

# **The London Scottish Headquarters Trust**

## **Annual Report and Financial Statements**

**For the year ended 31 March 2021**

# The London Scottish Headquarters Trust

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# The London Scottish Headquarters Trust

## Legal and Administrative Information

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<b>Trustees</b>	Colonel C. Stagg OBE	
	Lady Rachel Johnstone-Burt	
	Mr M.V. Ormiston	(Appointed 28 October 2021)
	Mr M.J. Felstead	(Appointed 28 October 2021)
	Major M.D. Randall	(Appointed 28 October 2021)
	Mr S.D. Lovelock	(Appointed 28 October 2021)
	Mr P.J. Layden TD KC	(Appointed 16 February 2023)
<b>Charity number</b>	251499	
<b>Principal address</b>	London Scottish House 95 Horseferry Road London SW1P 2DX	
<b>Auditor</b>	Gilberts Chartered Accountants Pendragon House 65 London Road St Albans Hertfordshire AL1 1LJ	
<b>Bankers</b>	Royal Bank of Scotland Holt's Farnborough Branch Lawrie House Victoria Road Farnborough GU14 7NR	
<b>Investment advisors</b>	RBC Brewin Dolphin Limited 12 Smithfield Street London EC1A 9LA	

# The London Scottish Headquarters Trust

## Trustees' Report

### For the year ended 31 March 2021

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The Trustees present their annual report and financial statements for the year ended 31 March 2021.

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

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Trust's governing document, the Charities Act 2011 and "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).

#### Objectives and activities

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 reunion 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 of part thereof for drill, gymnastics or other purpose for any term of years.
3. In the event of the disbandment 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 Scotsware) 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.

In 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.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Trust should undertake.

#### Structure, governance and management

The charity is established under a Trust Deed dated 23rd August 1886 as amended by a Charity Commission Scheme for the administration of the Trust sealed by the Charity Commission on 9th August 1993.

The Trustees who served during the year and up to the date of signature of the financial statements were:

Air Vice Marshal R.T.I. Munro CBE TD VR DL	(Resigned 30 April 2023)
Brigadier A. Bruce of Crionaich OBE VR ADC DL	(Resigned 1 April 2021)
Mr W.D. Foot	(Resigned 1 October 2021)
Colonel C. Stagg OBE	
Mr P. Lindsay	(Resigned 3 January 2023)
Mrs N. Miller	(Appointed 1 August 2020 and resigned 28 October 2021)
Lady Rachel Johnstone-Burt	
Commodore The Hon M. Cochrane OBE	(Appointed 25 April 2020 and resigned 6 October 2021)
Mr M.V. Ormiston	(Appointed 28 October 2021)
Mr M.J. Felstead	(Appointed 28 October 2021)
Major M.D. Randall	(Appointed 28 October 2021)
Mr S.D. Lovelock	(Appointed 28 October 2021)
Mr P.J. Layden TD KC	(Appointed 16 February 2023)

# **The London Scottish Headquarters Trust**

## **Trustees' Report (Continued)**

### **For the year ended 31 March 2021**

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Vice Marshall R.T.I Munro CBE TD VR DL and Brigadier A. Bruce of Clionaich OBE VR ADC DL are or were ex officio trustees. The remaining Trustees were co-opted to their positions.

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 Trustees meet regularly to discuss operational matters as required.

After the year end new trustees were appointed on 28th October 2021. Their immediate responsibility was to review the activity of the Trust and its future.

#### **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 and 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.

#### **Financial 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 sufficient to cover the overheads of the premises. In fact, the company has suffered significant losses.

#### **Trading activity**

From when LSVE was formed, it managed and operated London Scottish House on behalf of the Trust. It occupied the building on a tenancy at will and paid an annual rent to the Trust for the office space that, as a business, it occupied. The Trust also recovered 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. It was liquidated in June 2022.

A new trading company has been established, London S H Ltd, which now manages the premises. It is owned jointly with The London Scottish Regimental Trust.

# The London Scottish Headquarters Trust

## Trustees' Report (Continued)

For the year ended 31 March 2021

### Results

Unrestricted income for the year amounts to £34,344 (2020 as restated- £17,267).

