



**GEORGE HERIOT'S TRUST**

**Consolidated Financial Statements  
and Governors' Report**

**for the year ended 31 July 2022**

**Charity number: SC011463**

**GEORGE HERIOT'S TRUST**  
**CONSOLIDATED FINANCIAL STATEMENTS AND GOVERNORS' REPORT**  
**for the year ended 31 July 2022**

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**Governors' Report**  
**for the year ended 31 July 2022**

The Governors present their annual report and the consolidated financial statements for the year ended 31 July 2022. The report has been prepared in accordance with current statutory reporting requirements for charities in Scotland.

**OBJECTIVES AND ACTIVITIES**

***Objectives***

George Heriot's Trust was established in 1624 under the Will of George Heriot, jeweller and goldsmith to King James VI and I, who left the residue of his estate:

*for and towardis the funding and erecting of ane hospittill within the said towne of Edinburgh in perpetuitie and for and towardis the purchasing of certane landis in perpetuitie to belong unto the said hospittill to be imployit for the maintenance relief bringing up and educatioune of Puire fatherless bairnes friemens sones of that Towne of Edinburgh.*

The purposes of the Trust are now set out in the George Heriot's Trust Scheme 2017 which was approved by OSCR on 15 February 2017 and adopted by the Trustees on 3 March 2017. The Trust's charitable purposes (the "Trust Purposes") are:

- (a) the advancement of education, particularly the education and advancement of children and young people;
- (b) the advancement of the arts, heritage, culture and science;
- (c) the advancement of public participation in sport;
- (d) the provision of recreational facilities, or the organisation of recreational facilities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended; and
- (e) the advancement of citizenship and community development.

The Trust has various powers as set out in the Trust Scheme, including the power to:

- (a) maintain and educate children ("Foundationers") whose mother and/or father has died and who meet, financial, entrance and residence criteria;
- (b) to run, supervise, manage, operate, maintain, furnish, equip, promote and develop schools, and educational activities and establishments of all kinds, including George Heriot's School ("the School");
- (c) to establish, manage and administer, trusts, funds, bursaries, foundations, endowments and similar, to provide financial and other assistance for the advancement of the Trust Purposes.

The George Heriot's Trust Scheme 2017 requires that the Scheme and Regulations are reviewed by the Board of Governors every three years, and a Board sub-group was convened in November 2020 to conduct a review, which remains ongoing at the date of this report. It is currently envisaged that any changes recommended to the Board would not be material.

***Activities***

The Trust's principal activities continue to be the provision of George Heriot's School, an independent day school for 4-18 year old young people and the provision of free education for Foundationers at the School.

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The School's aims are:

**For our pupils**

- to benefit from every learning opportunity and value scholarship
- to be positive, work hard and always seek to do their best
- to feel safe, secure, valued and happy
- to be responsible and self-disciplined in attitude and action
- to become well-rounded, confident, and sympathetic individuals and citizens
- to leave Heriot's as thoughtful, outward-looking, environmentally conscious citizens

**For our staff**

- to be proactive in upholding the Heriot's ethos
- to be effective in sustaining Heriot's commitment to excellence
- to feel valued and supported in their work
- to show high levels of commitment and motivation and professionalism

**For our parents/guardians**

- to be partners with the School in promoting their children's learning and care
- to feel that they are valued members of the Heriot's community, whose comments and concerns are listened to and expeditiously handled

Measures of success include academic results; continued high levels of demand at all entry points; provision of both Foundation and bursarial support for as many pupils as possible; success in curricular and co-curricular activities; participation rates in a wide range of activities and parental, pupil and staff feedback.

***Vision and Mission***

With the change in Principal in August 2021, the School is undertaking a strategic review, which commenced with a Governor Strategy Day in September 2021. Work continued on the development of strategy throughout the 2021-22 Session. A series of workshops and consultations with staff took place through the year. The consultation extended to the pupils with the Pupil Council discussing how best to capture the thoughts and ideas of pupils from both Junior and Senior Schools. A review was also conducted on the function and purpose of the Parent Governor Liaison Committee (PGLC) and George Heriot's Parents' Association. The outcome of this review was the formation of Junior and Senior School Liaison Groups and the reformation of the Parents Association with a sole focus on supporting school events, families and fund raising. The creation of these groups will be important in forming the future School Strategy along with wider stakeholder input including Former Pupils and the local community. Further information on the process is detailed later in the report and we look forward to reporting the outcome of this exercise in the following year's Trustees' Report.

***Financial Assistance with School Fees***

**Means tested Remissions**

Full fee remission is provided to Foundationers from P6 to S6 who require assistance with payment of school fees and who either have lived within the EH, KY or FK postcodes for at least 5 years, or whose parents have had a significant and long-standing link with the City of Edinburgh. Foundationer applicants are given priority for places in the School. At the date of this report, there are 54 pupils in receipt of full remission from fees as Foundationers. Foundationers also receive support with costs of schooling, such as books, travel, uniforms, music lessons and curricular trips. The Bursaries, Foundation and Scholarship Committee has recently reviewed the additional financial support provided to Foundationers to ensure it remains appropriate, enabling Foundationers to participate in all aspects of Heriot's activities.

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In addition, the Trust currently supports a further 59 pupils from P6 to S6 through means tested bursaries providing remission for all or a proportion of the school fee, including 20 pupils who receive 100% remission. Included within the 100% remissions are two Syrian refugee pupils who have been awarded Dulkanovic Bursaries, named after a refugee pupil granted a place at Heriot's during the First World War, one Syrian refugee who has been awarded the Richard Marian Ogorkiewicz Bursary, funded by a legacy left by a former pupil, and one Ukrainian refugee supported by the School's own bursary funds.

Means tested remissions are available to new applicants for entry to the School and also to existing pupils whose family circumstances have changed. Bursaries are awarded annually and updated assessments are carried out for each annual application.

A detailed financial assessment is undertaken by external consultants, Azets, for both Foundation and Bursarial applicants, supported by original documentation. This information is then measured against key criteria such as annual household income, expenditure and disposable income, capital and liabilities and modelled and reviewed by the Bursar, before being presented to the Bursaries, Foundation and Scholarship Committee, a sub-Committee of the Board of Governors, for the final funding decisions.

The following table sets out the number of means tested awards provided by the Trust in a range of value bands over the last 3 years:-

	2020-21		2021-22		2022-23	
0-24%	0	0%	0	0%	0	0%
25-49%	16	14%	12	10%	16	14%
50-74%	15	14%	13	11%	11	10%
75-99%	7	5%	11	9%	12	10%
100% <sup>1</sup>	74	67%	82	70%	74	66%
<b>Total</b>	<b>112</b>	<b>100%</b>	<b>118</b>	<b>100%</b>	<b>113</b>	<b>100%</b>

<sup>1</sup> includes Foundationer awards

The School offered a total of 116 bursaries and Foundationer awards for the 2022-23 Session, and three pupils did not take up the offer of support offered. The School's focus remains on increasing accessibility to the School, and this is evidenced by the continued focus on the awarding of higher fee remissions that can make a real difference and a move away from smaller awards.

The School holds a small reserve of Bursary funds to support existing parents whose circumstances change materially during the year, for example through illness or loss of employment. We would therefore expect to increase the number and value of bursaries provided during the year as the session progresses.

In total, £1,404,202 was provided in support of the Foundationer and Bursary schemes in 2021-22, equating to 6.6% of the School's total turnover.

#### Non means tested remissions

Fee remission is also provided to children of staff members (on the basis of their employment), fourth and subsequent members of current pupil families (although those with children in the School before 2019-20 remain entitled to a third child discount) and through a small number of competitive entrance scholarship and expressive arts awards. 14 of these awards carry fee remission of 25-50% of the fee with the remaining 9 providing a 10% fee remission.

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Covid-19 Emergency Bursarial Aid ("CEBA") Scheme

The CEBA scheme was successfully operated in 2019-20 and 2020-21 and supported over 90 pupils and their families. By the beginning of 2021-22 the impact of Covid-19 had reduced significantly and most parents were recovering from the financial shock of the pandemic. The School therefore chose to halt the CEBA process and retained the remaining funds (£254,457) to cover the eventuality of restrictions being reimposed and to support future emergency bursary needs arising from reasons other than the pandemic.

***Volunteers***

Volunteering continued to be significantly affected by the pandemic with both the cancellation of most trips and also a desire to minimise opportunities for community transfer. It was pleasing, however, to see an end to restrictions in April 2022 and a return of trips, and we would like to express our thanks to those who volunteered for the Junior School trips in the summer term.

Historically, parents have volunteered to support the Parents' Association or the School's Thrift Shop. The Thrift Shop continues to provide an excellent service for families with subsequent earnings donated to the School to support educational activities and objectives. The Parents' Association had remained dormant through the pandemic and the opportunity arose to review its function along with the Parent Governor Liaison Committee. Following a consultation and discussion with relevant parties, the Parents' Association reformed with the specific function of supporting the school through social events for families (the Heriot's Ball as an example), supporting School events and organise fund raising activities. The creation of two further groups; the Junior and Senior School Liaison groups, chaired by governors, now provide the mechanism for parents to express their views as to the running of the school and provide a forum to discuss future school developments.

Our Development Team continued to work with Former Pupils to build a network of career mentors covering a full spectrum of potential employment, with a number of workshops being held during the 2021-22 Session.

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**REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR 2021-2022**

***Operational Performance of the School***

George Heriot's School was led throughout the financial year by its new Principal, Gareth Warren, who started on the 01 August 2021. He was supported by the Head of the Junior School, Alastair Morrison, the Head of the Senior School, Paul Fairclough, and Bursar and Treasurer, Alastair Murray.

Despite the ongoing challenges presented by the last throes of Covid-19 restrictions, progress continued to be made with most aspects of the Whole School Improvement Plan. Certain activities were, however, postponed or curtailed, including progressing strategic capital works planning. Work on this has recommenced but will await the final review of school strategy before any major investment commences. Many key tasks were completed during the Session, including continued maintenance of the School's estate, significant work on the Chapel, retendering of all Refectory suppliers, the retendering of the Investment Manager and the provision of offsite backup for school data, systems, and servers.

The average numbers of pupils in the school during 2021-2022 was 1,668 as follows:

Nursery	32
Junior School	592
Senior School	1,044

Annual School Fees for 2021-22 were increased by 5.5% which, when combined with the fee freeze in the previous year, resulted in an annual increase over the two years of 2.71%, which remained below the average increases in salaries and other costs anticipated for inflation during the following year. This shortfall was partly addressed in fee increases for session 2022-2023.

Nursery	£9,315
Junior School (P1 and P2)	£9,315
Junior School (P3 – P7)	£11,309
Senior School	£13,970

The School was once again full for 2021-22 Session, maintaining strong waiting lists at many entrance points, and has started the new 2022-23 Session similarly positioned. Notes of interest and applications for the coming 2023-24 Session continue to be positive and in line with previous years, despite the challenges posed by the substantial increase in the inflation rate. The School therefore anticipates that it will remain full in the coming Sessions.

As noted above, the Trust was able to continue the provision of the Foundation and means tested Bursaries enabling 118 pupils to attend Heriot's whose families could not otherwise have afforded school fees. Foundation awards are always 100% of fees and recent years have seen a growth in the proportion of high value (>75%) bursarial awards. The Trust seeks to ensure that awards enable children whose families could not otherwise contemplate education in the independent sector, to come to the School and that the awards reflect the families' ability to pay.

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**Resources**

A substantial programme of refurbishment and maintenance continued despite the impact of the pandemic and the resultant increases in the cost of building materials and labour, including repair of the chapel window, the first stage of a re-wiring project for the Old Building, and roof work on the Old Building.

A number of estates improvements were also completed, including classroom AV upgrades, office refreshes and flood light upgrades at Goldenacre. Each project was carefully assessed for its value for money before being progressed.

Information and Communication Technology continues to play a key role in terms of school improvement and expenditure, and we continue to develop and implement a rolling 5-year IT investment plan. This year's spend was focused on audio visual upgrades with 35 classrooms being fitted with internet capable large screen TVs to replace older projectors. In addition, the new network and Wi-Fi investment, postponed at the start of the pandemic, was successfully implemented during the summer.

The School continues to focus on the importance of General Data Protection Regulation ("GDPR") and remains committed to supporting everyone to make informed decisions with respect to GDPR consents and to ensuring our privacy statements are accessible, comprehensive, and properly implemented.

