed 28 October 2021)

Mr M. J. Felstead (appointed 28 October 2021)

Mr M. V. Ormiston (appointed 28 October 2021)

Risk management

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

Objectives

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

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

THE LONDON SCOTTISH HEADQUARTERS TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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

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

Public Benefit

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

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives for the year. The Trustees believe that by assisting the training and efficiency of the Army Reserve and thereby to the defence of the realm they are generating public benefit.

Achievements and Finance review

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

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

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

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

The future viability of the Trust is of concern. New Trustees have been appointed to determine what can be done to recover the situation. Their first priority was to review the draft accounts prepared for all the Regimental Charities for the year ended 31st March 2020 which remained unfinalised. To that end a thorough examination was carried out on the Regimental trusts' financial transactions in the years to 31st March 2019 and 2020 in which period substantially all expenditure was met by LSRT. As a result it was clear that much of the expenditure incurred by LSRT was in respect of this charity and LSVE .

In spite of the difficulties encountered in allocating expenditure it has now been possible to agree with the Trust's advisers that the level of inconsistency leads to a need to restate the results for the preceding year to 31st March 2019 and amend the drafts prepared for the year to 31st March 2020. Inevitably in such an exercise there is an element of judgement and estimation. Trustees are however advised that the results shown represent as fair an allocation of income and expenses as is possible in the circumstances.

As a consequence, the results for the year ended 31st March 2019 have been restated. The result for 2019 is a restated deficit of £236,345 and gains of £5,491 as compared to a deficit of £579 and gains of £5,491. The Trust's reserves at 31st March 2019 stood at £15,034,452 as compared to £15,270,218.

THE LONDON SCOTTISH HEADQUARTERS TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Results

Unrestricted donation and investment income for the year amounted to £360,217 (2019 £391,125).

Income consisted substantially of grants from other regimental charities

	2020	2019
London Scottish 1990 Fund	£96,100	nil
London Scottish 1995 Charity	£246,850	£601,203
Other income amounted to	£17,267	£45,854

The results show that there was an overall deficit in the year of £374,996 (2019 £236,345) and investment gains of £482 (2019 £ 5,491).

During the year a sum of £795,000 was received as dilapidation compensation from the previous tenant.

The balances on the funds at 31st March 2020 are as follows:

	2020	2019
Endowment and restricted funds	14,785,618	14,785,136
Unrestricted fund (deficit)/surplus	<u>(125,680)</u>	<u>249,316</u>
Total funds	<u>£14,659,938</u>	<u>£15,034,452</u>

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

Trading activity

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

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

Investment

The Trust has a small investment portfolio with Brewin Dolphin Ltd. Most of the portfolio was liquidated in the year to fund the London Scottish House capital project.

Future plans

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

The trustees are aware that since the 31st March 2020 a loan facility for £1.2m has been taken with Hoare's Bank secured on the Freehold premises which has since been almost entirely drawn down.

Going concern

In March 2018 when the lease of the Regimental Headquarters came to an end, the income stream ceased and the Trustees became liable for all the outgoings of the premises. Due to this and the failure of the trading company in the covid era to generate significant income, the income expectation of the Trust is substantially reduced. The future of the Trust is in some doubt. However, in cooperation with the Trustees of all the Regimental Trusts, the Trustees are examining all possibilities including the possible sale of the premises and realisation of assets by LSRT and are exploring ways to generate sufficient funds inter alia to enable the Trust to continue its activities.

The accounts are accordingly prepared on a Going Concern basis. The Trustees however consider that there is a material uncertainty over whether the charity is a going concern given the current financial situation.

THE LONDON SCOTTISH HEADQUARTERS TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of its incoming resources and application of resources, including its income and expenditure, 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business. The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Charity Commission Scheme. 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.

