

The Governors of the Melville College Trust
Report of the Governors and Financial Statements
For the year ended 31 July 2024



The Governors of the Melville College Trust

**Report of the Governors and Financial Statements
for the year ended 31 July 2024**

Contents	Pages
Trust Information	1
Report of the Governors	2 - 9
Independent Auditor's Report to the Governors	10 - 13
Statement of Financial Activities	14
Balance Sheet	15
Notes to the Financial Statements	16 - 24

The Governors of the Melville College Trust

Report of the Governors and Financial Statements for the year ended 31 July 2024

Trust Information

Honorary Members

A Dobson
I Gardiner
G Macrae
K Richards
K Richardson
N Ross
J Scott
A Veitch

Ex-officio Governors (appointed in accordance with rule 4.2)

Royal Company of Merchants of the City of Edinburgh: J Hamblin
Royal Company of Merchants of the City of Edinburgh: K Richards
Daniel Stewart's and Melville College Former Pupils Club: C Anderson

Elected Governors

T Bryson
C Collingwood
V Coltherd
C Cunningham
J Johnston
M MacColl
S Newlands
S Paterson
A Scott

Chairman's Committee

S Paterson (Chair)
T Bryson
C Collingwood
V Coltherd
C Cunningham
J Johnston
M MacColl
S Newlands
A Scott

Investment Committee

T Bryson – Chair
V Coltherd
D Dunsire
J Johnson
N Kordowski – co-opted
S Murray – co-opted

Clerk and Treasurer and Trust Office

D N Dunsire LLB
c/o Lindsays
Caledonian Exchange
19a Canning Street
Edinburgh
EH3 8HE

Principal Bankers

Bank of Scotland
69 George Street
Edinburgh
EH2 2JP

Barclays
10-15 Princes Street
Edinburgh
EH2 2AN

Investment Managers

Brewin Dolphin Limited
Sixth Floor
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Rathbones Investment Management

10 George Street
Edinburgh
EH2 2PF

Auditors

MHA
Chartered Accountants
6 St Colme Street
Edinburgh
EH3 6AD

Registered Charity No: SC002074

The Governors of the Melville College Trust

Report of the Governors for the year ended 31 July 2024

Objectives and activities

The main purpose of the Trust is to promote the advancement of education through the provision of bursaries and grants to perpetuate the memory of those former pupils of Edinburgh Institution and Melville College who lost their lives in the two World Wars. This is achieved by the upkeep of memorials and by making grants, in the name of the Trust to Erskine Stewart's Melville Schools (ESMS) and their scholars.

Grant making policy

The Melville Memorial Fund represents the continuing activity of making grants to the School from the War Memorial Fund originally vested in the Trust in 1976. Such grants are made in accordance with the conditions outlined in sections 26 to 30, as abbreviated below, of the Melville College Trust Scheme 1976.

- To perpetuate the memory of former pupils who lost their lives in the two World Wars;
- To maintain or assist former pupils and employees, current employees and pupils attending the School, in cases of financial hardship;
- To the aid of the School including boarding houses, playing fields, clubs, societies and departments within the School;
- To award School prizes if requested by the School.

No restrictions were placed upon the Governors for the use of the Wright Rutherford Bequest or the Colin Young Bequest and therefore at their Annual General Meeting in March 1998 they designated the bequests as capital funds. The use of the income would be determined annually by the Governors following consultations with the Principal of ESMS.

Achievements and performance

Chairman's review

This is my last Chairman's report for the Melville College Trust under its historic constitutional structure dating back to 1976. In February 2024, following an EGM, the Governors agreed to the transfer of the assets and operations of the Trust to a modern Scottish Charitable Incorporated Organisation (SCIO). Following receipt of approval by OSCR (Office of the Scottish Charity Regulator), the transfer formally commenced in September 2024, and it is intended that the existing Trust will be wound up by 31 October 2024.

The Trust itself saw another year of significant economic volatility affecting our investments, in particular. The Chair of the Investment Committee, Tommy Bryson, covers our investment performance in his report.

The Governors of the Melville College Trust

Report of the Governors for the year ended 31 July 2024

Chairman's review (continued)

Headline achievements:

Governance

- The move towards a modern SCIO constitution was completed in 2024, which facilitates an improved Governance structure and greater flexibility. Many thanks to Lindsays LLP for their guidance on this change and the Trust Clerk/Treasurer David Dunsire.