**Attainment**

Exams in Scotland continued to be affected by the pandemic with the cancellation of SQA exams across all S4-S6 pupils in the 2020/21 Session. Unlike the previous year, when exams were cancelled only two months before they were set to commence, the School did have the opportunity to plan for potential disruption and support pupils to deliver the appropriate evidence during the year to underpin the teachers' estimated grade. Irrespective of this, there is no doubt it was another very challenging year for our pupils in S4 to S6.

**Academic Attainment**

The 2021 Examination Diet operated under SQA's Alternative Certification Model. With formal examinations cancelled, this model involved Heriot's submitting a total of 2,642 school-generated grades for confirmation and subsequent certification by SQA. The 2022 examination series, in contrast, saw the return of the first 'normal' SQA Examination Diet since 2019. Although the fear, nationwide, was that the retreat from pure teacher-based assessments to conventional exams would result in falling grades, Herioters once again rose to the challenge when faced with the now unfamiliar challenge of an examination hall.

- **NAT5:** S4 pupils achieved an impressive 98.8% A-C Grade and 85.5% at A-Grade in their NAT5 Examinations. These results were remarkable, not only because they surpassed the percentages recorded in the 2019 SQA Diet (98.3% and 78.1% respectively) but also because they came within a whisker of matching the grades that were generated internally, in place of the 2021 SQA Examination Diet.
- **Higher:** the 2022 S5 Cohort came close to beating the best ever Heriot's S5 Higher results, recorded from 2019, with 98.4% at A-C (2019: 98.7%). The figure for A-Grade did beat the 2019 mark (up from 76.3% to 78.2%)
- **Advanced Higher:** there was a similar story in S6, with 70.1% of entries achieving A-Grade at Advanced Higher (2019: 57.0%) and 97.1% achieving A-C Grade (2019: 94.5%).

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***Curriculum – Senior School***

The 2021-2022 Session largely saw a return to normality, both in terms of the day-to-day curriculum and the extra-curricular offering. With the in-class COVID-19 mitigations relaxed, pupils were once again able to enjoy a near-normal classroom experience. Although the continuation of some of SQA's course content modifications persisted into the 2021-2022 session (e.g. with the continued absence of coursework assignments in several subjects, and the composition element in Music) other specifications were largely restored to something that more closely resembled their 2019 iterations.

Outwith the classroom, the 2021-2022 Session gave an even clearer indication that the restrictions imposed as a result of the pandemic were truly behind us. The set-piece music concerts at the Usher Hall (in Term 1), Queen's Hall, and St Cuthbert's (both Term 2) returned in style. Great credit must go to the Music Department and the Visiting Music Teachers for bringing pupils back up-to-speed in their performance in the wake of such widespread disruption to instrumental lessons and group practices. In Drama, also, we saw the return of set-piece performances, with our Summer Term staging of *The 39 Steps*; a production that picked up where we had left-off pre-pandemic in terms of pupil participation, quality and audience enjoyment.

As well as allowing pupils to participate and exercise once more, the return of a full sporting programme saw some of our senior teams excelling in national competition – most notably in Hockey, where both our U18 and U16 girls XIs were crowned national champions. Other extra-curricular activities were also largely back to normal, and it was pleasing to see a number of groups and teams competing in national competitions once more. The Quizzing Team, for example, were crowned Scottish Champions - and then champions of 'the North', when competing at Lancaster.

The pandemic obviously placed significant restrictions on our ability to run residential trips. This was felt most keenly in relation to the Summer Term Activities Week each year in June, which had only been able to operate in an extremely modified and almost entirely Edinburgh-based form. In 2022, however, we were able to run a full programme once more. Although ongoing uncertainties and the difficulty in obtaining insurance meant that we were unable to run overseas trips, the S3 Activities Week saw a full programme of themed residential trips traversing the UK. At the same time, the whole of S2 were able to return to Aviemore for a week of residential activities. Again, enormous credit must go to the staff that planned and led these trips in the face of considerable uncertainty and logistical challenges. The current 2022-2023 session has seen the return of some overseas trips.

***Curriculum – Junior School***

The Junior School returned as much as possible to normality, particularly with our youngest pupils. We placed an emphasis on establishing the impact of the pandemic on the children's academic development, the thorough screening process reassuring us that the impact may not have been as bad as feared. However, a number of pupils had been affected in terms of their emotional development, with higher instances of anxiety and stress. An important move, therefore, was the creation of a new post, that of Principal Teacher: Pastoral Care and Behaviour Support. Focus groups developed our practice in the areas of Literacy, Handwriting (an aspect that was inevitably set back by the lockdowns), Digital Learning, Diversity and Sustainability. Ongoing restrictions prevented a number of the normal Drama productions from taking place, but the Early Years' nativity productions were presented online, and the older pupils staged an excellent production of *'The Jungle Book'* in the latter half of the year.

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**Co-curricular – Whole School**

September saw a welcome return to UK-based trips, with the P7 pupils enjoying coasteering and S1 pupils enjoying the high life at Dalguise. Both staff and pupils enjoyed the return of these important excursions.

October saw pupils and staff mark Black History Month, where members of our newly formed Diversity Group emphasised the need to see positive messages about diversity to promote equality and inclusion both in school and beyond. The month started with our newly appointed independent Diversity Consultant being introduced to the Senior School where she explained the different ways she would support the School's work.

November saw climate crisis take centre stage, as world leaders descended on Glasgow for COP26. The main school event was the Mock COP26 conference held in the School Hall. Higher and Advanced Higher Geography students were placed in country delegations, with each conducting detailed research on their chosen countries, including their targets set following the Paris Agreement. Prizes were awarded to students based on teamwork, constructing convincing arguments and public speaking.

In December the school was delighted to put on A Christmas Miracle at the Usher Hall, with the Principal noting "we have waited a long time for this", approximately 730 days.

February saw celebrations, with the School seeing in the Chinese New Year with a range of activities organised by the modern language department and the S5 enjoying a ceilidh after their prelims.

The Ukraine was invaded by Russia and March saw an overwhelming response to our Ukraine appeal. With time short to help, in 48 hours a massive exercise was undertaken to collect donations, including food, clothes and blankets. On a lighter note, March also saw a welcome return of the full Junior show, with the Jungle Book brought to life.

Careers were the focus of April with our National Careers Week, which coincided with subject choices being made by our S2, S4 and S5 pupils.

The year ended with a welcome return of June Day, with all pupils, staff, guests, and parents able to be present at the School to enjoy the occasion, including the singing of "The Merry Month of June". A fitting way to end the 2021-22 Session.

***Public benefit***

Through our partnership work with the Circle Project, a group of 25 pupils participated in a mentoring programme for younger children in the Pilton area of Edinburgh and a dedicated smaller group of pupils volunteered in local charity shops.

We also raised a significant amount of money for crisis relief in the Ukraine, through our S6 Sleep Out and a Whole School collection of necessary items to support refugees.

Junior School charitable initiatives raised over £26,000 for good causes, including The Africa Trust, The Ukraine Appeal and the Orangutan Appeal overseas and the Scottish Association for Mental Health, Guide Dogs Scotland and the Canongate Youth closer to home. Four members of Staff played 100 holes of golf in a day, raising over £7,000 for the George Heriot's Foundation.

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***Fundraising performance***

Fundraising performance remained strong. Total donations (including legacies) were £549,015 against a prior year amount of £307,051. The main drivers of the increase were an increase of over £180,000 in Foundation400 donations and increased legacies, for which the School is extremely grateful.

The Development Team continued to focus on building relationships with former pupils, parents, staff and friends, despite the cancellation of a number of reunion events, due to Covid-19 restrictions. The twice-yearly magazine, Quadrangle, provides a powerful forum through which Former Pupil news and activities are related to the consented database across the world, with many articles stimulating re-connection, and a recent survey has provided a wealth of future ideas and opportunities that will be explored as Covid-19 restrictions are relaxed.

***Commercial Activities***

The Heriot's Centre for Sport and Exercise Limited ("HCSE") continues to offer sports and leisure facilities to the School during school hours and the general public outside these periods. Whilst the School continued to pay for the use of the facilities, HCSE's external lets were hit particularly badly by the Covid-19 restrictions, with indoor contact sports for adults being the last to be permitted to restart significantly reducing external revenue.

Close communication was maintained with customers during the period when indoor sports were prohibited and following a strong recovery, sales have returned to pre pandemic levels.

***Subsequent Events***

Mr Alastair Murray, Bursar and Treasurer resigned from Heriot's on 10 February 2023 and is temporarily replaced by Mrs Jill Hall from the 1 of March 2023. George Heriot's welcomed Mr Paolo Alonzi who was appointed to join the Board of Governors on the 18 April 2023.

The Scottish teachers' pay award has been agreed on 3 March 2023 covering a 28-month period from 1 April 2022 until 31 July 2024. The Scottish Government has stated that any future pay awards will be implemented at the start of the school year, 1 August.

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**FINANCIAL**

Year on year, the School seeks to generate a small trading surplus, as this enables the School to maintain its reserves at the level of three months operating costs and to provide additional funds to be invested in larger strategic projects on a periodic basis, to ensure Heriot's continues to improve its education provision through enhancements to the estate. However, the unexpected and significant drop in investment stock market values has delivered an overall loss of £71,644 in the year on all activities.

The School has implemented a 6.5% fee increase for 2022-23, and assuming no further material stock market values impact or significantly increased settlement for teachers, we are forecasting to return to a small surplus in the year.

Gross fee income of £21,298,377 was £1,276,674 ahead of the previous year, due to a 6.5% increase in annual school fees and pupil numbers exceeding the budget by 12, whereas the current year was on budget at 1,655. The value of means tested remissions decreased by 13% to £1,404,202, representing 6.6% of gross fees, with this decrease driven predominantly as CEBA awards were withdrawn at the end of July 2021. Total remissions decreased by 6.2% to £2,244,846, equating to 10.5% of Gross fees, resulting in net fees of £19,053,531, 8.1% above the previous year.

Other income, and investment dividend income, which had been heavily affected by the pandemic, increasing significantly by 70% and 13 % respectively.

Other income includes income received from Catering, Wrap Around Care, Pipe Band subscriptions and HCSE external letting (which has recovered well from the impact of Covid-19 restrictions). Visiting music teachers (VMT) have been employed by the School since September 2021 and the income from music lessons and subsequent payments made to VMTs are cost neutral.

Investment income had recovered somewhat from the effects of the pandemic but the Russian invasion of Ukraine had an adverse effect on stock market values.

Donation income increased by 78.8% to £549,015, of which £477,631 was allocated to the restricted, designated and endowment funds.

Overall, this resulted in the School's total income increasing 12% from £19,038,085 to £21,327,211.

Total expenditure increased by 8.2%. Salary costs increased by 6.3% due to a combination of the cost of living pay award, accrued Teacher pay award, and an increase in staffing levels due to higher than average maternity and sickness absenteeism (COVID-19) cover being required. Premises costs also increased in the year by 17.3% following the re-commencement during the 2021/22 Session of postponed non-critical estates work.

The interest rate remains fixed for all term debt at an average rate of 3.55% for periods of between 1 and 24 years. Lease finance for IT equipment is entered into over the life of the equipment at rates fixed at the outset of the agreements.

Budgeting and Reforecasting is made more difficult given the uncertainty around the rising costs and the future impact on both the School and the wider economy. However, the current year's budget is based on pupil numbers being in line with prior years, and at the date of this report, pupil numbers remain ahead of plan in the 2022-23 Session. The School Senior Management Team constantly assesses the appropriateness of these assumptions, through the monitoring of existing pupil numbers, demand for places at Heriot's and the general demand for independent school places within our catchment area. Changing economic and political factors could impact these assumptions although the experience of the previous economic downturn was that parental demand and pupil numbers remained robust. The School is not exposed to exchange rate risks but salary

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inflation will have an inevitable impact on School fees if budgeted surpluses and cash flow and therefore future investment in the School are not to be adversely affected. The national pay award for teaching staff for 2021-22 which was agreed in March 23 is higher than was anticipated in the budget for the Session. The School has sufficient reserves to absorb the impact of the salary increase in the current year, but it is likely to affect fee increases in future years. The cost of all borrowing is now fixed.

***Principal Funding Sources***

The principal recurring funding sources of the Trust are School fees and other School income. The School also receives donation income, including in the current year, donations to help the school support those most affected by the pandemic.

***Investments***

**Powers of Investment**

The investment powers of the Governors are defined by the Trust Scheme, which permits the purchase and realisation of any heritable property for the Trust Purposes and give the Trustees the power to exercise all the powers of investment and others conferred upon trustees under the laws of Scotland and to employ professional advisers and investment managers.

