

Royal High School Preservation Trust
(a company limited by guarantee)

**Trustees' report and accounts
for the period from 27 April 2015 to 31 March 2016**

**Company number: SC504433
Scottish charity number: SC045779**

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Royal High School Preservation Trust

Contents

	Page
Reference and administrative details	1
Trustees' annual report	2
Independent auditors' report to the Trustees and members	6
Statement of financial activities (including income and expenditure account)	8
Balance sheet	9
Statement of cash flow	10
Notes to the accounts	11

Royal High School Preservation Trust

Reference and administrative details

Trustees	Richard Keith Austin Raymond Marvin Entwistle Mrs. Carol Colburn Grigor Andrew Colin MacDuff Liddell William Gray Muir (Chairman) Peter Franz Thierfeldt
Company Secretary	J&H Mitchell WS (appointed 27 April 2015)
Registered office	51 Atholl Road Pitlochry Perthshire PH16 5BU
Auditors	Henderson Loggie 34 Melville Street Edinburgh EH3 7HA
Bankers	Hampden & Co 9 Charlotte Square Edinburgh EH2 4DR
Charity number	SC045779
Company number	SC504433

Royal High School Preservation Trust

Trustees' annual report

Structure, governance & management

Governing Document

The Royal High School Preservation Trust ("RHSPT" or "the Trust") is a Scottish guarantee company registered under Company Number SC504433, and registered as a Scottish Charity under Scottish Charity Number SC045779.

The RHSPT was incorporated on 27th April 2015. Under its Articles of Association the charitable purposes of the Trust are *"to conserve the history and heritage of the buildings comprising the Old Royal High School, Calton Hill, Edinburgh (which was built originally in 1825 - 1829) and to preserve these buildings for appropriate uses commensurate with their history, and both Category A-listed and UNESCO World Heritage status."*

Appointment and Proceedings of Directors

The directors of the company are also the charity trustees for the purposes of charity law. Under the requirements of the Articles of Association the number of directors and trustees shall be no fewer than three nor more than six. Up to one director and trustee is appointed by Architectural Heritage Society of Scotland (Scottish Charity Number SC007554) and up to five directors and trustees are appointed by Dunard Fund (Scottish Charity Number SC039685 and England & Wales Charity Number 295790).

The current directors and trustees are as noted at page 1

Organisational Structure

The structure of the Trust is a single-tier Guarantee Company, whose directors and trustees: set the strategy and policy of the Trust, generally control and supervise the activities of the Trust and, in particular, are responsible for monitoring its financial position and, where there are no employees or managers appointed, are responsible also for the day-to-day management of the Trust; and, where necessary, act as members of the Trust.

Risk Management

The Trustees have conducted a review of the major risks to which the charity is exposed and a register of risks is maintained and updated on a regular basis following review by the Board of the Trust. The key risk to the Trust would be the failure to gain the right to develop the former Royal High School. This would be likely in the event that the proposed hotel development were granted listed building and planning consent at appeal, or if the hotel developer were successful in a subsequent listed building and planning application. To mitigate this risk the Trust has appointed legal and planning advisers to participate in the appeal process, and has already made a submission to the Reporters appointed for the appeal. Even if the hotel developer were unsuccessful, there is no guarantee that City of Edinburgh Council, the owners of the building, would offer development rights for the building to the Trust. In either case the costs accrued to date would be written off, and any surplus funds returned to the original donors."

Group Structure and Related Parties

The Trust is a stand-alone guarantee company which is also an independent Scottish charity.

From the outset, however, the Trust has had financial support from Dunard Fund. Dunard Fund is an Edinburgh-based charity (Scottish Charity Number SC039685 and England & Wales Charity Number 295790) which provides funding for a wide variety of charitable purposes notably in relation to promotion and advancement of the Arts. In particular, the Trustees of Dunard Fund seek to engage with recipients to enable the long-term development of projects and initiatives which will have major and lasting significance in the following areas:

- The training and performance of classical music at the highest standard.
- The education and display of visual arts at an international standard.
- The rehabilitation of endangered architectural masterpieces and the design and construction of new architectural masterpieces.