Strategy

- We are reviewing our existing 5 year Strategic Plan which will be updated and presented at the forthcoming AGM to approve a new further 5 year Plan from 2024.
- A strong relationship with the Mary Erskine's Guild continues to be developed and we are also looking to strengthen our relationship with the Merchant Company. The appointment of Grant Macrae, former Trust Chair, as Master will be very helpful in that regard.
- We are in close communications with the new School management as it faces significant and well-known external challenge. In particular in helping to enhance the School resources and infrastructure.
- We are continuing to reduce the age and improve the gender balance of the Trustees.

GDPR

- Our Memorandum of Understanding with the School whereby they manage the Trust database of contacts continues to give the Trust appropriate cyber / IT controls and protections.

Marketing/Communications

- We continue to send out regular Newsletters to our database of FP contacts which are well received. A big thanks to former Chairman Alan Veitch for all his hard work with preparing these Newsletters.
- We are reviewing and upgrading our website <https://melvillecollegetrust.uk> with the assistance of new Governor Claire Cunningham.
- From feedback received from Melville FP's we are holding Annual Reunions which are proving to be a great success. It allows the Trust and the School to keep FP's up to date with what we have both been up to.

Investment

- A separate report from the Investment Committee Chair, Tommy Bryson, follows this report. With active management by our fund managers, we have managed the volatile market pressures. Our agreed strategy to maintain a Total Return policy from our investments continues to underpin our investment performance in challenging times.

During the School Year (2023/2024), the Trust provided £250,000 in bursaries to ESMS, which has enabled 27 pupils to enjoy the excellent facilities and education available. The School continues to perform an assessment of all bursary recipients on an annual basis to ensure they are achieving satisfactory results during the School year.

In addition to the bursaries, the Trust donated £10,000 to a diverse number of small School projects which benefit the pupils. We also provided the funding to properly protect and present various war medals won by FP's of the School.

The Governors of the Melville College Trust

Report of the Governors for the year ended 31 July 2024

Chairman's review (continued)

No Trust Governors retired last year, but the Trust was sad to hear of the passing of Honorary Members Rex Holroyd and Sally Ray, and also that stalwart of Melville College, Miss Margot Christie.

This has been my third year of chairing the Trust and I would like to thank all the Governors and Committee members for their support during that time. In particular I would like to thank David Dunsire the Trust Clerk/Treasurer for his advice and support to the Trust Committees.

With the support of the Governors and committee members and the fund managers ongoing advice / management, the Trust remains in good health despite the challenging times we and the School itself are going through.

Financial Review

Review of Financial Position and Funds

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), the Trust accounts for grants and bursaries payable in the period in which the commitment has been made to the recipient, which may accelerate the expenditure to the accounting period before the period in which income from which the grant will be paid, is available. In this accounting period, £10,000 was paid to the School under S.27 and S.29 of the 1976 Statutory Instrument which has been used by the School for the provision of equipment for various clubs and societies run by the School.

In 2016, due to the uncertainty of investments yield, and to allow the current level of support to the School to be maintained, the Governors decided to set up a Special Income Reserve. Transfers of £81,964 from the Wight Rutherford Bequest and £18,036 from the Colin Young Bequest were made to this designated fund at that time. £4,000 was used in 2023 to meet the deficit arising on the Melville Memorial revenue fund and £11,000 has been used in current year to meet deficits arising on the general fund.

Bursaries

To avoid the Trust approving an amount in advance, decisions on bursaries are taken at the start of the academic year.

The Governors of the Melville College Trust

Report of the Governors for the year ended 31 July 2024

Investment Committee Report 2024

The current members of the Investment Committee are Tommy Bryson (Chairman), David Dunsire, Jill Johnson, Nicholas Kordowski, Vic Coltherd and Susan Murray. There were no changes to the committee this year.

The Committee meets with the Investment Managers at approximately half year intervals to review investment performance, ESG/Sustainability and the service levels provided. Towards the end of the year we decided to change the performance measurement metrics for the Managers. We have moved from RPI +3% to CPI +4% (as we believe that it is a more realistic target) and we have moved from the MSCI PIMFA Private Investor Balanced Index to the Growth Index (as we believe that it better reflects the changes in risk profile that we made last year). Both Managers have provided reports for the year to 31 July 2024 detailing their current views on the investment 'climate' and outlook. Summaries of these reports are included below.