**Investment, Objective and Risk Appetite**

The Trust's objectives for its investments are to generate both long-term income and capital growth as a protection against inflation. The Governors have agreed that a medium level of risk will apply to all of the funds in the Trust portfolio, with the exception of funds likely to be required within a short term, where the objective is income bias with a low degree of risk.

The Governors keep under review the investment risks and rewards in the current state of the market and, having taken professional advice on the matter, their policy is to put all available retained funds, held for the medium and long term, into the Discretionary portfolio with a view to achieving an annual target which exceeds the current rate of inflation. Cash not required for day to day operations is placed on deposit for appropriate periods and/or invested appropriately to enable short term access, as advised by the investment managers. The Governors confirm that all the Funds under their management have assets available to meet all current obligations.

Following a competitive tendering process undertaken in March 2022, Brewin Dolphin were chosen as the new Investment Manager. Work commenced over the summer to transfer the School's investment portfolio and work continues with Brewin Dolphin to review and implement a new ESG strategy.

**Risk**

Investment Parameters are agreed with the Investment Manager who support the investment objectives and agreed risk profile. These parameters are reviewed annually. There was no change to the parameters in the course of the year.

The investment parameters set out portfolio ranges for holdings of cash, fixed interest, collective funds and direct equities in order to maintain a balanced portfolio within the agreed risk profile. The Investment Manager manages the Trust's investments within these approved ranges. Limitations on investing in overseas and small companies have been provided and guidance given on investments which are considered to be incompatible with the School's ethos. A specific limitation of any single direct equity investment exceeding 5% of the fund value at the time of purchase has been set.

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**Performance Management and Review**

Criteria for performance management, comparative statistics and quarterly reporting have been agreed with the Investment Manager and are reviewed by the Finance & Resources Committee bi-annually. Comprehensive reports are prepared for the quarters ended March, June, September and December.

**Management Fees**

The fees for investment management have been discussed and approved by the Governors' Investment Committee, and are included in the Discretionary Investment Management Parameters.

***Investment Performance***

The Trust's main portfolio and the B fund portfolio both generated a total return of 2.63% over the 12-month period against market value. The lower than average return is due to the volatility of the stock market driven by the war in Ukraine and other related factors. The overall portfolio market value generated a deficit of £697,812. Experts appear to be optimistic of a recovery in 2023.

***Reserves***

The Governors' policy is to meet ongoing expenditure from school fees on an annual basis. Designated Reserves are created for specific projects, and it is expected that these funds (with the exception of the JF Brown Fund which is designated to support future enhancement of the School) will be expended in the course of the next 3-5 years. Total funds are £67,483,678, comprising unrestricted funds of £58,028,370 (of which £3,310,337 are designated) and restricted and endowed funds of £9,455,308. Group free reserves, being unrestricted funds not tied up in fixed assets or loans due in more than one year, totalled £5,331,011 (2021: £5,586,965).

Reforecasting and sensitivities work continues on a regular basis as the war continues in Ukraine and continues to affect the economy. On the basis of our current forecasts and committed revenue and capital expenditure, current unrestricted cash reserves are sufficient to support the School should those sensitivities occur. The Governors are required to ensure that all funds, endowed or restricted, maintain a positive balance.

***Future Plans***

With the arrival of Gareth Warren as Principal, a new strategic review has commenced involving consultation across the school community including continuous Board engagement, Staff Professional Learning days, Parent Liaison Groups and Pupil Council, all informing the future direction of travel. This will be further developed through discussions at the Senior Management Team and Board, with any areas of investigation having a responsible executive appointed with a remit to involve all relevant stakeholders in the discussions and recommendations.

External factors, namely the Hayward review, determining future academic qualifications and the subsequent curriculum changes, plus the advent of Chat GPT and other AI services have, however, required a shift in our original approach for long-term planning. Subsequently an intermediate School Improvement Plan, incorporating both the academic and business elements, will be developed to guide the School through the until 2026 subject to Board approval. On a parallel route research and development teams will be established to observe, inquire, and plan for the fundamental shift in education anticipated over the next 5-10 years. The resultant synthesis of this research will present a series of recommendations that will in turn form the School's future strategic plan. This will prioritise the key educational and business features over the next 10 years with the strategy being reviewed regularly to confirm it remains appropriate and relevant, and to maintain George Heriots as a leading educational establishment across the UK.

**GEORGE HERIOT'S TRUST**  
**Governors' Report**  
**for the year ended 31 July 2022**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

***Governing Document***

George Heriot's Trust is a charity, registered in the Scottish Charity Register number SC011463, and administered under the George Heriot's Trust Scheme 2017. The Trust owns and operates George Heriot's School.

***Governing Body***

The Trust Scheme contains appropriate objectives and powers for the Trust, blending the history of the Trust with current law and modern governance best practice. The methodology of appointing new Governors is designed to ensure that the Board of Governors always has an appropriate blend of knowledge, skills and experience. Governorial candidates for a vacancy will be sourced and proposed to the Board by a Nominations Committee based on criteria set by the Board for the position. The Regulations (including Fund Regulations) set out the administrative arrangements for the Trust and the custody and management of its Funds and finances, and can be updated as required. The Trust Scheme provides for a maximum of 12 Governors who may serve a maximum of 3, three-year terms.

New governors are inducted into the workings of the School, including Board policies and procedures through provision of an information handbook and "welcome" meetings with the Principal and Bursar. New and existing governors have the opportunity to attend training seminars organised by SCIS and other bodies.

The School is very grateful to Hew Bruce-Gardyne and James Thomson who both retired as Governors on 31 October 2021 and Allan Sim who retired as a Governor on 14 June 2022. Following advertisement and an open competitive process, on the recommendation of the Board's Nominations Committee, new Governors, Nicola McLaughlan and Ross McAuley, took up their positions on the 1st of November 2021 and Paulo Alonzi joined the Board on 18 April 2023. The School looks forward to working closely with them in the coming years.

No Governor received any remuneration or reimbursement of expenses during the financial year. Details of related party transactions with Governors are set out in Note 26.

***Subsidiaries***

The Trust has two wholly owned subsidiary companies - Heriot Enterprises Limited which carries out letting of the School premises and the sale of memorabilia, and The Heriot's Centre for Sport and Exercise Limited which operates the Heriot's Centre for Sport and Exercise under a non-exclusive licence from the Trust. Whilst each Company has its own Board of Directors comprising a mix of Governors, Senior Management and external Directors, its operations and financial performance were overseen by the Board of Governors and managed on a day to day basis by the Bursar.

The Heriot's Centre for Sport and Exercise Limited was registered as a charity with OSCR on 22 May 2014. Its charitable number is SC044874. Its charitable purposes are the advancement of education, the advancement of health, the advancement of public participation in sport, the provision of recreational facilities, and the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended.

The financial results of these companies (which are not significant in relation to the overall financial results of the Trust) are consolidated into these financial statements.

**GEORGE HERIOT'S TRUST**  
**Governors' Report**  
**for the year ended 31 July 2022**

***Organisational Management***

The Governors meet as a Board at least four times a year to determine the general policy of The Trust and exercise general supervision and control over the School and everything connected with it. The work of implementing most of the Board's policies is carried out by its committees. During the covid restrictions the Board continued to meet by video-call. Face-to-face meetings commenced again from December 2021 in line with Guidelines at that time.

The Committee structure is under review, as part of the review of the Scheme Regulations and the review of School strategy. The key Committees during the 2021-22 Session were::

- Finance & Resources (incl. Remuneration)
- Education (incl. Child Protection)
- Bursaries Foundation and Scholarships
- People
- Development
- Parent Governor Liaison
- Complaints
- Nominations

One Governor has been designated as having specific responsibility for Safeguarding and Child Protection.

The leadership and management of the School and the Trust are delegated to the Principal and Bursar. The School Senior Management Team, (comprising the Principal, Heads of Senior and Junior School, Deputy Head of Junior School, one Depute from the Senior School, Directors of Admissions and IT, the Estates Manager, the Head of HR and the Bursar), meets weekly to direct operational management.

***Remuneration Policy***

The Governors' Remuneration Committee (which is a sub-committee of the Finance and Resources Committee) sets and carries out annual reviews of the pay and remuneration for the Principal with reference to benchmarking in relation to other independent schools and equivalent roles.

**GEORGE HERIOT'S TRUST**  
**Governors' Report**  
**for the year ended 31 July 2022**

***Risk Management***

The Governors are responsible for the management and control of the risks faced by the Trust. The major risks to which the Trust is exposed have been identified and assessed, and procedures established to mitigate them. A new Risk Register format was introduced in the year, which provides more analysis on the causes and likelihood of a risk occurring and more focus on both the gross risk and net risk after an assessment of the controls in place. This has facilitated improved risk reporting for both the Finance and Resources Committee and the Board.

The Risk Register is agreed by the Board of Governors and is reviewed annually. HCSE also has its own Risk Register, given the specific nature of its activities. The School has a well-established Health and Safety Committee which meets regularly, and detailed risk assessment and control procedures are in place.

The key risks identified by the Board are:-

- Harm, injury or abuse of a child (Child Protection)
- Historic abuse allegation
- Change to teacher pensions contributions
- Management failure to manage risks appropriately
- Significant fire damage affecting the whole school or a major building
- Accident, injury, or failure of arrangements on an external trip or activity
- Change of Principal
- Loss of or change in the school ethos
- Cyber attack or financial fraud
- Decline in the school roll
- Change of UK government and Scottish Independence

The Governors are satisfied that in each case suitable prevention or mitigation measures are in place or the appropriate actions are being taken by management to control these risks.

**GEORGE HERIOT'S TRUST**  
**Governors' Report**  
**for the year ended 31 July 2022**

**REFERENCE AND ADMINISTRATION INFORMATION**

**Governors**

The Governors, who are also the Charity Trustees, who served as at the date of this report and/or during the year, are:

<b>Name</b>		<b>Committee</b>
Mrs Joyce Cullen	Chair	All Committees
Prof. Mark Strachan	Vice Chair	All Committees
Mr Hew Bruce-Gardyne	Resigned 31 October 2021	Parent/Governor Liaison (Convenor until 31 October 2021); Finance & Resources; Education
Mrs Kate Cherry		Bursaries Foundation & Scholarships (Convenor); Education
Mr Ian Herok		People (Convenor); Finance & Resources
Mr Vineet Lal		Development (Convenor until 1 November 2021); Education; Parent/Governor Liaison; People
Mr Andrew McGeough		Finance & Resources (Convenor following resignation of Alan Sim as Governor)
Dr Pauline Sangster		Education (Convenor); Bursaries Foundation & Scholarships
Mr Allan Sim	Resigned 30 June 2022	Finance & Resources (Convenor); Bursaries Foundation & Scholarships
Mr Cameron Stott		Finance & Resources; Development
Dr James Thomson OBE	Resigned 31 October 2021	Finance & Resources; Development
Mr Alan Urquhart		Education; Governor with responsibility for Safeguarding
Mr Ross McAuley	Appointed 1 November 2021	Finance and Resources
Ms Nicola McLaughlan	Appointed 1 November 2021	Development (Convenor following resignation of Vineet Lal as Convenor)
Mr Paulo Alonzi	Appointed 18 April 2023	To be allocated

**Note:** Unless otherwise stated, Governors held office for the whole of the financial year.

**GEORGE HERIOT'S TRUST**  
**Governors' Report**  
**for the year ended 31 July 2022**

***Key Management Personnel***

Gareth Warren was appointed Principal from 1 August 2021. Mrs Lesley Franklin, retired on 31 July 2021  
Mr Alastair Murray, Bursar and Treasurer (resigned 10 February 2023)  
Mr Paul Fairclough, Head of Senior School  
Mr Alastair Morrison, Head of Junior School

Principal Office	Lauriston Place Edinburgh EH3 9HE
Bankers:	Bank of Scotland, New Ueberior House, Earl Grey Street, Edinburgh, EH3 9BN The Royal Bank of Scotland, 42 St Andrew Square, Edinburgh, EH2 2AD
Auditors:	Azets Audit Services, Exchange Place 3 Semple Street Edinburgh EH3 8BL
Legal Agents:	Morton Fraser, Quartermile Two, 2 Lister Square, Edinburgh EH3 9GL
Investment Managers:	Rathbone Investment Management, 28 St Andrew Square, Edinburgh, EH2 1AF, Replaced in June 2022 by Brewin Dolphin, 144 Morrison Street, Edinburgh, EH3 8BR
Insurers:	Marsh Education Practice, 4 Milton Road, Haywards Heath, West Sussex, RH16 1AH
Charity number:	SC011463

**GEORGE HERIOT'S TRUST**  
**Governors' Report**  
**for the year ended 31 July 2022**

**GOVERNORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The Governors are required by charity law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and Trust as at the Balance Sheet date and of its incoming resources and applications of resources, including income and expenditure, for the financial year. In preparing the 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;
- 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 accounts;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the School will continue in business.