Dunard Fund has been the one of the largest philanthropic funders of the Arts in Scotland for more than 20 years.

Three of the Trust's six directors and trustees are also Trustees of Dunard Fund.

Royal High School Preservation Trust

Trustees' annual report *(continued)*

Structure, governance & management *(continued)*

Group Structure and Related Parties (continued)

J&H Mitchell WS, a law firm and Hampden & Company Plc, a bank, each connected to one Trust director, provided services to the Trust in the year. These services were provided on normal commercial terms and with regard to the terms of a written remuneration agreement entered into between the individual organisations, the Trust directors concerned and the Trust.

Objects and Activities

Achievements and Performance

The Trust was formed to save the former Royal High School buildings at Calton Hill in Edinburgh (notably the world-class Thomas Hamilton building), and to identify and establish a suitable and sustainable reuse of those buildings, which would not compromise the significance of the main Thomas Hamilton building or its setting.

The Trustees were aware of a planning application lodged by Duddingston House Properties with City of Edinburgh Council for the former Royal High School buildings to be converted into a hotel. The plans for the proposed hotel had been made public and demonstrated, in the view of the directors and trustees of the Trust, and many other interested bodies, to be a wholly inappropriate use of the existing buildings and site and to create a materially adverse impact on Edinburgh's architectural heritage, its setting and its international cultural standing. The exceptional qualities of the building and its setting are recognised in its statutory Category A-listing and the UNESCO World heritage status of the City centre as a whole.

The detailed aims of the Trust are as follows:

1. Conservation of the Thomas Hamilton Building
2. Protection of the setting of the Thomas Hamilton Building
3. An economically sustainable use for the site
4. A culturally suitable use for the site
5. A suitable and sustainable public or charitable use for the site.

The directors and trustees became aware that St. Mary's Music School ("the School") was seeking to raise funds either to expand its current campus or move to a new site and they therefore approached the School to propose that it become tenant of the former Royal High School site.

A planning Proposal of Application Notice, under the heading "*Conservation and adaption of former Royal High School building designed by Thomas Hamilton to form new premises for St. Mary's Music School and adaption and demolition of later ancillary building essential to form new residential and practice facilities for the school*" was lodged with City of Edinburgh Council by the Trust on 23rd April 2015.

An extensive public consultation process was undertaken during the period to June 2015, which saw almost universal public support for the Trust's proposal. This was reinforced by favourable responses from all of the local amenity bodies and statutory consultees.

A feasibility study undertaken by LDN Architects on behalf of the Trust and the School, the results of which were made public in June 2015, was agreed by both the Trust and the School to demonstrate that the proposed conservation and adaption of the former Royal High School by the Trust on behalf of the School would be suitable, sustainable, and desirable.

In September 2015 Richard Murphy Architects was appointed by the Trust to develop a detailed scheme, which resulted in the Planning and Listed Building applications (15/05662/FUL and 15/05665/LBC), which were submitted in early December, 2015, prior to the determination of the hotel application.

The respective applications are expected to be determined by City of Edinburgh Council in 2016.

Royal High School Preservation Trust

Trustees' annual report *(continued)*

Objects and Activities *(continued)*

Achievements and Performance (continued)

Following a detailed appraisal and consultation with key stakeholders, the Trust proposes to create three new public auditoria within Thomas Hamilton's building, accessed from Regent Road. These venues would become important new performance spaces within Edinburgh and be available for a wide variety of cultural and other uses. The new auditoria will support the proposed re-location of St. Mary's Music School to the remainder of the site, returning it to its original use as a place for educating young people from across Scotland and beyond.

Financial Review

Principal Funding Sources

As stated above, the principal source of funding for the Trust, at this stage in its development, is from Dunard Fund. This is likely to be the case for the time being, but as and when the project can proceed, with the School likely to become a tenant at the former Royal High School buildings, it is likely that other sources of funding for the project may become available.

Investment Policy

At present, the funds held by the Trust are sufficient to meet its reasonably foreseeable needs, and the Investment Policy of the directors and trustees is that these be held therefore as cash on deposit, so as to be available to meet those needs. As and when additional funding is obtained, which can be retained for a longer period of time, the Trust may consider other forms of investment within a more detailed Investment Policy.