The last 12 months have seen good returns from markets underpinned by better-than-expected inflation figures. The Committee is pleased that the Managers have delivered decent performance in these rising markets having also been reasonably successful at navigating the prior volatility. We still believe that the Total Return approach sees us well placed to benefit from growth in markets over the long term. Now that there has been a decent period of time since we implemented Total Return, we are planning a 'beauty parade' in the next 18 months to ensure that we continue to get the best possible risk adjusted returns on the assets.

Performance – Wight Rutherford (part of the total fund) and Melville Memorial Funds

Fund Manager – Brewin Dolphin

	Wight Rutherford			Melville Memorial		
	31 Jul 24	31 Jul 21	31 Jul 19	31 Jul 24	31 Jul 21	31 Jul 19
Portfolio market value	£3,471,471	£3,400,313	£5,106,447	£543,440	£535,094	£474,415
Portfolio income (cumulative)	£69,092	£68,047	£181,954	£10,751	£10,581	£17,034
Portfolio yield	2.1%	2.0%	3.6%	2.0%	2.0%	3.6%
	1Y	3Y	5Y	1Y	3Y	5Y
Portfolio Total Return (net p.a.)	14.2%	3.8%	6.1%	14.2%	3.8%	
RPI +3%	6.7%	11.8%	9.2%	6.7%	11.8%	
MSCI PIMFA Private Investor Balanced Index	13.0%	4.5%	5.0%	13.0%	4.5%	
CPI+4%	6.3%	10.7%	8.6%	6.3%	10.7%	
MSCI PIMFA Private Investor Growth Index	14.5%	6.7%	6.8%	14.5%	6.7%	

The last year has been a strongly positive one for markets, particularly since the better-than-expected inflation figures in October and November 2023. After the narrow markets of 2023, there was more breadth to gains, but Tech companies once more dominated headline index performance as AI continues to attract attention from investors. Both portfolios have participated in the positive markets.

Economic data have been generally better than expectations and worries over a recession in the US in 2024 have largely dissipated. Inflation levels have returned to levels where Central Bankers feel able to start lowering interest rates and we have seen the first cuts from the Bank of England and ECB, with the Federal Reserve expected to follow suit in coming months. We expect to continue to see modest economic growth in developed markets for the remainder of the year and into 2025 and measured reductions in interest rates from Central Banks.

The Governors of the Melville College Trust

Report of the Governors for the year ended 31 July 2024

Investment Committee Report (continued)

Despite the gains that we have seen from markets, we remain constructive on the prospects for the remainder of the year. Global economic growth and falling interest rates in major economies represents a supportive backdrop for equity markets and corporate earnings have generally been meeting or beating expectations. Clearly risks still remain from factors such as geopolitics and more stubborn than expected inflation, but on balance we feel that there are good grounds to expect that markets can move higher from the current levels.

Performance – Wight Rutherford (part of the total fund) and The Colin Young Bequest Fund

Fund Manager – Rathbones

	Wight Rutherford		Colin Young Bequest Fund		
	31 Jul 24	31 Jul 21	31 Jul 24	31 Jul 21	31 Jul 19
Portfolio market value	£2,084,638	£2,176,271	£1,620,896	£1,690,266	£1,516,214
Portfolio income (cumulative)	£43,129	£143,304	£33,824	£112,208	£205,929
Portfolio yield	2.2%	2.6%	2.6%	2.6%	3.4%
	1Y	3Y	1Y	3Y	5Y
Portfolio Total Return (net p.a.)	7.1%	1.3%	7.1%	1.4%	4.1%
RPI +3%	6.6%	11.4%	6.6%	11.4%	8.7%
MSCI PIMFA Private Investor Balanced Index	12.9%	4.4%	12.9%	4.4%	4.9%
CPI + 4%	6.3%	10.5%	6.3%	10.5%	8.1%
MSCI PIMFA Private Investor Growth Index	14.5%	6.7%	14.5%	6.7%	5.8%

The portfolio saw the one year returns ahead of the inflation target return for the period, yet behind the return of the PIMFA benchmark. With returns from equities continuing to be concentrated in a handful of companies the diversified approach has struggled to keep pace. While we do hold some of these companies, which has helped returns, we don't hold them in nearly the same weight as the benchmark.

Inflation continues to tick downwards, and it is encouraging to see central banks beginning to ease tight interest rate conditions. This will be good for bonds, small caps and infrastructure holdings. AI continues to be a bit of an unknown quantity as massive amounts of investment will have to be justified with revenues in the near future. If the 2010's are gone, we need a different approach.