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

Azets Audit Services have expressed their willingness to continue in office as auditor and will be proposed for re-appointment at the Board Meeting.

Approved by the Governors at their meeting of 26.04.23 and signed on their behalf by



**Joyce Cullen**  
**Chair of Governors**

**GEORGE HERIOT'S TRUST**  
**Independent Auditor's Report to the Governors of George Heriot's Trust**  
**for the year ended 31 July 2022**

**Opinion**

We have audited the financial statements of George Heriot's Trust (the parent charity) and its subsidiaries (the group) for the year ended 31 July 2022 which comprise the Consolidated and Parent Charity Statement of Financial Activities; the Consolidated and Parent Charity Balance Sheet; the Consolidated and Parent Charity Statement of Cash Flows; and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 July 2022 and of the group's and parent charity's income and receipt of endowments 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 regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**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 group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our 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 audit 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 group's and parent charity'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.

**GEORGE HERIOT'S TRUST**  
**Independent Auditor's Report to the Governors of George Heriot's Trust**  
**for the year ended 31 July 2022**

**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 Governors 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.

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

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) 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 Governors' Report; 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 set out on page 18, 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 group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Governors either intend to liquidate the parent charity or 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 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**GEORGE HERIOT'S TRUST**  
**Independent Auditor's Report to the Governors of George Heriot's Trust**  
**for the year ended 31 July 2022**

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and parent charity through discussions with management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and parent charity, including taxation, data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any correspondence with HMRC, relevant regulators and the group's legal advisors.

We assessed the susceptibility of the group and parent charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

**GEORGE HERIOT'S TRUST**  
**Independent Auditor's Report to the Governors of George Heriot's Trust**  
**for the year ended 31 July 2022**

**Extent to which the audit was considered capable of detecting irregularities including fraud (continued)**

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Use of our report**

This report is made solely to the parent charity's Governors, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the parent charity's Governors, as a body, 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 parent charity and the parent charity's Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

**Azets Audit Services**  
**Statutory Auditor**  
Chartered Accountants  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

Date: 27 April 2023

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**GEORGE HERIOT'S TRUST**  
**Consolidated Statement of Financial Activities**  
**for the year ended 31 July 2022**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2022 £	Total 2021 £
<b>Income and endowments from:</b>						
Donations and legacies	5	71,384	95,347	382,284	549,015	307,051
Income from charitable activities:						
School fees	6	19,053,531	-	-	19,053,531	17,628,123
Other income	7	1,426,272	-	-	1,426,272	839,676
Investment income	8	77,568	220,825	-	298,393	263,235
<b>Total</b>		<u>20,628,755</u>	<u>316,172</u>	<u>382,284</u>	<u>21,327,211</u>	<u>19,038,085</u>
<b>Expenditure on:</b>						
Raising funds	9	151,446	-	-	151,446	163,728
Charitable activities	10	20,196,651	352,945	-	20,549,596	18,964,370
<b>Total</b>		<u>20,348,097</u>	<u>352,945</u>	<u>-</u>	<u>20,701,042</u>	<u>19,128,098</u>
Net (loss)/gain on investments		<u>(187,681)</u>	<u>(6,493)</u>	<u>(503,639)</u>	<u>(697,813)</u>	<u>1,570,094</u>
<b>Net income and movement in funds</b>		<u>92,977</u>	<u>(43,266)</u>	<u>(121,355)</u>	<u>(71,644)</u>	<u>1,480,081</u>
Total funds brought forward	21	<u>57,935,393</u>	<u>1,264,990</u>	<u>8,354,939</u>	<u>67,555,322</u>	<u>66,075,241</u>
<b>Total funds carried forward</b>	21	<u><u>58,028,370</u></u>	<u><u>1,221,724</u></u>	<u><u>8,233,584</u></u>	<u><u>67,483,678</u></u>	<u><u>67,555,322</u></u>

All activities relate to continuing operations.

The group has no recognised gains or losses other than as set out above.

**GEORGE HERIOT'S TRUST**  
**Trust Statement of Financial Activities**  
**for the year ended 31 July 2022**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2022 £	Total 2021 £
<b>Income and endowments from:</b>						
Donations and legacies	5	74,442	95,347	382,284	552,073	352,380
Income from charitable activities:						
School fees	6	19,053,531	-	-	19,053,531	17,628,123
Other income	7	1,404,285	-	-	1,404,285	835,486
Investment income	8	77,568	220,825	-	298,393	264,190
<b>Total</b>		<b>20,609,826</b>	<b>316,172</b>	<b>382,284</b>	<b>21,308,282</b>	<b>19,080,179</b>
<b>Expenditure on:</b>						
Raising funds	9	151,446	-	-	151,446	163,728
Charitable activities	10	20,180,080	352,945	-	20,533,025	18,981,576
<b>Total</b>		<b>20,331,526</b>	<b>352,945</b>	<b>-</b>	<b>20,684,471</b>	<b>19,145,304</b>
Net (loss)/gain on investments		(187,681)	(6,493)	(503,639)	(697,813)	1,570,094
<b>Net (expenditure)/income and movement in funds</b>		<b>90,619</b>	<b>(43,266)</b>	<b>(121,355)</b>	<b>(74,002)</b>	<b>1,504,969</b>
Total funds brought forward	21	57,880,071	1,264,990	8,354,939	67,500,000	65,995,031
<b>Total funds carried forward</b>	<b>21</b>	<b>57,970,690</b>	<b>1,221,724</b>	<b>8,233,584</b>	<b>67,425,998</b>	<b>67,500,000</b>

All activities relate to continuing operations.

The Trust has no recognised gains or losses other than the results for the period as set out above.

**GEORGE HERIOT'S TRUST**  
**Consolidated and Trust Balance Sheet**  
**as at 31 July 2022**

		Group		Trust	
	Notes	2022 £	2021 £	2022 £	2021 £
<b>Fixed assets</b>					
Tangible assets	13	60,739,765	60,623,614	60,739,765	60,622,908
Investments	14	11,289,837	11,812,608	11,289,837	11,812,608
		<u>72,029,602</u>	<u>72,436,222</u>	<u>72,029,602</u>	<u>72,435,516</u>
<b>Current assets</b>					
Stock		45,093	30,178	34,612	24,406
Debtors	15	522,952	453,370	590,070	489,246
Cash at bank and in hand		6,701,117	6,408,596	6,568,606	6,307,566
		<u>7,269,162</u>	<u>6,892,144</u>	<u>7,193,288</u>	<u>6,821,218</u>
Creditors: Amounts falling due within one year	17	(3,772,680)	(3,497,858)	(3,754,486)	(3,481,548)
<b>Net current assets</b>		<u>3,496,482</u>	<u>3,394,286</u>	<u>3,438,802</u>	<u>3,339,670</u>
Total assets less current liabilities		75,526,084	75,830,508	75,468,404	75,775,186
Creditors: Amounts falling due after more than one year	18	(8,042,406)	(8,275,186)	(8,042,406)	(8,275,186)
<b>Net assets</b>	20	<u>67,483,678</u>	<u>67,555,322</u>	<u>67,425,998</u>	<u>67,500,000</u>
<b>The funds of the Trust:</b>					
Endowment funds		8,233,584	8,354,939	8,233,584	8,354,939
Restricted funds		1,221,724	1,264,990	1,221,724	1,264,990
Unrestricted funds					
General funds		54,718,033	54,420,884	54,660,353	54,365,562
Designated funds		3,310,337	3,514,509	3,310,337	3,514,509
<b>Total charity funds</b>	21	<u>67,483,678</u>	<u>67,555,322</u>	<u>67,425,998</u>	<u>67,500,000</u>

The financial statements were approved and authorised for issue on 26.04.23 and signed on behalf of the Governors by:

Joyce Cullen  
Chair of the Governors

**GEORGE HERIOT'S TRUST**  
**Consolidated and Trust Statement of Cash Flows**  
**for the year ended 31 July 2022**

		Group		Trust	
	Note	2022 £	2021 £	2022 £	2021 £
<b>Net cash provided by operating activities</b>	22	901,711	684,038	870,230	672,520
<b>Cash flows from investing activities:</b>					
Dividends and interest from investments		298,393	264,190	298,393	264,190
Purchase of tangible assets		(256,754)	(252,566)	(256,754)	(252,566)
Proceeds from sale of fixed assets		7,168	-	7,168	-
Purchase of investments		(1,472,845)	(2,747,853)	(1,472,845)	(2,747,853)
Proceeds from sale of investments		1,346,260	2,068,852	1,346,260	2,068,852
Finance costs paid		(304,437)	(314,474)	(304,437)	(314,474)
<b>Net cash used in investing activities</b>		(382,215)	(981,851)	(382,215)	(981,851)
<b>Cash flows from financing activities:</b>					
Repayment of finance leases		(115,413)	(49,811)	(115,413)	(49,811)
Repayments of loans		(445,391)	(437,931)	(445,391)	(437,931)
Receipt of endowment donations		382,284	180,672	382,284	180,672
<b>Net cash used in financing activities</b>		(178,520)	(307,070)	(178,520)	(307,070)
<b>Change in cash and cash equivalents in the reporting period</b>		340,976	(604,883)	309,495	(616,401)
Cash and cash equivalents at the beginning of the reporting period		6,434,429	7,039,312	6,333,399	6,949,800
<b>Cash and cash equivalents at the end of the reporting period</b>	23, 24	6,775,405	6,434,429	6,642,894	6,333,399

The notes on pages 27 to 56 form part of these financial statements.

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**1. General information**

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the group's transactions are denominated. They comprise the financial statements of George Heriot's Trust and its subsidiary undertakings Heriot Enterprises Limited and The Heriot's Centre for Sport and Exercise Limited.

The objectives of George Heriot's Trust are detailed in the Governors' Report on page 1.

The principal activity of Heriot Enterprises Limited is the promotion of the interests and welfare of George Heriot's Trust through the sale of goods and services.

The principal activity of The Heriot's Centre for Sport and Exercise Limited is to advance health, education and public participation in sport generally as well as the provision of recreational facilities or the organisation of recreational activities.

George Heriot's Trust is an unincorporated charity, recognised as a charity for tax purposes by HMRC and registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC011463. Details of the principal address can be found on page 17 of these financial statements.

**2. Principal accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

George Heriot's Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Governors to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the group's financial statements unless otherwise stated.

**Basis of consolidation**

The consolidated financial statements incorporate the results of the George Heriot's Trust and its subsidiary undertakings, Heriot Enterprises Limited and The Heriot's Centre for Sport and Exercise Limited on a line by line basis. All intra-group transactions and balances between group companies are eliminated on consolidation.

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**2. Principal accounting policies (continued)**

**Going concern**

Having given consideration to the net assets position, cash flow and budgets for the forthcoming period, the Governors are of the opinion that the group can continue to meet its obligations as they fall due for the foreseeable future. As a consequence, the Governors have prepared the financial statements under the going concern assumption.

**Recognition and allocation of income**

Income is recognised when the group has legal entitlement to the funds, the receipt is probable, and the amount can be measured reliably. Where practicable, income is related to the operating activity of the group.

Where there are performance conditions attached to any donations, income is recognised when the conditions have been met or when meeting the conditions are within the group's control and there is sufficient evidence that they have been or will be met.

Income from school fees and other charitable activities is recognised in line with the performance of the service. Income received in advance of the school year is deferred to the relevant period.

Investment income is recognised upon receipt.

Income received by the group in an agency role, together with the related expenditure, is excluded from the financial statements in accordance with the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities.

**Recognition and allocation of expenditure**

Expenditure is recognised on an accruals basis as a legal or constructive liability is incurred. Where VAT cannot be recovered it is reported as part of the expenditure to which it relates. All expenditure is classified directly to the operating activity of the group.

- Expenditure on raising funds comprises those costs which are associated with the generation of income from sources other than the charitable activity.
- Expenditure on the charitable activity comprises those costs incurred by the Trust in running the School and includes both the direct costs and the support costs relating to this activity.
- Governance costs, which are included within expenditure on charitable activities, include those costs associated with meeting the constitutional and statutory requirements of the Trust and include professional fees and costs linked to the strategic management of the Trust.

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**2. Principal accounting policies (continued)**

**Funds**

Unrestricted funds are school fees and other incoming resources generated for the objects of the Trust without further specified purpose and are available as general funds.