Approved by order of the members of the board of Trustees and signed on their behalf by:

DocuSigned by:



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Air Vice Marshal R.T.I. Munro CBE TD VR DL

Date: 27-Jun-2022

THE LONDON SCOTTISH HEADQUARTERS TRUST

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON SCOTTISH HEADQUARTERS TRUST

Qualified Opinion

We have audited the financial statements of The London Scottish Headquarters Trust (the 'charity') for the year ended 31 March 2020 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of 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).

The have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion, except for the for the possible effects of the matters described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for qualified opinion

There was uncertainty as to which entity in the London Scottish charities have borne the cost of expenses in connection with the Trust's property and these had accordingly not been allocated on an appropriate or consistent basis. To this extent sufficient accounting records have not been kept. The Trustees sought advice as to the reallocation of such costs and in accordance with such advice have made their best estimate of what these should be and the accounts have been prepared on this basis. The amount of costs reallocated amount to £47,686 in the year to 31 March 2020 and £227,461 in the year to 31 March 2019. Due to the inherent uncertainties with this process it is however only possible for us to confirm that the revised allocation of expenses seems reasonable in the circumstances.

In addition there is uncertainty regarding the correct treatment of dilapidation monies of £795,000 received during the year in respect of the charity's freehold property. After deducting the costs of agreeing the dilapidation settlement, £114,480 was spent on the building and the balance of monies amounting to £357,109 have been spent for other purposes, which included payments to advisors in respect of plans to enhance the value and utility of the building. We have not received appropriate audit evidence as to whether the monies received should be held as restricted, which would be in line with the property being held in Trust, or unrestricted, and as such we were unable to satisfactorily conclude whether the amounts have been correctly allocated in the financial statements.

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 Auditors' 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 in the United Kingdom, including the Financial Reporting Council'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 qualified opinion.

THE LONDON SCOTTISH HEADQUARTERS TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON SCOTTISH HEADQUARTERS TRUST (CONTINUED)

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that due to the ending of income from the lease of the property and the failure of the trading company to generate significant funds there is a substantial reduction in revenue which makes it difficult to ensure that sufficient monies will be generated to meet ongoing costs. As stated in note 2.2, these events or conditions, along with the other matters as set forth in the note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

As described in the basis for qualified opinion section of our report, we were unable to confirm that the revised allocation of expenses is other than reasonable in the circumstances. We have concluded that where the other information refers to the costs incurred by the charity or surpluses or deficits, it may be materially misstated for the same reason.

Similarly we are unable to confirm that the balance of unexpended dilapidation monies are appropriately shown as unrestricted.

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 and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the financial statements are not in agreement with the accounting records and returns;

Arising solely from the limitation of our scope of our work arising from the allocation of expenses and categorisation of dilapidation monies, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit;
- and

Arising solely from the limitation of our scope of our work arising from the allocation of expenses, referred to above:

- in our opinion sufficient accounting records have not been kept

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, 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 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.

THE LONDON SCOTTISH HEADQUARTERS TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LONDON SCOTTISH HEADQUARTERS TRUST (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

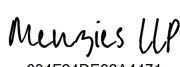
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditors' 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 trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:


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Menzies LLP
Chartered Accountants
Statutory Auditor
Centrum House
36 Station Road
Egham
Surrey
TW20 9LF

Date: 28-Jun-2022

Menzies LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE LONDON SCOTTISH HEADQUARTERS TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2020

		Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
	Note				
Income and endowments from:					
Donations and legacies	3	343,950	-	343,950	601,203
Investments	4	16,267	-	16,267	45,854
Other incoming resources	5	795,000	-	795,000	-
Total income and endowments		1,155,217	-	1,155,217	647,057
Expenditure on:					
Raising funds	6,7	164,837	-	164,837	123,601
Charitable activities	9	964,149	-	964,149	759,801
Other expenditure	10	401,227	-	401,227	-
Total expenditure		1,530,213	-	1,530,213	883,402
Net expenditure before net gains on investments		(374,996)	-	(374,996)	(236,345)
Net gains on investments		-	482	482	5,491
Net movement in funds		(374,996)	482	(374,514)	(230,854)
Reconciliation of funds:					
Total funds brought forward		249,316	14,785,136	15,034,452	15,265,306
Net movement in funds		(374,996)	482	(374,514)	(230,854)
Total funds carried forward		(125,680)	14,785,618	14,659,938	15,034,452

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

The notes on pages 12 to 25 form part of these financial statements.