We believe that the strong markets we've seen in 2024 so far will broaden out with smaller companies and less favoured regions such as the UK and Japan seeing positive returns. Bonds should also be lifted as interest rates continue to be cut across developed markets.

The Governors of the Melville College Trust

Report of the Governors for the year ended 31 July 2024

Supervision

The performance of all three funds will continue to be closely monitored by the Committee through half-yearly reports and at least two meetings a year with the managers. The comparison of the performance and service provision by respective managers against the benchmark indices and their peers is clearly useful to the Governors in ensuring that the funds are being effectively managed.

Risk Management

The Governors have examined the major strategic, business and operational risks which the Trust faces and confirm that procedures have been established to enable regular reports to be produced so that the necessary steps can be taken to control these risks. The single major risk in the view of the Governors is the volatility of the Stock Market and discretionary Fund Managers are appointed to assist in the management of the funds.

Reserves Policy

The Trust has total funds of £7,807,115 (2023: £7,341,488) at the year end, which comprise unrestricted funds of £66 (2023: £8,501), designated funds of £7,797,449 (2023: £7,332,987) and other restricted funds of £9,600 (2023: £Nil). In order to maintain future income streams to finance grants payable, the Governors seek to maintain the capital value of the funds, in line with the benchmark indices. The Governors consider that revenue reserves, sufficient to meet funding for approximately twelve months' expenditure, should be maintained, subject to regular review by the Chairman's Committee to reflect changing requirements.

The Governors of the Melville College Trust

Report of the Governors for the year ended 31 July 2024

Structure, Governance and Management

The Trust was constituted by Statutory Instrument 1976 No. 1480 (s122), as amended by interlocutor of the Court of Session dated 29 June 2001.

Amendments to the Statutory Instrument were approved by Lord Marnoch on 29 June 2001 and copies were circulated by the Secretary to all Governors.

The principal amendments relate to the inclusion of The Mary Erskine School and the extension of the investment powers of Governors.

The Ex-officio Governors and Elected Governors are the Governors of the Trust. The election of Governors is made at the AGM. The term of office of an elected Governor is 3 years with a maximum of 9 years. Governors may become eligible for re-election after vacating office for a period of one year.

New Governors are inducted by the Chairman along with the Clerk/Treasurer and provided with a copy of the constitution and an induction pack containing relevant documentation.

All Governors are familiar with the work of the Trust. They also attend appropriate seminars during the year. If there are any areas where additional training is required, this will be discussed at a Governors' meeting and a solution identified.

The Governors meet formally at least once per annum to determine policy, with an Investment Committee meeting normally twice a year to manage the investment portfolio, and a Chairman's Committee meeting as necessary to implement policy. The day-to-day administration rests with the Clerk and Treasurer.

Statement of disclosure of information to auditor

In so far as the Governors as aware:

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

The Governors of the Melville College Trust

Report of the Governors for the year ended 31 July 2024

Statement of Governors' responsibilities

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

The law applicable to charities in Scotland requires the Governors 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 applicable of resources of the Trust for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS102);
- 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 Trust will continue in operation.

The Governors are responsible for keeping proper 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 and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Trust's constitution. 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.

Approved by the Governors and authorised for issue on 7 October 2024 and signed on their behalf by:



S Paterson
Chairman

Independent Auditor's Report to the Governors of the Melville College Trust for the Year Ended 31 July 2024

Opinion

We have audited the financial statements of the Governors of the Melville College Trust (the 'Trust') for the year ended 31 July 2024 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 the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 July 2024, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for 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 opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

**Independent Auditor's Report to the Governors of the Melville College Trust (continued)
for the Year Ended 31 July 2024**

Other information

The other information comprises the information included in the Report of the Governors', other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information contained within the report of the Governors. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Matters on which we are requested to report by exceptions

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Report of the Governors; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the Governors' responsibilities statement, the Governors 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 Governors 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 Governors 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 Governors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's Report to the Governors of the Melville College Trust (continued)
for the Year Ended 31 July 2024**

Auditor's responsibilities for the audit of the financial statements

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of charity management and those charged with governance to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including the testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of the charity's activities and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

As a result of these procedures, we consider the opportunities and incentives that may exist within the Trust for fraud. In common with all audits under ISAs (UK), we perform specific procedures to respond to the risk of management override and inappropriate income recognition.