Designated funds are unrestricted funds earmarked by the Board of Governors for particular purposes.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Endowment funds are resources received by the Trust held as capital where income generated is expended on purposes which meet the criteria of the fund.

**Hire purchase contracts and leases**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Trust. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant period rate of charge on the net obligation outstanding each period.

**Operating leases**

Operating leases are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease.

**Tangible fixed assets**

Items of equipment are capitalised and written off over their expected useful lives. Equipment costing under £1,000 is not capitalised and is written off to revenue when the expenditure is incurred. All fixed assets are initially recorded at cost.

Gifts or bequests of pictures and trophies are not included in the financial statements unless a fair value can be measured or estimated reliably.

**Depreciation**

Tangible fixed assets are initially measured at cost, and are subsequently measured at cost net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

- Land is not depreciated, in line with accounting practice
- Furniture & equipment 3 to 10 years
- Motor vehicles 5 years

Buildings are reviewed annually for impairment, and the Governors consider that their useful economic lives and residual values are such that any depreciation would not be material.

At each reporting period end date, the group 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).

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**2. Principal accounting policies (continued)**

**Investments**

Investments in securities are measured initially at cost and subsequently at fair value at each reporting date. Fair value is taken as the mid-market value of the investment by the investment manager at the reporting date. Realised and unrealised gains and losses are recognised in the Statement of Financial Activities in the year in which they arise.

In the Trust financial statements, the investment in the subsidiary undertaking is held at cost less impairment.

**Debtors**

Fee debtors are amounts due for pupils attending the school in respect of their tuition fees. Fee debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoiced amount, less any allowance for doubtful debts.

Prepayments are valued at the amount prepaid at the year-end date. Other debtors are recognised when the income recognition criteria have been met but monies have not been received at the year-end.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and balances with banks and investment managers which are readily convertible into cash.

**Creditors**

Creditors are recognised where the group 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 or estimated reliably.

Trade creditors are obligations to pay for goods or services that have been acquired. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less. If not, they are presented as creditors falling due after one year. Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

**Pension costs**

The Trust contributes to the Scottish Teachers' Superannuation Pension Scheme ("The Scheme") at rates set by the Scheme Actuary and advised to the Board of Governors by the Scheme Administrator. The Scheme is a multi-employer defined benefit pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the Trust. Therefore, in accordance with FRS 102, the scheme is accounted for as a defined contribution scheme. The Trust also contributes to a defined contribution occupational pension scheme for support staff. Contributions to both schemes are charged in the Statement of Financial Activities as they become payable in accordance with the rules of the schemes.

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**2. Principal accounting policies (continued)**

**Financial assets and financial liabilities**

Financial instruments are recognised in the Statement of Financial Activities when the group becomes a party to the contractual provisions of the instrument. Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 and 12 of FRS102. The group only enters into basic financial instruments. Financial instruments are initially measured at transaction price. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for similar debt instrument.

At the end of each reporting period, basic financial instruments are measured at the amortised cost using the effective interest rate method.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

**3. Critical judgements and estimates**

In preparing the financial statements Governors make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Governors are satisfied that accounting policies are appropriate and applied consistently. Key sources of accounting estimation have been applied to the depreciation rates and residual values which are deemed to be appropriate for the class of asset.

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**4. Comparative Statement of Financial Activities**

<b>2021 Group (Restated)</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>Total 2021 £</b>
<b>Income and endowments from:</b>				
Donations and legacies	24,475	101,974	180,602	307,051
Income from charitable activities:				
School fees	17,628,123	-	-	17,628,123
Other income	839,676	-	-	839,676
Investment income	69,214	194,021	-	263,235
<b>Total</b>	<b>18,561,488</b>	<b>295,995</b>	<b>180,602</b>	<b>19,038,085</b>
<b>Expenditure on:</b>				
Raising funds	163,728	-	-	163,728
Charitable activities	18,677,742	286,628	-	18,964,370
<b>Total</b>	<b>18,841,470</b>	<b>286,628</b>	<b>-</b>	<b>19,128,098</b>
Net gain on investments	423,661	40,085	1,106,348	1,570,094
<b>Net income and movement in funds</b>	<b>143,679</b>	<b>49,452</b>	<b>1,286,950</b>	<b>1,480,081</b>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**4. Comparative Statement of Financial Activities (continued)**

<b>2021 Trust (Restated)</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>Total 2021 £</b>
<b>Income and endowments from:</b>				
Donations and legacies	69,804	101,974	180,602	352,380
Income from charitable activities:				
School fees	17,628,123	-	-	17,628,123
Other income	835,486	-	-	835,486
Investment income	70,169	194,021	-	264,190
<b>Total</b>	<b>18,603,582</b>	<b>295,995</b>	<b>180,602</b>	<b>19,080,179</b>
<b>Expenditure on:</b>				
Raising funds	163,728	-	-	163,728
Charitable activities	18,694,948	286,628	-	18,981,576
<b>Total</b>	<b>18,858,676</b>	<b>286,628</b>	<b>-</b>	<b>19,145,304</b>
Net gain on investments	423,661	40,085	1,106,348	1,570,094
<b>Net income and movement in funds</b>	<b>168,567</b>	<b>49,452</b>	<b>1,286,950</b>	<b>1,504,969</b>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**5. Donations and legacies**

**Group**

<b>2022</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2022 Total £</b>
Sundry donations	71,384	95,347	382,284	549,015
<b>2021</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2021 Total £</b>
Sundry donations	24,475	101,974	180,602	307,051

**Trust**

<b>2022</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2022 Total £</b>
Heriot Enterprises Limited	3,058	-	-	3,058
Sundry donations	71,384	95,347	382,284	549,015
	74,442	95,347	382,284	552,073
<b>2021</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2021 Total £</b>
Heriot Enterprises Limited	45,329	-	-	45,329
Sundry donations	24,475	101,974	180,602	307,051
	69,804	101,974	180,602	352,380

**6. School fees receivable**

**Group and Trust**

<b>2022</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2022 Total £</b>
Gross school fees	21,298,377	-	-	21,298,377
Scholarships, bursaries, remissions and discounts	(2,244,846)	-	-	(2,244,846)
	19,053,531	-	-	19,053,531

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**6. School fees receivable (continued)**

**Group and Trust (continued)**

<b>2021</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2021 Total £</b>
Gross school fees	20,021,703	-	-	20,021,703
Scholarships, bursaries, remissions and discounts	(2,393,580)	-	-	(2,393,580)
	<u>17,628,123</u>	<u>-</u>	<u>-</u>	<u>17,628,123</u>

**7. Other income**

**Group**

<b>2022</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2022 Total £</b>
Wrap Around Care	382,217	-	-	382,217
Refectory	490,483	-	-	490,483
Acceptance fees	146,200	-	-	146,200
Pipe Band fees	100,082	-	-	100,082
Hire of facilities and equipment	83,417	-	-	83,417
Other	223,873	-	-	223,873
	<u>1,426,272</u>	<u>-</u>	<u>-</u>	<u>1,426,272</u>

<b>2021</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2021 Total £</b>
Wrap Around Care	224,032	-	-	224,032
Refectory	182,648	-	-	182,648
Acceptance fees	83,750	-	-	83,750
Pipe Band fees	92,109	-	-	92,109
Hire of facilities and equipment	27,705	-	-	27,705
JRS Grant Income	218,598	-	-	218,598
Other	10,834	-	-	10,834
	<u>839,676</u>	<u>-</u>	<u>-</u>	<u>839,676</u>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**7. Other income (continued)**

**Trust**

<b>2022</b>	<b>Unrestricted funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>2022 Total £</b>
Wrap Around Care	382,217	-	-	382,217
Refectory	490,483	-	-	490,483
Acceptance fees	146,200	-	-	146,200
Pipe Band fees	100,082	-	-	100,082
Heriot's Centre for Sport and Exercise Ltd	61,431	-	-	61,431
Other	223,873	-	-	223,873
	<u>1,404,285</u>	<u>-</u>	<u>-</u>	<u>1,404,285</u>
<b>2021</b>	<b>Unrestricted funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>2021 Total £</b>
Wrap Around Care	224,032	-	-	224,032
Refectory	182,648	-	-	182,648
Acceptance fees	83,750	-	-	83,750
Pipe Band fees	92,108	-	-	92,108
Heriot's Centre for Sport and Exercise Ltd	42,133	-	-	42,133
JRS Grant Income	199,981	-	-	199,981
Other	10,834	-	-	10,834
	<u>835,486</u>	<u>-</u>	<u>-</u>	<u>835,486</u>

**8. Investment income**

**Group  
2022**

	<b>Unrestricted funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>2022 Total £</b>
Bank interest	2,042	-	-	2,042
Dividends	75,526	220,825	-	296,351
	<u>77,568</u>	<u>220,825</u>	<u>-</u>	<u>298,393</u>

**2021  
(Restated)**

	<b>Unrestricted funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>2021 Total £</b>
Bank interest	853	-	-	853
Dividends	68,361	194,021	-	262,382
	<u>69,214</u>	<u>194,021</u>	<u>-</u>	<u>263,235</u>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**8. Investment income (continued)**

**Trust**

<b>2022</b>	<b>Unrestricted funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>2022 Total £</b>
Interest on group loans	-	-	-	-
Bank interest	2,042	-	-	2,042
Dividends	75,526	220,825	-	296,351
	<u>77,568</u>	<u>220,825</u>	<u>-</u>	<u>298,393</u>
<b>2021 (Restated)</b>	<b>Unrestricted funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>2021 Total £</b>
Interest on group loans	955	-	-	955
Bank interest	853	-	-	853
Dividends	68,361	194,021	-	262,382
	<u>70,169</u>	<u>194,021</u>	<u>-</u>	<u>264,190</u>

**9. Expenditure on raising funds**

**Group and Trust**

<b>2022</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2022 Total £</b>
<b>Development</b>				
Wages and salaries (note 12)	99,086	-	-	99,086
Other	52,360	-	-	52,360
	<u>151,446</u>	<u>-</u>	<u>-</u>	<u>151,446</u>
<b>2021</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2021 Total £</b>
<b>Development</b>				
Wages and salaries (note 12)	115,842	-	-	115,842
Other	47,886	-	-	47,886
	<u>163,728</u>	<u>-</u>	<u>-</u>	<u>163,728</u>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**10. Expenditure on charitable activities**

**Group**

<b>2022</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2022 Total £</b>
<b>School operating costs</b>				
Wages and salaries (note 12)	15,426,222	-	-	15,426,222
Teaching costs	557,803	-	-	557,803
Welfare costs	290,494	-	-	290,494
Premises	2,103,258	-	-	2,103,258
Support costs for schooling	245,955	286,592	-	532,547
Depreciation (note 13)	499,657	-	-	499,657
	<u>19,123,389</u>	<u>286,592</u>	<u>-</u>	<u>19,409,981</u>
Bank loan interest	304,437	-	-	304,437
Governance costs (note 11)	768,825	66,353	-	835,178
	<u>20,196,651</u>	<u>352,945</u>	<u>-</u>	<u>20,549,596</u>

<b>2021</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2021 Total £</b>
<b>School operating costs</b>				
Wages and salaries (note 12)	14,444,327	-	-	14,444,327
Teaching costs	436,196	-	-	436,196
Welfare costs	140,009	-	-	140,009
Premises	1,793,712	-	-	1,793,712
Support costs for schooling	304,948	236,852	-	541,800
Depreciation	479,868	-	-	479,868
	<u>17,599,060</u>	<u>236,852</u>	<u>-</u>	<u>17,835,912</u>
Bank loan interest	314,474	-	-	314,474
Governance costs (note 11)	764,208	49,776	-	813,984
	<u>18,677,742</u>	<u>286,628</u>	<u>-</u>	<u>18,964,370</u>

**Trust**

<b>2022</b>	<b>Unrestricted Funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2022 Total £</b>
<b>School operating costs</b>				
Wages and salaries (note 12)	15,426,222	-	-	15,426,222
Teaching costs	557,803	-	-	557,803
Welfare costs	290,494	-	-	290,494
Premises	2,087,393	-	-	2,087,393
Support costs for schooling	245,955	286,592	-	532,547
Depreciation (note 13)	498,951	-	-	498,951
	<u>19,106,818</u>	<u>286,592</u>	<u>-</u>	<u>19,393,410</u>
Bank loan interest	304,437	-	-	304,437
Governance costs (note 11)	768,825	66,353	-	835,178
	<u>20,180,080</u>	<u>352,945</u>	<u>-</u>	<u>20,533,025</u>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**10. Expenditure on charitable activities (continued)**