THE LONDON SCOTTISH HEADQUARTERS TRUST

BALANCE SHEET AS AT 31 MARCH 2020

	Note	2020 £	As restated 2019 £
Fixed assets			
Tangible assets	14	15,190,247	15,078,523
Investments	15	11,453	263,642
		15,201,700	15,342,165
Current assets			
Debtors	16	284,330	127,015
Cash at bank and in hand		15,031	11,339
		299,361	138,354
Creditors: amounts falling due within one year	17	(841,123)	(446,067)
Net current liabilities		(541,762)	(307,713)
Total assets less current liabilities		14,659,938	15,034,452
Total net assets		14,659,938	15,034,452
Charity funds			
Endowment funds	20	14,785,618	14,785,136
		-	-
Unrestricted funds	20	(125,680)	249,316
Total funds		14,659,938	15,034,452

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

DocuSigned by:

 802935967E214B3...
Air Vice Marshal R.T.I. Munro CBE TD VR DL

Date: 27-Jun-2022

The notes on pages 12 to 25 form part of these financial statements.

THE LONDON SCOTTISH HEADQUARTERS TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from operating activities		
Net cash generated from operating activities	176,502	77,369
Cash flows from investing activities		
Additions to tangible fixed assets	(533,481)	(80,685)
Proceeds from sale of investments	255,924	1,865
Purchase of investments	(3,253)	-
Net cash used in investing activities	(280,810)	(78,820)
Cash flows from financing activities		
Cash inflows from new borrowing	108,000	-
Net cash provided by financing activities	108,000	-
Change in cash and cash equivalents in the year	3,692	(1,451)
Cash and cash equivalents at the beginning of the year	11,339	12,790
Cash and cash equivalents at the end of the year	15,031	11,339

The notes on pages 12 to 25 form part of these financial statements

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The London Scottish Headquarters Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

The Trustees have assessed whether there are material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees have made this assessment in respect of a period of at least one year from the date of the approval of the Accounts.

Due to the ending of income from the lease of the property and the failure of the trading company in the Covid era to generate significant income the income of the Trust has substantially reduced. However, as described in the Trustees' Report the Trustees are continuing to explore ways of generating sufficient funds to enable it to continue in operation. The accounts are accordingly prepared on a Going Concern basis. However because of the financial situation of the Charity the Trustees consider that there is a material uncertainty regarding going concern.

2.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £NIL or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Assets in the course of construction are included at costs incurred to date. Depreciation on these assets is not charged until they are brought into use.

At each reporting date the Charity assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.6 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Fixtures and fittings	- 15% straight line
Assets in the course of construction	- No depreciation charged

No depreciation is charged on the charity's freehold property as the residual value of the property is believed to be substantially in excess of the carrying value and as such depreciation would not be material.

2.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value (market value) at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

2.8 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.9 Fund accounting

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

Endowment Funds consists of funds which are to be retained and invested for permanent use by the charity.

Investment income, gains and losses are allocated to the appropriate fund.

3. Income from donations and legacies

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Grants receivable	343,950	343,950	601,203
	=====	=====	=====
Total 2019	601,203	601,203	
	=====	=====	

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

4. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Rents receivable	12,366	12,366	38,352
Income from listed investments	3,825	3,825	7,500
Interest received	76	76	2
	<u>16,267</u>	<u>16,267</u>	<u>45,854</u>
<i>Total 2019 as restated</i>	<u>45,854</u>	<u>45,854</u>	

5. Other incoming resources

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Dilapidations income	795,000	795,000	-

6. Expenditure on raising funds

Costs of raising voluntary income

	Unrestricted funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Costs of raising voluntary income	164,276	164,276	121,735
<i>Total 2019 as restated</i>	<u>121,735</u>	<u>121,735</u>	