Unrestricted income	2021	2020
	£	£
London Scottish 1990 Fund	-	-
London Scottish 1995 Charity	-	-
Donations from individuals	4,000	-
Other income	30,344	17,267
<b>Total income</b>	<b>34,344</b>	<b>17,267</b>

The results show that there was an overall deficit in the year of £548,725 (2020 as restated - £717,464) and investment gains of £2,038 (£482).

During the prior year, a sum of £569,017 (comprising income of £795,000 and related costs of £225,983) was received as dilapidation compensation from the previous tenant. This was recorded as unrestricted income, however in the current year the Trustees have concluded that it would have been more appropriate to record this as endowment income and hence a transfer has been made to move the sum to endowment funds.

The balances on the funds at 31st March 2021 are as follows:

Total funds	2021	2020
	£	£
Endowment and restricted funds	15,356,626	14,785,618
Unrestricted fund (deficit)	(1,983,363)	(863,630)
<b>Total funds</b>	<b>13,373,263</b>	<b>13,921,988</b>

As a result of the various adjustments mentioned above there is a deficit in the Unrestricted Fund at the year-end amounting to £1,983,363 indicating that this amount of Endowment money has been expended other than for Endowment Fund purposes.

A loan facility for £1.2m was taken with the Hoare's Bank during the current year. This was secured on the Freehold premises. At the year-end £284,489 remained unused and held in an account at Hoare's Bank.

### Investment

The Trust has a small investment portfolio with Brewin Dolphin Ltd. Most of the portfolio was liquidated in the year ended 31st March 2020 to fund the London Scottish House capital project.

### Plans for future periods

The Trustees are very concerned about the position of the Trust and the impact of events during the year and earlier. They have taken action to reduce costs and generate income and will be considering what can be done by all the regimental charities to rectify the position, particularly of the Endowment Fund and the possibility of recovering funds. Legal advice has been taken.

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.

A loan facility for £1.2m was taken with the Hoare's Bank during the current year. This was secured on the Freehold premises. At the year end £284,489 remained unused and held in an account at Hoare's Bank.

# The London Scottish Headquarters Trust

## Trustees' Report (Continued)

For the year ended 31 March 2021

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### 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.

### 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 and 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 Trust and of the incoming resources and application of resources of the Trust for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements 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 operation.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Trust 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 trust deed. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees' report was approved by the Board of Trustees.



Trustee

Date: 15<sup>th</sup> June 2023



# The London Scottish Headquarters Trust

## Independent Auditor's Report

### To the Trustees of The London Scottish Headquarters Trust

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#### Qualified opinion

We have audited the financial statements of The London Scottish Headquarters Trust (the 'Trust') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter 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 2021 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

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

The audit report for the previous year was qualified on the basis of uncertainty as to the treatment of monies received, expenses incurred and the consequent treatment of the Trust's property. The nature of this uncertainty in itself gives rise to uncertainty regarding the opening balances within these financial statements and the consequent balances as at 31st March 2021. The Trustees have been working to resolve these issues and arrive at balances that correctly reflect the nature of transactions undertaken.

#### Material uncertainty relating to going concern

We draw attention to note 1.2 in the financial statements which indicates that while the Trustees have a reasonable expectations that the trust will continue in operational existence for the foreseeable future that there under material uncertainties as to whether there will be sufficient liquid funds to allow the Trust to do so and consequently cast doubt on the Trusts ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.





# The London Scottish Headquarters Trust

## Independent Auditor's Report (Continued)

### To the Trustees of The London Scottish Headquarters Trust

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

In respect solely of the limitation on our work relating to uncertainty as regards balances within the financial statements described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether sufficient accounting records had been maintained.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

#### Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the Trust'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 cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

#### Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "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)" (as amended) 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 now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.



# The London Scottish Headquarters Trust

## Independent Auditor's Report (Continued)

### To the Trustees of The London Scottish Headquarters Trust

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#### 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Richard Hattrell BA FCA (Senior Statutory Auditor)**  
for and on behalf of Gilberts Chartered Accountants

15 June 2023

**Chartered Accountants**  
**Statutory Auditor**

Pendragon House  
65 London Road  
St Albans  
Hertfordshire  
AL1 1LJ

Gilberts Chartered Accountants is eligible for appointment as auditor of the Trust by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# The London Scottish Headquarters Trust