**Trust (continued)**

<b>2021</b>	<b>Unrestricted Funds</b>	<b>Restricted funds</b>	<b>Endowment funds</b>	<b>2021 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>School operating costs</b>				
Wages and salaries (note 12)	14,444,327	-	-	14,444,327
Teaching costs	436,196	-	-	436,196
Welfare costs	140,009	-	-	140,009
Premises	1,811,690	-	-	1,811,690
Support costs for schooling	304,948	236,852	-	541,800
Depreciation	479,096	-	-	479,096
	<u>17,616,266</u>	<u>236,852</u>	<u>-</u>	<u>17,853,118</u>
Bank loan interest	314,474	-	-	314,474
Governance costs (note 11)	764,208	49,776	-	813,984
	<u>18,694,948</u>	<u>286,628</u>	<u>-</u>	<u>18,981,576</u>

**11. Governance costs**

**Group and Trust**

<b>2022</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Endowment funds</b>	<b>2022 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Governance costs</b>				
Wages and salaries (note 12)	568,639	-	-	568,639
Audit fees	21,500	-	-	21,500
Other fees paid to auditor	1,431	-	-	1,431
Professional fees	148,855	-	-	148,855
Support costs for schooling	-	66,353	-	66,353
Other	28,400	-	-	28,400
	<u>768,825</u>	<u>66,353</u>	<u>-</u>	<u>835,178</u>
<b>2021</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Endowment funds</b>	<b>2021 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Governance costs</b>				
Wages and salaries (note 12)	582,438	-	-	582,438
Audit fees	23,358	-	-	23,358
Other fees paid to auditor	2,202	-	-	2,202
Professional fees	125,762	-	-	125,762
Support costs for schooling	-	49,776	-	49,776
Other	30,448	-	-	30,448
	<u>764,208</u>	<u>49,776</u>	<u>-</u>	<u>813,984</u>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**12. Staff costs**

**Group and Trust**

<b>2022</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2022 Total £</b>
Wages and salaries	12,539,502	-	-	12,539,502
National insurance	1,311,498	-	-	1,311,498
Pension contributions	2,240,851	-	-	2,240,851
Agency costs	2,096	-	-	2,096
	<u>16,093,947</u>	<u>-</u>	<u>-</u>	<u>16,093,947</u>
<b>2021</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>2021 Total £</b>
Wages and salaries	11,792,913	-	-	11,792,913
National insurance	1,205,110	-	-	1,205,110
Pension contributions	2,134,684	-	-	2,134,684
Agency costs	9,900	-	-	9,900
	<u>15,142,607</u>	<u>-</u>	<u>-</u>	<u>15,142,607</u>

The average number of employees in the year by headcount was:

	<b>2022 Number</b>	<b>2021 Number</b>
Teaching	184	178
Support staff and administrative	233	201
	<u>417</u>	<u>379</u>

The earnings of the following number of employees exceeded £60,000:

	<b>2022 Number</b>	<b>2021 Number</b>
£60,000 - £70,000	7	6
£70,000 - £80,000	7	9
£80,000 - £90,000	1	1
£90,000 - £100,000	3	2
£100,000 - £110,000	-	1
£140,000 - £150,000	1	1

Fourteen (2021: Fifteen) of the above employees are accruing benefits under the Scottish Teachers' Superannuation Pension Scheme.

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
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**12. Staff costs (continued)**

**Pension schemes**

The Trust contributes to two pension arrangements for its employees.

- (a) The Trust participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions of progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from 1 September 2019 and an anticipated yield of 9.4% employees' contributions.
- (b) The Trust has no liability for other employers' obligations to the multi-employer scheme.
- (c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.
- (d)
  - (i) The scheme is an unfunded multi-employer defined benefit scheme.
  - (ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Trust is unable to identify its share of the underlying assets and liabilities of the scheme.
  - (iii) The employer contribution rate during the year was 23%. The employee rate applied is variable and it is anticipated to provide a yield of 9.4% of pensionable pay.
  - (iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary Scheme)/Sargeant (Firefighters' scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.
  - (v) The trust's participation in the scheme is 0.29% based on the proportion of employer contributions paid in 2021-22.

The total employer contributions paid to the scheme during the financial year were £1,882,007 (2021: £1,793,199). As at 31 July 2022 £224,623 (2021: £Nil) was due to be paid to the scheme.

The Trust also contributes to a defined contribution occupational pension scheme for support staff. The total employer contributions paid to the scheme during the financial year were £358,844 (2021: £341,485). As at 31 July 2022 £41,923 (2021: £40,415) was due to be paid to the scheme.

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**13. Tangible fixed assets**

**Group**

	<b>Freehold land &amp; buildings £</b>	<b>Furniture &amp; equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 August 2021	59,405,419	4,245,266	9,002	63,659,687
Additions	2,418	643,047	-	645,465
Disposals	-	(826,950)	-	(826,950)
At 31 July 2022	<u>59,407,837</u>	<u>4,061,363</u>	<u>9,002</u>	<u>63,478,202</u>
<b>Depreciation</b>				
At 1 August 2021	-	3,027,071	9,002	3,036,073
Charge for the year	-	499,657	-	499,657
Released on disposal	-	(797,293)	-	(797,293)
At 31 July 2022	<u>-</u>	<u>2,729,435</u>	<u>9,002</u>	<u>2,738,437</u>
Net book value at 31 July 2022	<u>59,407,837</u>	<u>1,331,928</u>	<u>-</u>	<u>60,739,765</u>
Net book value at 31 July 2021	<u>59,405,419</u>	<u>1,218,195</u>	<u>-</u>	<u>60,623,614</u>

**Trust**

	<b>Freehold land &amp; buildings £</b>	<b>Furniture &amp; equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 August 2021	59,405,419	4,240,809	9,002	63,655,230
Additions	2,418	643,047	-	645,465
Disposals	-	(826,950)	-	(826,950)
At 31 July 2022	<u>59,407,837</u>	<u>4,056,906</u>	<u>9,002</u>	<u>63,473,745</u>
<b>Depreciation</b>				
At 1 August 2021	-	3,023,320	9,002	3,032,322
Charge for the year	-	498,951	-	498,951
Released on disposal	-	(797,293)	-	(797,293)
At 31 July 2022	<u>-</u>	<u>2,724,978</u>	<u>9,002</u>	<u>2,733,980</u>
Net book value at 31 July 2022	<u>59,407,837</u>	<u>1,331,928</u>	<u>-</u>	<u>60,739,765</u>
Net book value at 31 July 2021	<u>59,405,419</u>	<u>1,217,489</u>	<u>-</u>	<u>60,622,908</u>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
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**13. Tangible fixed assets (continued)**

**Group and Trust**

Included in the above are £591,329 (2021: £946,575) of leased assets on which £344,579 (2021: £771,280) of accumulated depreciation has been charged. The depreciation charge for the year was £147,483 (2021: £126,756).

**14. Investments**

**Group and Trust**

	£
Market value of listed investments held at 31 July 2021	11,786,775
Additions	1,472,845
Disposals	(1,335,844)
Unrealised loss	(708,227)
	<hr/>
Market value of listed investments held at 31 July 2022	11,215,549
Cash held as part of investment portfolio (2021: £25,833)	74,288
	<hr/>
	<u>11,289,837</u>

**Unlisted equity investment in subsidiaries**

The Trust owns 100% of the 160,000 ordinary shares of £1 each in The Heriot's Centre for Sport & Exercise Ltd, a charitable company registered in Scotland. The company's registration number is SC364937 (charity registration number SC044874) and the address of its registered office is George Heriot's School, Lauriston Place, Edinburgh, EH3 9EQ. Its primary purpose is to operate, under a non-exclusive licence from the Trust, The Heriot's Centre for Sport & Exercise for the provision of physical recreation.

The charitable company's turnover was £161,304 (2021: £143,643) and expenditure £156,910 (2021: £126,260), resulting in a surplus of £4,394 (2021: surplus of £17,383) for the year. The funds of The Heriot's Centre for Sport & Exercise Ltd at 31 July 2022 were £56,658 (2021: £52,264). The carrying value of the investment in the subsidiary was reduced to nil in the Trust accounts in 2016.

The Trust controls Heriot Enterprises Limited a company limited by guarantee, which is registered in Scotland. The company's registration number is SC085405 and the address of its registered office is George Heriot's School, Lauriston Place, Edinburgh, EH3 9EQ. The company promotes the interests and welfare of George Heriot's Trust through the sale of goods and services. The Trust is the sole member of Heriot Enterprises Limited and the majority of board positions in the subsidiary are held by Trust Governors or employees.

The company's turnover was £12,045 (2021: £9,800) and expenditure £14,081 (2021: £52,071), resulting in a £2,036 loss for the year to 31 July 2022 (2021: loss of £42,271). Expenditure includes a £3,058 (2021: £45,329) gift aid donation to the Trust. The aggregate capital and reserves of Heriot Enterprises Limited at 31 July 2022 was £1,022 (2021: £3,058).

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**15. Debtors**

	<b>Group</b>		<b>Trust</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	37,897	83,685	36,587	66,359
Amounts due from subsidiary undertakings	-	-	73,769	55,920
Other debtors	121,528	7,765	121,528	7,242
Prepayments	363,527	361,920	358,186	359,725
	<u>522,952</u>	<u>453,370</u>	<u>590,070</u>	<u>489,246</u>

The amounts due from subsidiary undertakings are unsecured and repayable on demand. No interest was charged during the year (2021: interest was charged at 3.5%).

**16. Financial assets held at fair value**

	<b>Group</b>		<b>Trust</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Financial assets at fair value	<u>11,215,549</u>	<u>11,786,775</u>	<u>11,215,549</u>	<u>11,786,775</u>

Financial assets at fair value consist of listed investments held at market value.

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
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**17. Creditors (within one year)**

	<b>Group</b>		<b>Trust</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	451,301	445,389	451,301	445,389
Trade creditors	277,300	130,801	276,651	129,968
VAT	12,189	9,876	7,843	433
Other tax and social security	334,010	313,162	333,960	313,013
Teaching and non-teaching superannuation	42,408	40,851	41,923	40,415
Accruals and deferred income	2,055,085	2,229,458	2,042,421	2,224,860
Hire purchase and lease creditors (Note 19)	154,949	100,172	154,949	100,172
Other creditors	445,438	228,149	445,438	227,298
	<u>3,772,680</u>	<u>3,497,858</u>	<u>3,754,486</u>	<u>3,481,548</u>

**Deferred income (Group and Trust)**

School fees received in advance are deferred into the year in which they relate. The following amounts are included within accruals and deferred income:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Balance at 1 August 2021	1,165,313	921,785
Income received and deferred in year	769,703	1,165,313
Released in year	(1,165,313)	(921,785)
	<u>769,703</u>	<u>1,165,313</u>
Balance at 31 July 2022	<u>769,703</u>	<u>1,165,313</u>

**18. Creditors (due after more than one year)**

<b>Group and Trust</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bank loans	7,748,760	8,200,063
Hire purchase and lease creditors (Note 19)	293,646	75,123
	<u>8,042,406</u>	<u>8,275,186</u>

<b>Maturity of debt:</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Bank loans and hire purchase debts</b>		
Due within 1 year	606,250	545,561
Due within 1 – 2 years	552,046	521,672
Due within 2 – 5 years	1,636,662	1,412,096
Due after 5 years	5,853,698	6,341,418
	<u>8,648,656</u>	<u>8,820,747</u>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
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**18. Creditors (due after more than one year) (continued)**

**Bank loans consisted of the following:**

Fixed rate loan of £5m drawn down during 2005/06, repayable over 25 years in equal monthly instalments. Interest is fixed at 2.72% per annum until 2024.

Fixed rate loan of £3.75m drawn down during 2016/17, repayable over 25 years in equal monthly instalments. Interest is fixed at 3.79% per annum for the duration of the loan.

Fixed rate loan of £3m drawn down during 2018/19, repayable over 23 years in equal monthly instalments. Interest is fixed at 4.15% per annum for the duration of the loan.

The bank loans are unsecured.

**19. Obligations under finance leases**

The total future minimum finance lease payments at the end of the reporting period were:

<b>Group and Trust</b>	<b>2022 £</b>	<b>2021 £</b>
Due within 1 year	154,949	100,172
Due within 1 – 5 years	293,646	75,123
	<u>448,595</u>	<u>175,295</u>

Finance lease creditors are secured over the assets to which they relate.