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

7. Investment management costs

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Investment management fees	561	561	1,866
<i>Total 2019</i>	1,866	1,866	

8. Analysis of grants

	Grants to Institutions 2020 £	Total funds 2020 £	Total funds 2019 £
Grants	431,786	431,786	300,000
<i>Total 2019</i>	300,000	300,000	

The Charity has made the following material grants to institutions during the year:

	2020 £	2019 £
Name of institution		
The London Scottish Regimental Trust	430,000	300,000
	430,000	300,000
Other grants to institutions	1,786	-
	431,786	300,000

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Charitable Activities	964,149	964,149	759,801
<i>Total 2019 as restated</i>	759,801	759,801	

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

10. Other expenditure

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Impairment against Assets in the Course of Construction	401,227	401,227	-

11. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Grant funding of activities 2020 £	Support costs 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Charitable activities	135,010	431,786	397,353	964,149	759,801
<i>Total 2019 as restated</i>	<i>113,665</i>	<i>300,000</i>	<i>346,136</i>	<i>759,801</i>	

Analysis of direct costs

	Property management 2020 £	Total funds 2020 £	Total funds 2019 £
Depreciation	20,530	20,530	2,162
Dilapidation consultancy costs	114,480	114,480	111,503
	135,010	135,010	113,665
<i>Total 2019</i>	<i>113,665</i>	<i>113,665</i>	

12. Auditors' remuneration

The auditors' remuneration amounts to an auditor fee of £5,580 (2019 - £5,400), and Auditors's non audit costs of £6,300 (2019 - £8,292).

13. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

13. Trustees' remuneration and expenses (continued)

During the year ended 31 March 2020, no Trustee expenses have been incurred (2019 - £NIL).

14. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Assets under construction £	Total £
Cost or valuation				
At 1 April 2019	15,000,000	42,165	38,520	15,080,685
Additions	-	170,774	362,707	533,481
At 31 March 2020	15,000,000	212,939	401,227	15,614,166
Depreciation				
At 1 April 2019	-	2,162	-	2,162
Charge for the year	-	20,530	-	20,530
Impairment charge	-	-	401,227	401,227
At 31 March 2020	-	22,692	401,227	423,919
Net book value				
At 31 March 2020	15,000,000	190,247	-	15,190,247
At 31 March 2019	15,000,000	40,003	38,520	15,078,523

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

15. Fixed asset investments

	Listed investments £	Unlisted investments £	Total £
Cost or valuation			
At 1 April 2019	263,641	1	263,642
Additions	3,253	-	3,253
Disposals	(255,924)	-	(255,924)
Revaluations	482	-	482
	<u>11,452</u>	<u>1</u>	<u>11,453</u>
At 31 March 2020			
	<u>11,452</u>	<u>1</u>	<u>11,453</u>
Net book value			
At 31 March 2020	11,452	1	11,453
At 31 March 2019	<u>263,641</u>	<u>1</u>	<u>263,642</u>

16. Debtors

	2020 £	As restated 2019 £
Due within one year		
Trade debtors	2,340	-
Other debtors	276,929	117,015
Prepayments and accrued income	5,061	10,000
	<u>284,330</u>	<u>127,015</u>

17. Creditors: Amounts falling due within one year

	2020 £	As restated 2019 £
Other loans	108,000	-
Trade creditors	273,652	-
Other creditors	175,001	175,001
Accruals and deferred income	284,470	271,066
	<u>841,123</u>	<u>446,067</u>

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

18. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through income and expenditure	11,452	263,641

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

19. Prior year adjustments

The opening balances on the Freehold Endowment Fund and the General Fund have been corrected to remove a transfer of £500,000 made in 2019.

The costs and income for 2019 have also been amended to include costs properly those of this Trust incorrectly charged to other entities within the London Scottish organisation. Net outgoings have increased by £235,766 to £374,514, and funds have reduced from £15,270,218 to £15,034,452.