We also obtain an understanding of the legal and regulatory environment in which the Trust operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements and those which may be fundamental to the Trust's ability to operate. The key laws and regulations we considered in this context included the Statement of Recommended Practice: Accounting for Charities FRS 102 (2019), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

**Independent Auditor's Report to the Governors of the Melville College Trust (continued)
for the Year Ended 31 July 2024**

Use of the report

This report is made solely to the Trust's Governors, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Trust's Governors 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 Trust and the Trust's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

MHA

MHA

Statutory Auditor

6 St Colme Street, Edinburgh, EH3 6AD

7 October 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership registered in England and Wales (registered number OC312313).

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

The Governors of the Melville College Trust

Statement of Financial Activities For the year ended 31 July 2024

	Notes	2024 Revenue Funds £	2024 Endowment Funds £	2024 Total Funds £	2023 Revenue Funds £	2023 Endowment Funds £	2023 Total Funds £
Income and endowments from:							
Donations and legacies	3	4,261	-	4,261	12,716	-	12,716
Other income	4	-	-	-	2,016	-	2,016
Investment income	5	158,808	-	158,808	169,888	-	169,888
Total		<u>163,069</u>	<u>-</u>	<u>163,069</u>	<u>184,620</u>	<u>-</u>	<u>184,620</u>
Expenditure on:							
Cost of raising funds							
Investment managers fees		-	45,146	45,146	-	43,269	43,269
Charitable activities	6	280,084	10,989	291,073	259,123	10,143	269,266
Total		<u>280,084</u>	<u>56,135</u>	<u>336,219</u>	<u>259,123</u>	<u>53,412</u>	<u>312,535</u>
Net (expenditure) before investment gains/(losses)		(117,015)	(56,135)	(173,150)	(74,503)	(53,412)	(127,915)
Net gains/(losses) on investments	9	-	638,777	638,777	-	(131,253)	(131,253)
Net (expenditure)/income		(117,015)	582,642	465,627	(74,503)	(184,665)	(259,168)
Transfers between funds		84,804	(84,804)	-	64,455	(64,455)	-
Net movement in funds		<u>(32,211)</u>	<u>497,838</u>	<u>465,627</u>	<u>(10,048)</u>	<u>(249,120)</u>	<u>(259,168)</u>
Reconciliation of funds							
Total funds at 1 August 2023		118,882	7,222,606	7,341,488	128,930	7,471,726	7,600,656
Total funds at 31 July 2024		<u>86,671</u>	<u>7,720,444</u>	<u>7,807,115</u>	<u>118,882</u>	<u>7,222,606</u>	<u>7,341,488</u>

Results for the year relate in their entirety to continuing activities of the Trust.

The notes on pages 16 to 24 form part of these financial statements

The Governors of the Melville College Trust

Balance Sheet

As at 31 July 2024

	Notes	2024 £	2023 £
Fixed Assets			
Investments	9	<u>7,720,444</u>	<u>7,222,606</u>
Current assets			
Sundry debtors	10	7,916	9,705
Cash at bank		<u>87,647</u>	<u>117,259</u>
		95,563	126,964
Liabilities: Creditor amounts falling due within one year	11	<u>(8,892)</u>	<u>(8,082)</u>
Net current assets		<u>86,671</u>	<u>118,882</u>
Total net assets		<u>7,807,115</u>	<u>7,341,488</u>
The funds of the Trust:			
Unrestricted – general fund		66	8,501
<i>Designated funds</i>			
Wight Rutherford Bequest			
- Endowment		5,556,108	5,158,975
- Revenue		<u>8,824</u>	<u>31,060</u>
		5,564,932	5,190,035
Melville Memorial Funds			
- Endowment		543,441	494,222
- Revenue		<u>827</u>	<u>858</u>
		544,268	495,080
Colin Young Bequest			
- Endowment		1,620,895	1,569,409
- Revenue		<u>354</u>	<u>463</u>
		1,621,249	1,569,872
Special Income Reserve		67,000	78,000
Restricted funds		<u>9,600</u>	<u>-</u>
	12,13	<u>7,807,115</u>	<u>7,341,488</u>

Approved and authorised for issue on behalf of the Governors on 7 October 2024 and signed on their behalf by:

S Paterson
Chairman

The notes on pages 16 to 24 form part of these financial statements

The Governors of the Melville College Trust

Notes to the Financial Statements For the year ended 31 July 2024

1. Accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years unless otherwise stated.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of investments. The financial statements are presented in pounds sterling (GBP) which is the functional currency of the Trust and rounded to the nearest £.