**20. Analysis of net assets by funds**

**Group**

<b>2022</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Endowment £</b>	<b>Total £</b>
Fixed assets	60,739,765	-	-	60,739,765
Investments	2,080,847	975,406	8,233,584	11,289,837
Net current assets	3,250,164	246,318	-	3,496,482
Creditors due after more than one year	(8,042,406)	-	-	(8,042,406)
	<u>58,028,370</u>	<u>1,221,724</u>	<u>8,233,584</u>	<u>67,483,678</u>
<b>2021 (Restated)</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Endowment £</b>	<b>Total £</b>
Fixed assets	60,623,614	-	-	60,623,614
Investments	2,487,328	970,341	8,354,939	11,812,608
Net current assets	3,099,637	294,649	-	3,394,286
Creditors due after more than one year	(8,275,186)	-	-	(8,275,186)
	<u>57,935,393</u>	<u>1,264,990</u>	<u>8,354,939</u>	<u>67,555,322</u>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
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**20. Analysis of net assets by funds (continued)**

**Trust**

<b>2022</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Endowment £</b>	<b>Total £</b>
Fixed assets	60,739,765	-	-	60,739,765
Investments	2,080,847	975,406	8,233,584	11,289,837
Net current assets	3,192,484	246,318	-	3,438,802
Creditors due after more than one year	(8,042,406)	-	-	(8,042,406)
	<u>57,970,690</u>	<u>1,221,724</u>	<u>8,233,584</u>	<u>67,425,998</u>
<b>2021 (Restated)</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Endowment £</b>	<b>Total £</b>
Fixed assets	60,622,908	-	-	60,622,908
Investments	2,487,328	970,341	8,354,939	11,812,608
Net current assets	3,045,021	294,649	-	3,339,670
Creditors due after more than one year	(8,275,186)	-	-	(8,275,186)
	<u>57,880,071</u>	<u>1,264,990</u>	<u>8,354,939</u>	<u>67,500,000</u>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**21. Movement in funds**

<b>Group 2022</b>	<b>At 31 July 2021</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>Gains/ (losses)</b>	<b>At 31 July 2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Unrestricted</b>						
General Fund	54,420,884	20,573,654	(20,221,106)	-	(55,399)	54,718,033
<b>Designated</b>						
James Fraser Brown Bequest Fund	2,249,644	53,589	(125,479)	-	(132,282)	2,045,472
PPMP provision	200,000	-	-	-	-	200,000
Further Grassmarket Development	800,000	-	-	-	-	800,000
Annual Fund (general)	10,408	1,512	(1,512)	-	-	10,408
Emergency bursary assistance fund	254,457	-	-	-	-	254,457
Total designated funds	3,514,509	55,101	(126,991)	-	(132,282)	3,310,337
Total unrestricted funds	57,935,393	20,628,755	(20,348,097)	-	(187,681)	58,028,370
<b>Restricted</b>						
Dr Lindsay Stewart	709,796	16,793	(19,718)	-	(6,493)	700,378
Sutherland & Young Legacy	52,788	-	-	-	-	52,788
Bursaries donation	191,804	34,064	(62,708)	-	-	163,160
Foundation Fund	14,022	60,213	(60,213)	-	-	14,022
Covid-19 Bursary Awards	-	-	-	-	-	-
AV System – Citizenship	28,750	-	-	-	-	28,750
Small funds (individually below £10,000)	7,285	1,000	(1,952)	-	-	6,333
Endowment funds – revenue:						
Higher Education Bursaries Fund	30,383	7,217	(7,217)	-	-	30,383
The Prizes Fund	100	4,146	(4,146)	-	-	100
The Heriot Bursaries Fund	94,589	60,715	(60,715)	-	-	94,589
Lawrence S Miller Memorial Fund	23,042	936	-	-	-	23,978
Robert Donaldson Tait Funds (Foundation)	62,439	73,577	(73,577)	-	-	62,439
Robert Burns Bequest Fund	8,027	593	-	-	-	8,620
Edith Dickson Bequest Fund	16,320	1,000	(6,985)	-	-	10,335
George J Scott Bequest Fund	3,100	158	-	-	-	3,258
Raymond Scott Bequest Fund	-	55,054	(55,054)	-	-	-
Small funds	22,545	706	(660)	-	-	22,591
Total restricted funds	1,264,990	316,172	(352,945)	-	(6,493)	1,221,724
<b>Endowment funds</b>						
Higher Education Bursaries Fund	302,742	-	-	-	(17,815)	284,927
The Prizes Fund	188,789	3,950	-	-	(10,060)	182,679
The Heriot Bursaries Fund	2,374,660	6,948	-	-	(149,872)	2,231,736
Lawrence S Miller Memorial Fund	26,626	-	-	-	(2,312)	24,314
Robert Donaldson Tait Funds (Foundation)	2,861,225	371,386	-	-	(181,620)	3,050,991
Robert Burns Bequest Fund	24,068	-	-	-	(1,464)	22,604
Edith Dickson Bequest Fund	40,585	-	-	-	(2,468)	38,117
George J Scott Bequest Fund	8,477	-	-	-	(391)	8,086
Raymond Scott Bequest Fund	2,499,184	-	-	-	(135,899)	2,363,285
Small funds (individually below £10,000)	28,583	-	-	-	(1,738)	26,845
Total endowment funds	8,354,939	382,284	-	-	(503,639)	8,233,584
<b>Total funds</b>	<b>67,555,322</b>	<b>21,327,211</b>	<b>(20,701,042)</b>	<b>-</b>	<b>(697,813)</b>	<b>67,483,678</b>

**GEORGE HERIOT'S TRUST**  
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**21. Movement in funds (continued)**

<b>Group 2021 (Restated)</b>	<b>At 31 July 2020</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>Gains/ (losses)</b>	<b>At 31 July 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Unrestricted</b>						
General Fund	54,425,823	18,488,508	(18,416,558)	(199,981)	123,092	54,420,884
<b>Designated</b>						
James Fraser Brown Bequest Fund	1,949,075	48,505	(48,505)	-	300,569	2,249,644
PPMP provision	200,000	-	-	-	-	200,000
Further Grassmarket Development	800,000	-	-	-	-	800,000
Annual Fund (general)	6,258	24,475	(20,325)	-	-	10,408
Covid 19 Furlough	410,558	-	(356,082)	199,981	-	254,457
Total designated funds	3,365,891	72,980	(424,912)	199,981	300,569	3,514,509
Total unrestricted funds	57,791,714	18,561,488	(18,841,470)	-	423,661	57,935,393
<b>Restricted</b>						
Dr Lindsay Stewart	654,232	15,479	-	-	40,085	709,796
Sutherland & Young Legacy	52,788	-	-	-	-	52,788
Bursaries donation	200,295	37,827	(46,318)	-	-	191,804
Foundation Fund	14,022	38,106	(38,106)	-	-	14,022
Covid-19 Bursary Awards	692	25,971	(26,663)	-	-	-
AV System – Citizenship	28,750	-	-	-	-	28,750
Small funds (individually below £10,000)	7,285	-	-	-	-	7,285
Endowment funds – revenue:						
Higher Education Bursaries Fund	30,383	6,532	(6,532)	-	-	30,383
The Prizes Fund	100	3,671	(3,671)	-	-	100
The Heriot Bursaries Fund	94,589	54,801	(54,801)	-	-	94,589
Lawrence S Miller Memorial Fund	22,194	848	-	-	-	23,042
Robert Donaldson Tait Funds (Foundation)	62,438	60,706	(60,705)	-	-	62,439
Robert Burns Bequest Fund	7,490	537	-	-	-	8,027
Edith Dickson Bequest Fund	15,415	905	-	-	-	16,320
George J Scott Bequest Fund	2,957	143	-	-	-	3,100
Raymond Scott Bequest Fund	-	49,832	(49,832)	-	-	-
Small funds	21,908	637	-	-	-	22,545
Total restricted funds	1,215,538	295,995	(286,628)	-	40,085	1,264,990
<b>Endowment funds</b>						
Higher Education Bursaries Fund	262,263	-	-	-	40,479	302,742
The Prizes Fund	166,273	200	-	-	22,316	188,789
The Heriot Bursaries Fund	2,035,081	-	-	-	339,579	2,374,660
Lawrence S Miller Memorial Fund	21,374	-	-	-	5,252	26,626
Robert Donaldson Tait Funds (Foundation)	2,304,656	180,402	-	-	376,167	2,861,225
Robert Burns Bequest Fund	20,743	-	-	-	3,325	24,068
Edith Dickson Bequest Fund	34,978	-	-	-	5,607	40,585
George J Scott Bequest Fund	7,589	-	-	-	888	8,477
Raymond Scott Bequest Fund	2,190,397	-	-	-	308,787	2,499,184
Small funds (individually below £10,000)	24,635	-	-	-	3,948	28,583
Total endowment funds	7,067,989	180,602	-	-	1,106,348	8,354,939
<b>Total funds</b>	<b>66,075,241</b>	<b>19,038,085</b>	<b>(19,128,098)</b>	<b>-</b>	<b>1,570,094</b>	<b>67,555,322</b>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**21. Movements in funds (continued)**

Trust 2022	At 31 July 2021	Income	Expenditure	Transfers	Gains/ (losses)	At 31 July 2022
	£	£	£	£	£	£
<b>Unrestricted</b>						
General Fund	54,365,562	20,554,725	(20,204,535)	-	(55,399)	54,660,353
<b>Designated</b>						
James Fraser Brown Bequest Fund	2,249,644	53,589	(125,479)	-	(132,282)	2,045,472
PPMP provision	200,000	-	-	-	-	200,000
Further Grassmarket Development	800,000	-	-	-	-	800,000
Annual Fund (general)	10,408	1,512	(1,512)	-	-	10,408
Emergency bursary assistance fund	254,457	-	-	-	-	254,457
Total designated funds	3,514,509	55,101	(126,991)	-	(132,282)	3,310,337
Total unrestricted funds	57,880,071	20,609,826	(20,331,526)	-	(187,681)	57,970,690
<b>Restricted</b>						
Dr Lindsay Stewart	709,796	16,793	(19,718)	-	(6,493)	700,378
Sutherland & Young Legacy	52,788	-	-	-	-	52,788
Bursaries donation	191,804	34,064	(62,708)	-	-	163,160
Foundation Fund	14,022	60,213	(60,213)	-	-	14,022
AV System – Citizenship	28,750	-	-	-	-	28,750
Small funds (individually below £10,000)	7,285	1,000	(1,952)	-	-	6,333
Endowment funds – revenue:						
Higher Education Bursaries Fund	30,383	7,217	(7,217)	-	-	30,383
The Prizes Fund	100	4,146	(4,146)	-	-	100
The Heriot Bursaries Fund	94,589	60,715	(60,715)	-	-	94,589
Lawrence S Miller Memorial Fund	23,042	936	-	-	-	23,978
Robert Donaldson Tait Funds (Foundation)	62,439	73,577	(73,577)	-	-	62,439
Robert Burns Bequest Fund	8,027	593	-	-	-	8,620
Edith Dickson Bequest Fund	16,320	1,000	(6,985)	-	-	10,335
George J Scott Bequest Fund	3,100	158	-	-	-	3,258
Raymond Scott Bequest Fund	-	55,054	(55,054)	-	-	-
Small funds	22,545	706	(660)	-	-	22,591
Total restricted funds	1,264,990	316,172	(352,945)	-	(6,493)	1,221,724
<b>Endowment funds</b>						
Higher Education Bursaries Fund	302,742	-	-	-	(17,815)	284,927
The Prizes Fund	188,789	3,950	-	-	(10,060)	182,679
The Heriot Bursaries Fund	2,374,660	6,948	-	-	(149,872)	2,231,736
Lawrence S Miller Memorial Fund	26,626	-	-	-	(2,312)	24,314
Robert Donaldson Tait Funds (Foundation)	2,861,225	371,386	-	-	(181,620)	3,050,991
Robert Burns Bequest Fund	24,068	-	-	-	(1,464)	22,604
Edith Dickson Bequest Fund	40,585	-	-	-	(2,468)	38,117
George J Scott Bequest Fund	8,477	-	-	-	(391)	8,086
Raymond Scott Bequest Fund	2,499,184	-	-	-	(135,899)	2,363,285
Small funds (individually below £10,000)	28,583	-	-	-	(1,738)	26,845
Total endowment funds	8,354,939	382,284	-	-	(503,639)	8,233,584
<b>Total funds</b>	<b>67,500,000</b>	<b>21,308,282</b>	<b>(20,684,471)</b>	<b>-</b>	<b>(697,813)</b>	<b>67,425,998</b>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**21. Movements in funds (continued)**