Reserves Policy

The Trustees seek to retain sufficient cash reserves to meet (a) the committed liabilities of the Trust and (b) the foreseeable liabilities of the Trust for at least 6 months ahead. Currently £1.5m of the Trust's cash reserves are held in a restricted reserve which can be released only for expenditure connected with the acquisition of the site and building. The unrestricted reserves of £236,522 are available to meet the other objectives of the Trust and represent approximately six months expenditure.

Plans for Future Periods

The Trustees intend to continue to pursue the current Planning and Listed Building applications referred to above. In the event that the applications are successful, the Trust shall seek to gain development rights for the site. It is assumed that this would be by way of a competitive tendering process with City of Edinburgh Council.

The Trust will continue to oppose the current hotel scheme for the site, which the Trustees believe would be highly damaging to the long term interests of the building, the site and the City of Edinburgh.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing those 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 UK 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 charitable company will continue in business

Royal High School Preservation Trust

Trustees' annual report *(continued)*

Statement of Trustees' responsibilities *(continued)*

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company, and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included in the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


Approval of the Trustees' Annual Report

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that no auditor is aware of that information.

This report has been prepared in accordance with the 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 (FRS102) (applicable 1 January 2015).

Approved by the Board on 13 July 2016 and signed on its behalf by:


William Gray Muir
Chairman

Royal High School Preservation Trust

Independent auditors' report to the trustees of Royal High School Preservation Trust

We have audited the financial statements of Royal High School Preservation Trust for the period to 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. 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).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's directors, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's directors 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, its members as a body and its directors as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' responsibilities statement (set out on page 4), the Trustees (who are also the director of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations under those Acts.

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

Scope of the audit of the financial statements

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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Royal High School Preservation Trust

Independent auditors' report to the trustees of Royal High School Preservation Trust *(continued)*

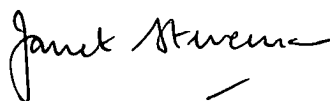
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Janet Stevenson (Senior Statutory Auditor)

For and on behalf of Henderson Loggie Statutory Auditors

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

34 Melville Street
Edinburgh
EH3 7HA
United Kingdom

2016

Royal High School Preservation Trust

Statement of financial activities (including income and expenditure account) for the period ended 31 March 2016

	Note	11 months to 31 Mar 2016 Unrestricted £	11 months to 31 Mar 2016 Restricted £	11 months to 31 Mar 2016 Total £
Income				
Donations and legacies	2	675,000	1,500,000	2,175,000
Income from investments	3	2,984	-	2,984
Total income and endowments		677,984	1,500,000	2,177,984
Expenditure				
Expenditure on charitable activities	4	(441,462)	-	(441,462)
Total expenditure		(441,462)	-	(441,462)
Net movements in funds		236,522	1,500,000	1,736,522
Total funds carried forward		236,522	1,500,000	1,736,522

All of the above results were derived from continuing activities.

Royal High School Preservation Trust

Balance sheet

at 31 March 2016

	Note	2016 £
Current assets		
Cash at bank and in hand		1,754,831
		<hr/>
		1,754,831
Creditors		
Amounts falling due within one year	7	(18,309)
		<hr/>
Net current assets		1,736,522
		<hr/>
Accumulated funds		
Unrestricted funds	8	236,522
Restricted funds	9	1,500,000
		<hr/>
Total funds		1,736,522
		<hr/>

These accounts were approved and authorised for issue by the board on 13th July 2016 and were signed on their behalf by.


William Gray Muir
Chairman

Company number: SC504433

Royal High School Preservation Trust

Statement of cash flows at 31 March 2016

	11 months to 31 Mar 2016 £
Cash flows from operating activities	
Net income	1,736,522
Income from investments	(2,984)
Increase in creditors	18,309
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Cash provided by operating activities	1,751,847
Cash flows from investing activities	
Investment income	2,984
	<hr/>
Cash provided by investing activities	2,984
	<hr/>
Increase in cash and cash equivalents in the year	1,754,831
Cash and cash equivalents at the beginning of the year	-
	<hr/>
Total cash and cash equivalents at the end of the year	1,754,831
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Cash and cash equivalents comprise:	
Cash at bank	1,754,831
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Royal High School Preservation Trust

Notes to the accounts

1 Accounting policies

A summary of principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below.