The financial statements have been prepared in accordance with the Trust's constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and UK Generally Accepted Accounting Practice.

The Trust is unincorporated and meets the definition of a public benefit entity under FRS 102. Details of the principal office can be found in the Trust Information page of the financial statements.

Going concern

Due to the level of cash and reserves held, the Governors are of the opinion that the Trust can continue to meet its obligations as they fall due for the foreseeable future. The Governors are closely monitoring the impact of economic factors on investment returns. Although there are plans to transfer the assets of the Trust into a new SCIO by 31 October 2024, Governors are content the charity's activities will continue as before within the new charity. As a result, the Governors have prepared the financial statements on the going concern basis.

Income

Income is recognised when the Trust 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 period in which they are receivable, which is when the Trust becomes entitled to the income.

Interest on funds held at bank is included upon notification of the interest paid or payable by the Bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

**Notes to the Financial Statements
For the year ended 31 July 2024**

1. Accounting policies (continued)

Expenditure

Expenditure is recognised once there is a constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classed under headings that aggregate all costs relating to the category.

Expenditure on raising funds relates to costs arising in the generation of income for the Trust and therefore consists of investment management fees.

Charitable expenditure comprises those costs incurred by the Trust in the delivery of its grant making activities. It includes both costs which can be directly allocated to those activities and those costs of an indirect nature necessary to support them.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. Expenditure on grants is recorded once the Trust has made an unconditional commitment to pay the grant and this is communicated to the beneficiary or the grant has been paid, whichever is the earlier.

Support costs are allocated between governance costs and other support costs. Governance costs comprise those costs involving the public accountability of the Trust and its compliance with regulations and good practice. They therefore include the costs of statutory audit. Other support costs relate to the administrative costs of running the Trust and are allocated to charitable activities accordingly.

The Trust is not VAT registered therefore all costs are included gross of irrecoverable VAT.

Investments

Investments are a form of basic financial instruments and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The main form of financial risk faced by the Trust is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Debtors

Debtors are accrued income from dividends and are measured at their recoverable amount and included when reasonable certainty exists over their receipt.

Notes to the Financial Statements
For the year ended 31 July 2024

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the Trust has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured reliably.

Financial instruments

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2. Funds

All funds have been designated for the provision of bursaries and grants. The Endowment balances within each of the three Funds are capital reserves. The Revenue balances are available for distribution in accordance with the terms of each of the Funds.

In 2016, due to the uncertainty of investments and to allow the level of support to the School to be maintained, the Governors designated £100,000 to a Special Income Reserve. £4,000 was released from the Special Income Reserve in 2023 to meet the income deficit arising on the Colin Young Bequest Fund during the year (2022: £7,000 to the Melville Memorial Fund).

3. Donations

	Total 2024 £	Total 2023 £
Donations from individuals	3,658	2,412
Gift aid	603	1,866
Legacies	-	8,438
	<u>4,261</u>	<u>12,716</u>

Donations comprise £1,258 of unrestricted income and £2,400 of restricted income for Sports. The legacy income in 2023 was restricted for the specific purpose of providing financial assistance to meet the School fees of less well-off pupils.

4. Other income

	Total 2024 £	Total 2023 £
Events - Reunions	-	2,016
	<u>-</u>	<u>2,016</u>

The Governors of the Melville College Trust

Notes to the Financial Statements For the year ended 31 July 2024

5. Investment income	Wight Rutherford £	Melville Memorial £	Colin Young Bequest £	Total 2024 £	Total 2023 £
Portfolio dividend income	112,221	10,752	33,824	156,797	169,393
Bank interest receivable	812	-	1,199	2,011	495
	<u>113,033</u>	<u>10,752</u>	<u>35,023</u>	<u>158,808</u>	<u>169,888</u>
6. Charitable activities – Governance costs				2024	2023
				£	£
Direct costs					
Bursaries and grants (note 8)				260,000	248,618
Projects				-	210
Newsletters				2,303	2,062
Reunion event				-	2,160
				<u>262,303</u>	<u>253,050</u>
Support costs					
Clerk's fee				7,500	7,500
Legal fees				11,360	260
Other costs				235	374
				<u>19,095</u>	<u>8,134</u>
Governance costs					
Trustee indemnity insurance				783	-
Auditor's remuneration: audit fees				8,892	8,082
				<u>9,675</u>	<u>8,082</u>
Total				<u>291,073</u>	<u>269,266</u>

Project costs in 2023 relate to memorial costs.