## Statement of Financial Activities

For the year ended 31 March 2021

		Unrestricted funds	Endowment funds	Total	Unrestricted funds as restated	Endowment funds as restated	Total as restated
		2021	2021	2021	2020	2020	2020
	Notes	£	£	£	£	£	£
<b>Income and endowments from:</b>							
Donations and legacies	3	4,000	-	4,000	1,000	-	1,000
Investments	4	30,344	-	30,344	16,267	-	16,267
Other income	5	(795,000)	795,000	-	795,000	-	795,000
<b>Total income and endowments</b>		<b>(760,656)</b>	<b>795,000</b>	<b>34,344</b>	<b>812,267</b>	<b>-</b>	<b>812,267</b>
<b>Expenditure on:</b>							
Raising funds	6	84,929	-	84,929	164,837	-	164,837
Charitable activities	7	274,148	225,983	500,131	964,149	-	964,149
Other	10	-	47	47	401,227	-	401,227
<b>Total expenditure</b>		<b>359,077</b>	<b>226,030</b>	<b>585,107</b>	<b>1,530,213</b>	<b>-</b>	<b>1,530,213</b>
Net gains/(losses) on investments	11	-	2,038	2,038	-	482	482
<b>Net movement in funds</b>		<b>(1,119,733)</b>	<b>571,008</b>	<b>(548,725)</b>	<b>(717,946)</b>	<b>482</b>	<b>(717,464)</b>
Fund balances at 1 April 2020		(863,630)	14,785,618	13,921,988	(145,684)	14,785,136	14,639,452
<b>Fund balances at 31 March 2021</b>		<b>(1,983,363)</b>	<b>15,356,626</b>	<b>13,373,263</b>	<b>(863,630)</b>	<b>14,785,618</b>	<b>13,921,988</b>

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

All income and expenditure derive from continuing activities.

# The London Scottish Headquarters Trust

## Balance Sheet

As at 31 March 2021

		2021		2020 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		15,122,030		15,190,247
Investments	14		13,397		11,453
			<u>15,135,427</u>		<u>15,201,700</u>
<b>Current assets</b>					
Debtors	16	458		284,330	
Cash at bank and in hand		402,046		15,031	
		<u>402,504</u>		<u>299,361</u>	
<b>Creditors: amounts falling due within one year</b>	18	(964,668)		(1,579,073)	
<b>Net current liabilities</b>			<u>(562,164)</u>		<u>(1,279,712)</u>
<b>Total assets less current liabilities</b>			<u>14,573,263</u>		<u>13,921,988</u>
<b>Creditors: amounts falling due after more than one year</b>			<u>(1,200,000)</u>		<u>-</u>
<b>Net assets</b>			<u><u>13,373,263</u></u>		<u><u>13,921,988</u></u>
<b>Capital funds</b>					
Endowment funds - general	19		15,356,626		14,785,618
<b>Income funds</b>					
Unrestricted funds			<u>(1,983,363)</u>		<u>(863,630)</u>
			<u><u>13,373,263</u></u>		<u><u>13,921,988</u></u>

The financial statements were approved by the Trustees on .....

1<sup>st</sup> June 2023

*Patricia Kennedy*

Trustee

# The London Scottish Headquarters Trust

## Notes to the Financial Statements

For the year ended 31 March 2021

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### 1 Accounting policies

#### Charity 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 London Scottish House, 95 Horseferry Road, London, SW1P 2DX.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the Trust's governing document, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 Trust is a Public Benefit Entity as defined by FRS 102.

The Trust has taken advantage of the provisions in the SORP for charities not to prepare a Statement of Cash Flows.

The financial statements 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 Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

These financial statements are prepared on the going concern basis. The Trustees have a reasonable expectation that the Trust will continue in operational existence for the foreseeable future, however, the Trustees are aware of certain material uncertainties which may cause doubt on the charity's ability to continue as a going concern.

The Trustees are concerned that the Trust will have insufficient liquid funds to continue to meet its objects. The Trustees are working towards a plan that would allow the Trust to continue in operation, however it is not certain at this time that the plan will be successful.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Trust.

#### 1.4 Income

Income is recognised when the Trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Trust has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

# The London Scottish Headquarters Trust

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 1 Accounting policies

(Continued)

Legacies are recognised on receipt or otherwise if the Trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

#### 1.5 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 are allocated on the portion of the asset's use.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	No depreciation charged
Fixtures and fittings	15% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

#### 1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

#### 1.8 Impairment of fixed assets

At each reporting end date, the Trust reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# The London Scottish Headquarters Trust

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's balance sheet when the Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

### 2 Critical accounting estimates and judgements

In the application of the Trust's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.