Trust 2021 (Restated)	At 31 July 2020	Income	Expenditure	Transfers	Gains/ (losses)	At 31 July 2021
	£	£	£	£	£	£
<b>Unrestricted</b>						
General Fund	54,345,613	18,530,602	(18,433,764)	(199,981)	123,092	54,365,562
<b>Designated</b>						
James Fraser Brown Bequest Fund	1,949,075	48,505	(48,505)	-	300,569	2,249,644
PPMP provision	200,000	-	-	-	-	200,000
Further Grassmarket Development	800,000	-	-	-	-	800,000
Annual Fund (general)	6,258	24,475	(20,325)	-	-	10,408
Covid 19 Furlough	410,558	-	(356,082)	199,981	-	254,457
Total designated funds	3,365,891	72,980	(424,912)	199,981	300,569	3,514,509
Total unrestricted funds	57,711,504	18,603,582	(18,858,676)	-	423,661	57,880,071
<b>Restricted</b>						
Dr Lindsay Stewart	654,232	15,479	-	-	40,085	709,796
Sutherland & Young Legacy	52,788	-	-	-	-	52,788
Bursaries donation	200,295	37,827	(46,318)	-	-	191,804
Foundation Fund	14,022	38,106	(38,106)	-	-	14,022
Covid-19 Bursary Awards	692	25,971	(26,663)	-	-	-
AV System – Citizenship	28,750	-	-	-	-	28,750
Small funds (individually below £10,000)	7,285	-	-	-	-	7,285
Endowment funds – revenue:						
Higher Education Bursaries Fund	30,383	6,532	(6,532)	-	-	30,383
The Prizes Fund	100	3,671	(3,671)	-	-	100
The Heriot Bursaries Fund	94,589	54,801	(54,801)	-	-	94,589
Lawrence S Miller Memorial Fund	22,194	848	-	-	-	23,042
Robert Donaldson Tait Funds (Foundation)	62,438	60,706	(60,705)	-	-	62,439
Robert Burns Bequest Fund	7,490	537	-	-	-	8,027
Edith Dickson Bequest Fund	15,415	905	-	-	-	16,320
George J Scott Bequest Fund	2,957	143	-	-	-	3,100
Raymond Scott Bequest Fund	-	49,832	(49,832)	-	-	-
Small funds	21,908	637	-	-	-	22,545
Total restricted funds	1,215,538	295,995	(286,628)	-	40,085	1,264,990
<b>Endowment funds</b>						
Higher Education Bursaries Fund	262,263	-	-	-	40,479	302,742
The Prizes Fund	166,273	200	-	-	22,316	188,789
The Heriot Bursaries Fund	2,035,081	-	-	-	339,579	2,374,660
Lawrence S Miller Memorial Fund	21,374	-	-	-	5,252	26,626
Robert Donaldson Tait Funds (Foundation)	2,304,656	180,402	-	-	376,167	2,861,225
Robert Burns Bequest Fund	20,743	-	-	-	3,325	24,068
Edith Dickson Bequest Fund	34,978	-	-	-	5,607	40,585
George J Scott Bequest Fund	7,589	-	-	-	888	8,477
Raymond Scott Bequest Fund	2,190,397	-	-	-	308,787	2,499,184
Small funds (individually below £10,000)	24,635	-	-	-	3,948	28,583
Total endowment funds	7,067,989	180,602	-	-	1,106,348	8,354,939
<b>Total funds</b>	<b>65,995,031</b>	<b>19,080,179</b>	<b>(19,145,304)</b>	<b>-</b>	<b>1,570,094</b>	<b>67,500,000</b>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
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**21. Movements in funds (continued)**

**Designated funds**

*James Fraser Brown Bequest Fund*

The Governors invested the original donation and approved the free income generated to be used to fund the future enhancement of the School.

*PPMP provision*

The Governors have designated these funds towards the future maintenance of property.

*Further Grassmarket Development*

The Governors have designated these funds towards the future development of property situated in the Grassmarket, Edinburgh.

*Annual Fund (general)*

The annual fund receives general donations which have been designated by the Governors for where the School needs it most.

*Emergency bursary assistance fund*

This fund was originally set up for the monies received from the furlough scheme which the Board designated to support the CEBA scheme. The fund has been renamed from the "Covid 19 Furlough" fund during the year ended 31 July 2022 as the fund's purpose has been widened to include funding future emergency bursary assistance needs arising for reasons other than the pandemic. Any funds that are subsequently unutilised will be subject to Board discussion, with a preference to re-designating them toward supporting parents over the longer term.

**Restricted funds**

*Dr Lindsay Stewart*

This legacy will be used toward the refurbishment of the Music Department.

*Sutherland & Young Legacy*

This legacy will be used towards security and health and safety related purposes.

*Bursaries donation*

These donations will be used to fund two full bursaries in the senior school and now include the Richard Ogorkiewicz bursary.

*Foundation Fund*

Donations received for the Foundationers.

*Covid-19 Bursary Awards*

This fund is for the donations received from parents which were given to help support parents during the pandemic.

*AV System – Citizenship*

This is to be used against the costs of a new AV system in the theatre.

**Endowment funds**

*Higher Education Bursaries Fund*

The free income will be used towards awarding certain specific bursaries.

*The Prizes Fund*

The free income of the fund will be used towards the annual prize giving.

*The Heriot Bursaries Fund*

The free income will be used to provide the School such number of bursaries as the Governors think fit.

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
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**21. Movements in funds (continued)**

*Lawrence S Miller Memorial Fund*

The free income will assist with expenses of pupil(s) in need of aid, desiring to participate in educational tours abroad organised by the School, preference being given to Foundationers, other bursary recipients, and Fee-Paying Pupils in that order.

*Robert Donaldson Tait Funds*

The free income will be used for the benefit of Foundationers in such manner as the Governors in their uncontrolled discretion may think fit.

*Robert Burns Bequest Fund*

The free income will provide financial assistance for deserving pupils.

*Edith Dickson Bequest Fund*

The free income will be used to help keep pupils at School who would otherwise have to leave due to a change in their financial circumstances or helping deserving pupils to join the School who would not otherwise be able to do so due to their parents' financial circumstances.

*George J Scott Bequest Fund*

The Governing Body shall apply the free income of the George J. Scott's Bequest Fund in aiding a School Foundationer who shows merit, application and special ability.

*Raymond Scott Bequest Fund*

The income generated by the bequest should be used wherever the School's need is greatest but with an emphasis on The Foundation and Bursaries. The bequest is not to be spent on general administration.

**22. Net cash inflow from operating activities**

	Group		Trust	
	2022 £	2021 £	2022 £	2021 £
Net (expenditure)/income	(71,644)	1,480,081	(74,002)	1,504,969
Investment income	(298,393)	(264,190)	(298,393)	(264,190)
Financing costs	304,437	314,474	304,437	314,474
Endowment donations	(382,284)	(180,672)	(382,284)	(180,672)
Depreciation charges	499,657	479,868	498,951	479,096
Loss/(gains) on investments	697,813	(1,570,094)	697,813	(1,570,094)
Loss on disposal of fixed asset	22,489	29,346	22,489	27,866
(Increase)/decrease in stock	(14,915)	(9,587)	(10,206)	(11,340)
(Increase)/decrease in debtors	(69,582)	281,557	(100,824)	248,560
Increase in creditors	214,133	123,255	212,249	123,851
Net cash provided by operating activities	901,711	684,038	870,230	672,520

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
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**23. Reconciliation of net debt**

<b>Group</b>	<b>At 1 August 2021 £</b>	<b>Cash flows £</b>	<b>Non-cash movement £</b>	<b>At 31 July 2022 £</b>
Cash and cash equivalents	6,434,429	340,976	-	6,775,405
Bank loans falling due within one year	(445,389)	-	(5,912)	(451,301)
Bank loans falling due after more than one year	(8,200,063)	445,391	5,912	(7,748,760)
Hire purchase obligations falling due within one year	(100,172)	-	(54,777)	(154,949)
Hire purchase obligations falling due after more than one year	(75,123)	115,413	(333,936)	(293,646)
	(2,386,318)	901,780	(388,713)	(1,873,251)
<b>Trust</b>	<b>At 1 August 2021 £</b>	<b>Cash flows £</b>	<b>Non-cash movement £</b>	<b>At 31 July 2022 £</b>
Cash and cash equivalents	6,333,399	309,495	-	6,642,894
Bank loans falling due within one year	(445,389)	-	(5,912)	(451,301)
Bank loans falling due after more than one year	(8,200,063)	445,391	5,912	(7,748,760)
Hire purchase obligations falling due within one year	(100,172)	-	(54,777)	(154,949)
Hire purchase obligations falling due after more than one year	(75,123)	115,413	(333,936)	(293,646)
	(2,487,348)	870,299	(388,713)	(2,005,762)

**24. Cash and cash equivalents**

	<b>Group</b>		<b>Trust</b>	
	<b>2022 £</b>	<b>2021 £</b>	<b>2022 £</b>	<b>2021 £</b>
Cash in hand and at bank	6,701,117	6,408,596	6,568,606	6,307,566
Cash held within investment portfolio	74,288	25,833	74,288	25,833
Cash and cash equivalents	<u>6,775,405</u>	<u>6,434,429</u>	<u>6,642,894</u>	<u>6,333,399</u>

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
**for the year ended 31 July 2022**

**25. Agency related income and expenditure**

During the year income and expenditure relating to school events and school trips were identified as falling under an agency relationship. These amounts, detailed below, were collected from parents and paid over to third party providers. In accordance with best practice, these amounts have been excluded from the income and expenditure of the Trust.

Group and Trust	2022 £	2021 £
School events	102,773	64,402
School trips	507,779	230,481
	<u>610,552</u>	<u>294,883</u>

**26. Related parties**

During the year the wholly-owned subsidiary Heriot Enterprises Limited paid the Trust a donation of £3,058 (2021: £45,329), being a distribution out of the subsidiary's profits made in the prior year. At 31 July 2022 £25,524 (2021: £26,929) was owing to the Trust.

During the year the wholly-controlled subsidiary The Heriot's Centre for Sport and Exercise Limited paid the Trust £109,527 (2021: £109,127) for premises hire. The Trust paid the subsidiary £40,126 (2021: £40,126) in licence and service fees. At 31 July 2022 £48,245 (2021: £28,991) was owing to the Trust.

The transactions and balances with the subsidiaries are eliminated in the consolidation of the group financial statements.

No Governors, nor any of their connected persons, have been remunerated or reimbursed expenses in either the current or previous financial year. Total donations received by the Trust from Governors for the year were £140 (2021: £3,075).

Total employee benefits, including employer national insurance contributions, of key management personnel for the year were £578,296 (2021: £576,673).

The following Governors were related parties, as defined by Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)", as they were relatives of pupils in the School during the financial year ended 31 July 2022:

Mr Hew Bruce Gardyne  
 Mr Vineet Lal  
 Mr Cameron Stott  
 Mr Andrew McGeough  
 Mrs Nicola McLaughlin  
 Mr Ross McCauley

No financial benefit is received by any of the Governors listed above.

**27. Commitments**

At 31 July 2022 the Trust had engaged contractors to carry out various works on the School grounds. The remaining commitment for these projects totals £154,818. This commitment is not included in these financial statements.

**GEORGE HERIOT'S TRUST**  
**Notes to the Financial Statements**  
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**28. Operating leases**

The payments due under non-cancellable operating leases are as follows:

	Group		Trust	
	2022 Motor Vehicles	2021 Motor Vehicles	2022 Motor Vehicles	2021 Motor Vehicles
	£	£	£	£
Less than one year	7,422	10,251	7,422	10,251
Between one and two years	6,266	317	6,266	317
Between two and five years	19,321	-	19,321	-
	<u>33,009</u>	<u>10,568</u>	<u>33,009</u>	<u>10,568</u>

Amounts payable under non-cancellable operating leases recognised in the statement of financial activities during the current year totalled £10,251 (2021: £25,022).

**29. Legal form**

George Heriot's Trust is a charity, registered in the Scottish Charity Register number SC011463, and administered under the George Heriot's Trust Scheme 2017. This new Scheme was approved by the Office of the Scottish Charity Regulator on 15th February 2017, in terms of the Charity and Trustee Investment (Scotland) Act 2005 and adopted by the Trust on 3rd March 2017. The Trust owns and operates George Heriot's School.

**30. Prior year restatement**

The comparative figures for the year ended 31 July 2021 and 2020 have been restated to present revenue transactions associated with capital endowment funds as separate restricted funds. Accordingly, restricted fund balances at 1 August 2020 increased by £257,474 and endowment fund balances decreased by the same amount. Restricted fund balances at 31 July 2021 increased by £260,545 and endowment fund balances decreased by the same amount. There was no impact to total net income for the years.