Other costs relate to trustee expenses, bank charges and website costs.

7. Governors' remuneration

No Governor received any remuneration during the current or prior year. No Governor (2023: one) received reimbursement of expenses (2023: £141) from the Trust for project costs.

The Trust had no employees during the period (2023: none).

The Trust arranges indemnity insurance cover in respect of Governors and Officers. Due to an oversight the previous policy lapsed in April 2023 and was reinstated in September 2023.

Notes to the Financial Statements
For the year ended 31 July 2024

8. Grants	Restricted £	Wight Rutherford Bequest £	Melville Memorial Fund £	Colin Young Bequest £	Total 2024 £	Total 2023 £
Bursaries	-	179,101	17,014	53,885	250,000	238,438
Clubs and societies	-	7,164	681	2,155	10,000	10,000
Prizes	-	-	-	-	-	180
	<u>-</u>	<u>186,265</u>	<u>17,695</u>	<u>56,040</u>	<u>260,000</u>	<u>248,618</u>

Grants are made to ESMS in accordance with the amended Trust Scheme. Awards for School prizes can be made on the instigation of the Trust or if requested by the School. In addition to the Trust prize for excellence by a pupil in S5 or S6 and the Trust prize for outstanding contribution to ESMS by a pupil in S4, S5 or S6, from 2017 the Trust now awards prizes for collaborative research in Chemistry in the name of Sir Fraser Stoddart.

9. Investments	Wight Rutherford Bequest £	Melville Memorial Fund £	Colin Young Bequest £	Total 2024 £	Total 2023 £
Market value at 1 August 2023	5,040,562	484,066	1,530,345	7,054,973	7,285,505
Add: acquisitions at cost	953,570	99,524	245,483	1,298,577	1,594,467
Less: disposals proceeds	(1,017,756)	(109,239)	(269,754)	(1,396,749)	(1,693,746)
Net (gains)/losses on investments	<u>494,556</u>	<u>60,643</u>	<u>83,578</u>	<u>638,777</u>	<u>(131,253)</u>
Market value at 31 July 2024	5,470,932	534,994	1,589,652	7,595,578	7,054,973
Investment cash	<u>85,175</u>	<u>8,446</u>	<u>31,244</u>	<u>124,865</u>	<u>167,633</u>
Market value at 31 July 2024	<u>5,556,107</u>	<u>543,440</u>	<u>1,620,896</u>	<u>7,720,443</u>	<u>7,222,606</u>
Historic cost at 31 July 2024	<u>4,421,799</u>	<u>417,983</u>	<u>1,321,137</u>	<u>6,160,919</u>	<u>6,202,008</u>

10. Debtors	2024 £	2023 £
Gift aid debtors	-	50
Prepayments	380	220
Accrued income	7,536	9,435
	<u>7,916</u>	<u>9,705</u>

11. Creditors	2024 £	2023 £
Accruals	8,892	8,082

The Governors of the Melville College Trust

Notes to the Financial Statements
For the year ended 31 July 2024

12. Analysis of net movement in funds

	General £	Restricted (Sports) £	Wight Rutherford Endowment £	Rutherford Revenue £	Melville Memorial Endowment £	Memorial Revenue £	Colin Young Endowment £	Bequest Revenue £	Special Income Fund £	2024 Total Funds £
2023/24										
Income and endowments from:										
Donations (note 3)	1,861	2,400	-	113,033	-	10,752	-	-	-	4,261
Investment income (note 5)	-	-	-	-	-	-	-	-	-	158,808
Total	1,861	2,400	-	113,033	-	10,752	-	-	-	163,069
Expenditure on:										
Costs of raising funds	-	-	32,474	-	3,187	-	9,485	-	-	46,146
- investment managers fees	-	-	7,872	192,346	748	18,272	2,369	57,870	-	291,073
Charitable expenditure (note 6)	11,596	-	-	-	-	-	-	-	-	-
Total	11,596	-	40,346	192,346	3,935	18,272	11,854	57,870	-	336,219
Net income/(expenditure) before losses	(9,735)	2,400	(40,346)	(79,313)	(3,935)	(7,520)	(11,854)	(22,847)	-	(173,150)
Net gains on investments (note 9)	-	-	494,556	-	60,643	-	83,578	-	-	638,777
Net income/(expenditure)	(9,735)	2,400	454,210	(79,313)	56,708	(7,520)	71,724	(22,847)	-	465,627
Transfers between funds	1,300	7,200	(57,077)	57,077	(7,489)	7,489	(20,238)	22,738	(11,000)	-
Net movement in funds	(8,435)	9,600	397,133	(22,236)	49,219	(31)	51,486	(109)	(11,000)	465,627
Balances brought forward at 1 Aug 2023	8,501	-	5,158,975	31,060	494,222	858	1,569,409	463	78,000	7,341,488
Balance carried forward at 31 July 2024	66	9,600	5,556,108	8,824	543,441	827	1,620,895	354	67,000	7,807,115