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

20. Statement of funds

Statement of funds - current year

	Balance at 1 April 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2020 £
Unrestricted funds					
Accumulated income fund	249,316	1,155,217	(1,530,213)	-	(125,680)
Endowment funds					
Freehold fund	14,500,000	-	-	-	14,500,000
1986 Fund	285,136	-	-	482	285,618
	14,785,136	-	-	482	14,785,618
Total of funds	15,034,452	1,155,217	(1,530,213)	482	14,659,938

The Freehold Fund represents the carrying value of the The London Scottish Regimental Trust Headquarters.

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

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

20. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2018 £</i>	<i>As restated Income £</i>	<i>As restated Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2019 £</i>
Unrestricted funds					
Accumulated income fund	485,661	632,737	(869,082)	-	249,316
Endowment funds					
Freehold fund	14,500,000	-	-	-	14,500,000
1986 Fund	279,645	-	-	5,491	285,136
	14,779,645	-	-	5,491	14,785,136
Total of funds	15,265,306	632,737	(869,082)	5,491	15,034,452

21. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Tangible fixed assets	690,247	14,500,000	15,190,247
Fixed asset investments	1	11,452	11,453
Current assets	25,195	274,166	299,361
Creditors due within one year	(841,123)	-	(841,123)
Total	(125,680)	14,785,618	14,659,938

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

21. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Endowment funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	578,523	14,500,000	15,078,523
Fixed asset investments	1	263,641	263,642
Current assets	116,859	21,495	138,354
Creditors due within one year	(446,067)	-	(446,067)
Total	249,316	14,785,136	15,034,452

22. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(374,514)	(230,854)
Adjustments for:		
Depreciation charges	20,530	2,162
Losses on investments	(482)	(5,491)
Increase in debtors	(157,315)	(135,320)
Increase in creditors	287,056	446,872
Impairment charges	401,227	-
Net cash provided by operating activities	176,502	77,369

23. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	15,031	11,339
Total cash and cash equivalents	15,031	11,339

THE LONDON SCOTTISH HEADQUARTERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

24. Analysis of changes in net debt

	At 1 April 2019	Cash flows	Cash inflows from new borrowing	At 31 March 2020
	£	£	£	£
Cash at bank and in hand	11,339	3,692	-	15,031
Debt due within 1 year	-	-	(108,000)	(108,000)
	<u>11,339</u>	<u>3,692</u>	<u>(108,000)</u>	<u>(92,969)</u>

25. Contingent liabilities

Since the former tenants vacated the Headquarters Building no monies have been paid for Gas bills, which were incorrectly charged to the former tenants. It is expected that a substantial liability will have accrued but the trustees do not currently know how much the amount owing will be.

26. Related party transactions

The Charity paid grants of £430,000 (2019: £300,000) to The London Scottish Regimental Trust, a Charity with common trustees, during the year. The charity was owed £279,234 less accrued costs of £275,147 by The London Scottish Regimental Trust at the balance sheet date (net position £4,087 owed to The London Scottish Headquarters Trust) (2019: £111,015 less accrued costs of £227,461, net position £116,446 owed to The London Scottish Regimental Trust). Expenses have been reallocated to The London Scottish Headquarters Trust from The London Scottish Regimental Trust amounting to of £235,766 for 2019 and £47,686 for 2020.

The Charity received grants of £96,100 (2019: £nil) from The London Scottish 1990 Fund and grants of £246,850 (2019: £601,203) from The London Scottish Regiment 1995 Charity, charities with common trustees. The Charity owed £175,000 (2019: £175,000) to The London Scottish Regiment 1995 Charity at the balance sheet date.

The Charity paid management fees in respect of staff salaries of £90,000 (2019: £nil) plus further recharges of £30,000 (2019: £nil) to London Scottish Volunteer Enterprises Limited, a company in which it has a 50% shareholding. The Charity owed £97,093 (2019: £nil) to this company at the balance sheet date.

27. Post balance sheet events

On 13/12/2021 the property of the Trust was listed as Grade II as being of Special Architectural or Historic Interest.