**The London Scottish Headquarters Trust**  
**Notes to the Financial Statements (Continued)**  
**For the year ended 31 March 2021**

**3 Donations and legacies**

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Grants receivable	4,000	1,000

**4 Investments**

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Rental income	30,000	12,366
Income from listed investments	318	3,825
Interest receivable	26	76
	30,344	16,267

**5 Other income**

	Unrestricted funds	Endowment funds general	Total	Unrestricted funds
	2021	2021	2021	2020
	£	£	£	£
Dilapidations income	(795,000)	795,000	-	795,000



**The London Scottish Headquarters Trust**  
**Notes to the Financial Statements (Continued)**  
**For the year ended 31 March 2021**

**6 Raising funds**

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
<u>Fundraising and publicity</u>		
Other fundraising costs	84,882	164,276
<u>Investment management</u>	47	561
	<b>84,929</b>	<b>164,837</b>

**7 Charitable activities**

	Charitable activities	Charitable activities
	2021	2020
	£	£
Staff costs	225,983	-
Depreciation and impairment	68,217	20,530
Activities undertaken directly	(225,983)	114,480
	<b>68,217</b>	<b>135,010</b>
Grant funding of activities (see note 8)	500	431,786
Share of support costs (see note )	431,414	397,353
	<b>500,131</b>	<b>964,149</b>
<b>Analysis by fund</b>		
Unrestricted funds	274,148	964,149
Endowment funds - general	225,983	-
	<b>500,131</b>	<b>964,149</b>

# The London Scottish Headquarters Trust

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 8 Grants payable

	Charitable activities 2021 £	Charitable activities 2020 £
Grants to institutions:		
The London Scottish Regimental Trust	-	430,000
Other	500	1,786
	<u>500</u>	<u>431,786</u>

### 9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Trust during the year.

### 10 Other

	Endowment funds general 2021	Unrestricted funds 2020
Impairment against assets in the course of construction	-	401,227
Other expenditure	47	-
	<u>47</u>	<u>401,227</u>

### 11 Net gains/(losses) on investments

	Endowment funds general 2021 £	Endowment funds general 2020 £
Revaluation of investments	2,038	482

# The London Scottish Headquarters Trust

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2021 £	2020 £
In respect of:		
Property, plant and equipment	-	401,227

### 13 Tangible fixed assets

	Freehold land and buildings £	Assets under construction £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 2020	15,000,000	401,227	212,939	15,614,166
At 31 March 2021	15,000,000	401,227	212,939	15,614,166
<b>Depreciation and impairment</b>				
At 1 April 2020	-	401,227	22,692	423,919
Depreciation charged in the year	-	-	68,217	68,217
At 31 March 2021	-	401,227	90,909	492,136
<b>Carrying amount</b>				
At 31 March 2021	15,000,000	-	122,030	15,122,030
At 31 March 2020	15,000,000	-	190,247	15,190,247

Investment properties rented to another group entity have been accounted for using the cost model. The carrying value of these investment properties included within tangible fixed assets is £15,000,000 (2020 - £15,000,000).

More information on the impairment arising in the year is given in note 12.

# The London Scottish Headquarters Trust

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 14 Fixed asset investments

	Listed investments £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 April 2020	11,452	1	11,453
Revaluations	2,038	-	2,038
Investment management fees	(94)	-	(94)
At 31 March 2021	<b>13,396</b>	<b>1</b>	<b>13,397</b>
<b>Carrying amount</b>			
At 31 March 2021	<b>13,396</b>	<b>1</b>	<b>13,397</b>
At 31 March 2020	11,452	1	11,453

### 15 Financial instruments

	2021 £	2020 £
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	<b>13,396</b>	11,452

### 16 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	-	6,000
Amounts owed by fellow group undertakings	-	273,269
Prepayments and accrued income	<b>458</b>	5,061
	<b>458</b>	284,330

### 17 Loans and overdrafts

	2021 £	2020 £
Bank loans	<b>1,200,000</b>	-
Other loans	<b>912,950</b>	1,020,950
	<b>2,112,950</b>	1,020,950
Payable within one year	<b>912,950</b>	1,020,950
Payable after one year	<b>1,200,000</b>	-

# The London Scottish Headquarters Trust

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 17 Loans and overdrafts

(Continued)

The long-term loan is secured by fixed charges over the freehold property (95 Horseferry Road, London, SW1P 2DX). It is repayable in full before July 2025 and carries a fixed interest rate of 5.5% pa.