Transfers from the endowment funds to the revenue funds reflect the movement of cash from the capital account to the income account within the portfolios. The reduction in revenue funds arises as a result of the Trust's current total return investment strategy, which focusses on long term capital growth over income generation. The transfer to restricted funds reflects the total of donations received specifically to support Sports.

The Governors of the Melville College Trust

Notes to the Financial Statements
For the year ended 31 July 2024

2022/23	12. Analysis of net movement in funds										2023
	General	Restricted (Financial Assistance)	Wight Rutherford Endowment	Revenue	Melville Memorial Endowment	Revenue	Colin Young Bequest Endowment	Revenue	Special Income Reserve Fund	Total Funds	
	£	£	£	£	£	£	£	£	£	£	
Income and endowments from:											
Donations (note 3)	4,278	8,438	-	-	-	-	-	-	-	-	12,716
Other income (note 4)	2,016	-	-	-	-	-	-	-	-	-	2,016
Investment income (note 5)	-	-	-	120,635	-	-	11,095	-	-	-	169,888
Total	6,294	8,438	-	120,635	-	11,095	-	-	-	-	184,620
Expenditure on:											
Costs of raising funds											
- investment managers fees	-	-	31,056	-	3,027	-	9,186	-	-	-	43,269
Charitable expenditure (note 6)	2,862	8,438	7,204	175,902	665	16,400	2,274	55,521	-	-	269,266
Total	2,862	8,438	38,260	175,902	3,692	16,400	11,460	55,521	-	-	312,535
Net income/(expenditure) before losses	3,432	-	(38,260)	(55,267)	(3,692)	(5,305)	(11,460)	(17,363)	-	-	(127,915)
Net (losses)/gains on investments (note 9)	-	-	(73,441)	-	1,967	-	(59,779)	-	-	-	(131,253)
Net income/(expenditure)	3,432	-	(111,701)	(55,267)	(1,725)	(5,305)	(71,239)	(17,363)	-	-	(259,168)
Transfers between funds											
	-	-	(45,779)	45,779	(5,309)	5,309	(13,367)	17,367	(4,000)	-	-
Net movement in funds	3,432	-	(157,480)	(9,488)	(7,034)	4	(84,606)	4	(4,000)	-	(259,168)
Balances brought forward at 1 Aug 2022	5,069	-	5,316,455	40,548	501,256	854	1,654,015	459	82,000	-	7,600,656
Balance carried forward at 31 July 2023	8,501	-	5,158,975	31,060	494,222	858	1,569,409	463	78,000	-	7,341,488

Transfers from the endowment funds to the revenue funds reflect the movement of cash from the capital account to the income account within the portfolios. The reduction in revenue funds arises as a result of the Trust's current total return investment strategy, which focusses on long term capital growth over income generation.

**Notes to the Financial Statements
For the year ended 31 July 2024**

14. Related parties

During the year, the Trust received £2,600 of donations from two Honorary Members (2023: £2,400).

Andrew Scott is a member of The Royal Company of Merchants of the City of Edinburgh.

Stephen Paterson is a member of the Audit Committee of the Royal Company of Merchants of the City of Edinburgh.

Janet Hamblin is a member of the Royal Company of Merchants of the City of Edinburgh and is a Governor, and Chair of the Finance Committee, at ESMS.

Grant Macrae is Treasurer of the Royal Company of Merchants of the City of Edinburgh and Vice Chair of the Merchant Company Education Board.

Ken Richards is a member of the Royal Company of Merchants of the City of Edinburgh and was a member of the Audit and Risk Committee at ESMS until September 2024.

15. Post balance sheet events

A SCIO named Melville College Trust (SC053233) was formed during the year on 26 March 2024. The intention is to wind up the Trust and transfer the assets and liabilities over to the new SCIO by 31 October 2024.

16. Non-audit services

In common with many other charities of our size, we use our auditors to assist with the preparation of the financial statements.