Basis of accounting

The accounts have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention. The charity is a Public Benefit Entity, a company limited by guarantee, incorporated in Scotland with the registered office as noted on page 1. The accounts are compliant with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, the Statement of Recommended Practice (SORP) FRS 102 "Accounting and Reporting by Charities" (revised 2015), and in accordance with Financial Reporting Standard 102 (FRS 102).

Going concern

These accounts have been prepared on the going concern basis which assumes that the charity will continue its operations. There are no material uncertainties that exist or material changes in the way the charity operates and the Trustees consider it appropriate to prepare accounts on a going concern basis.

Income

Income is recognised when the charity has entitlement to the funds, when it is probable that the income will be received and the amount can be measured reliably. Donations, legacies and similar incoming resources are included in the year in which they are receivable, which is when the charity becomes entitled to the resource.

Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Restricted funds are those fund which are subject to restrictions on their expenditure imposed by the funder.

Royal High School Preservation Trust

Notes to the accounts (continued)

2 Analysis of income

	Unrestricted £	Restricted £	Total £
Donations and legacies			
Dunard Fund	675,000	1,500,000	2,175,000
	<u>675,000</u>	<u>1,500,000</u>	<u>2,175,000</u>

3 Income from investments

	£
Bank interest	2,984
	<u>2,984</u>

4 Expenditure on charitable activities

	Unrestricted £	Restricted £	Total £
Design Fees	382,759	-	382,759
Local authority planning application	20,369	-	20,369
Publicity & communication	27,051	-	27,051
Sundry expenses	2,005	-	2,005
Governance costs (note 5)	9,278	-	9,278
	<u>441,462</u>	<u>-</u>	<u>441,462</u>

5 Governance costs

	£
Legal and professional fees	5,650
Audit fees	3,600
Meeting expenses	28
	<u>9,278</u>

Royal High School Preservation Trust

Notes to the accounts (continued)

6 Staff costs

No trustees received remuneration during the period.

The charity has no employees.

7 Creditors

2016

£

Amounts falling due within one year:

Trade creditors

12,009

Accruals and deferred income

6,300

18,309

8 Analysis of net assets between funds

Net current assets

2016

£

Unrestricted funds

236,522

Restricted funds

1,500,000

1,736,522

9 Restricted funds

	Opening balance £	Incoming resources £	Outgoing resources £	Closing balance £
Building Purchase	-	1,500,000	-	1,500,000

£1,500,000 was received from the Dunard Fund for the purchase of the old Royal High School. Should the purchase not go ahead the monies will be returned to the Dunard Fund.

10 Related party transactions

During the period the Royal High School Preservation Trust received £2,175,000 in donations from Dunard Fund, a charity of which, Carol Grigor, Colin Liddell, and Peter Thierfeldt are also trustees.

J&H Mitchell WS, a law firm in which Colin Liddell, is a partner performed services to the value of £2,950 on normal commercial terms for legal services during the period to 31st March 2016, £2,520 is provided and included within accruals at the period end. The provision of services is in line with the Trust's Articles of Association and the terms of a written remuneration agreement entered into between Colin Liddell, J&H Mitchell WS and the Trust.

Hampden & Company Plc, a bank of which Raymond Entwistle is Chairman, has been paid an account fee of £250 by the Trust and paid interest of £2,984 to the Trust in the period to 31 March 2016. All transactions were in line with the Trust's Articles of Association and the terms of a written remuneration agreement between Raymond Entwistle, Hampden & Company Plc and the Trust on normal commercial terms. At the period end Hampden & Company Plc held the bank balance of £1,754,831 on behalf of the trustees.

Sundial Properties (Gilmerton) Limited, a company of which William Gray Muir is a director and shareholder has provided administrative services for the Trust as a donation in kind.

11 Ultimate controlling party

The charity is constituted by Memorandum and Articles of Association and is governed by its trustees.