### 18 Creditors: amounts falling due within one year

	2021 £	2020 £
Borrowings	912,950	1,020,950
Trade creditors	17,440	273,652
Other creditors	23,028	1
Accruals and deferred income	11,250	284,470
	<b>964,668</b>	<b>1,579,073</b>

### 19 Endowment funds

Endowment funds represent assets which must be held permanently by the Trust. Income arising on the endowment funds can be used in accordance with the objects of the Trust and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

	Movement in funds		Movement in funds			
	Incoming resources	Balance at 1 April 2020	Incoming resources	Resources expended	Revaluations gains and losses	Balance at 31 March 2021
	£	£	£	£	£	£
<b>Permanent endowments</b>						
Freehold Fund	-	14,500,000	569,017	-	-	15,069,017
1986 Fund	-	285,618	-	(47)	2,038	287,609
	-	14,785,618	569,017	(47)	2,038	15,356,626

The Freehold Fund represents the carrying value of The London Scottish Regimental Trust Headquarters and funds subsequently received for dilapidations.

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 (Continued)

For the year ended 31 March 2021

### 20 Analysis of net assets between funds

	Unrestricted funds 2021 £	Endowment funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Endowment funds 2020 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:						
Tangible assets	122,030	15,000,000	15,122,030	690,247	14,500,000	15,190,247
Investments	-	13,397	13,397	1	11,452	11,453
Current assets/(liabilities)	(846,606)	284,442	(562,164)	(1,553,878)	274,166	(1,279,712)
	(724,576)	15,297,839	14,573,263	(863,630)	14,785,618	13,921,988
Long term liabilities	-	(1,200,000)	(1,200,000)	-	-	-
	(724,576)	14,097,839	13,373,263	(863,630)	14,785,618	13,921,988
Interfund loan	(1,258,787)	1,258,787	-	-	-	-
	(1,983,363)	15,356,626	13,373,263	(863,630)	14,785,618	13,921,988

### 21 Prior year adjustments

A prior year adjustment has been made in respect of funds received from The London Scottish Regiment 1995 Charity and The London Scottish 1990 Fund. Funds totaling £737,950 in the year ended 31st March 2019 and 2020 were incorrectly classified as Grants rather than Loans. The amounts have been correctly reclassified and the prior year balances restated.

### 22 Financial commitments, guarantees and 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.

### 23 Events after the reporting date

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

In June 2022, London Scottish Volunteer Enterprises Limited, a company which is 50% owned by the Charity, was placed into voluntary liquidation.

# The London Scottish Headquarters Trust

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

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### 24 Related party transactions

The Charity paid grants of £nil (2020: £430,000) to The London Scottish Regimental Trust, a charity with common trustees, during the year. The charity owed £23,027 to The London Scottish Regimental Trust at the balance sheet date. (2020: £279,234 less accrued costs of £275,147; net position £4,087 owed by The London Scottish Headquarters Trust).

The Charity received grants of £nil (2020 as restated : £nil) from The London Scottish 1990 Fund and grants of £nil (2020: £246,850) from The London Scottish Regiment 1995 Charity, charities with common trustees. The Charity owed £816,850 (2020 as restated: £816,850) to the London Scottish Regiment 1995 Charity and £96,100 (2020 as restated: £96,100) to the London Scottish 1990 Fund at the balance sheet date.

The Charity paid management fees in respect of staff salaries of £105,840 (2020: £90,000) plus further recharges of £nil (2020: £30,000) to London Scottish Volunteer Enterprises Limited, a company in which it has a 50% shareholding. The Charity owed £nil (2020: £97,093) to this company at the balance sheet date.

The Charity charged rent of £30,000 (2020: £12,366) to London Scottish Volunteer Enterprises Limited.

London Scottish Volunteer Enterprises Limited was placed into voluntary liquidation on 30th June 2022.