



**NATIONAL
TRUST *for*
SCOTLAND**

**Trustees' Annual Report
and Financial Statements
for the year ended 28 February 2023**

The National Trust for Scotland

Scottish Charity Number: SC007410

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Chair's Statement

In March 2022, our charity launched a new ten-year strategy: *Nature, Beauty & Heritage for Everyone*. Building firmly on our charitable mission set in 1931, this focuses the efforts of the National Trust for Scotland on three pillars of activity: conservation, engagement and sustainability.

Our strategy reflects the challenges we have faced in recent years and sets out our ambition to champion the care of Scotland's heritage for the benefit of all, now and for future generations.

I am very grateful to my colleagues on the Board who give so freely of their time and experience. In particular, I would like to thank David Caldwell, whose term came to an end, and Janet Brennan, David MacLellan and Cameron Murray who joined the Board in September 2022. We were saddened by the death of Wendy Corrigan, whose experience as a conservation architect was so valuable to the Trust.

Our warmest thanks to Dame Susan Bruce, who has done so much for the Trust in her years as Chair of the Nominations Committee; to her successor Sandy Macdonald; to Gillian Thomson, who has just joined as an independent member; to David McQueen, who joined the Audit & Risk Management Committee; and to Harry Morgan, who has come on to the Investment Committee.

We remain grateful to our Patron, the former Duke of Rothesay (from 8 September 2022 His Majesty King Charles III) for his support of our charity and his deep interest in nature and heritage, and their regenerative power.

We were delighted in September 2022 to welcome Jackie Bird as our new President. Her strong connection with the National Trust for Scotland as presenter of our award-winning *Love Scotland* podcasts, and her enthusiasm for what we do, greatly helps us to win support for our cause.

As this report demonstrates, a good deal has been achieved in the past year, and much more work is underway. The Board is enormously grateful to our Executive team and staff, who have worked so hard and efficiently to make it all happen; to our members and volunteers who are the backbone of the Trust; and to all of those who have so generously sustained our work through donations and grants.

Thank you all for your continuing support.



Sir Mark Jones
Chair
31 August 2023

Chief Executive's Introduction

Reviewing the achievements of the National Trust for Scotland is always both a daunting and pleasurable task, and that is certainly true of the financial year reported on here.

We began the year with the launch of our ten-year strategy, *Nature, Beauty & Heritage for Everyone*. Created in collaboration with our colleagues, communities, supporters and stakeholders, this ambitious strategy sets clear objectives for what we wish to achieve in the years leading up to the centenary of the foundation of the National Trust for Scotland in 2031, which we look forward to with increasing excitement. It is fair to say that the launch of the strategy represented a fresh start for our charity, reinvigorating and refocusing our efforts after the unprecedented challenges of the past few years.

The vision put forward in *Nature, Beauty & Heritage for Everyone* is vital in helping us achieve our ambitions, guiding our efforts and keeping us on track in an organisation with such diverse responsibilities. Since March 2022 and the launch of the strategy, the challenges that we hoped would recede as the global pandemic diminished have, of course, continued in further ways – the war in Ukraine and the cost of living crisis especially presenting new and starkly disturbing uncertainties for all. However, due to the direction set out by our strategy, and the emphasis given to our future stability by our Board and colleagues working throughout the organisation, we have been able to deal with new concerns while remaining focused in our determination to build on our founding conservation principles and become a more resilient, better supported and more relevant organisation to more people.

Our plan encompasses the extraordinary breadth of our organisation and promotes our unique position in Scotland as a charity like no other, responsible for the protection of natural and cultural heritage across the whole country. This means too that we are directly affected by a very wide range of circumstances, particularly the increasing severity of extreme weather events and conditions such as avian flu, which are causing damage and death at the places and to the nature in our care, requiring emergency action and taking up precious resource. In response to all of this, we have set out some key concepts for our charity, reflecting the benefits and contribution we bring to Scotland's society, environment, heritage and economy as a whole:

Nature has never mattered more, whether in our wild places or closer to home in our parks and gardens.

Beauty is a fundamental human need, enriching our lives and helping us to be happier and inspired.

Heritage tells us about our past and shapes our future. It is fundamental to our social wellbeing and economic prosperity, and so we have a responsibility to care for and invest in it, passing it on in a condition in which future generations can enjoy, learn, and benefit from it.

Everyone who lives in, visits, or loves Scotland can benefit from our vision and the work of the Trust. We want people to be inspired, stay connected and support us in the most meaningful way for them, and by doing so contribute to all our lives.

Events of the last few years have made clear the importance of all of the above and reminded us of the need to take a longer-term view as to how we work. This has resulted in our first ten-year strategy, our move to longer-term budget planning, and greater investment in our people and systems, as well as our places. This helps us plan further ahead and talk with greater confidence to our supporters – vital when working on projects of the scale, importance, cost and long-term sensitivity of, for example, restoring habitats at Mar Lodge Estate, conservation works at the 800-year-old Fyvie Castle, or the restoration and conservation of Mackintosh's world-renowned Hill House.

Our work is guided by three strategic pillars of conservation, engagement and sustainability. Some recent highlights have been:

- The reconstruction of a replica 17th-century turf house at Glencoe, based on our archaeological research, which helps to bring the human history of the glen to life for visitors.
- The completion of a project to restore the interiors of Holmwood, Alexander 'Greek' Thomson's finest extant domestic design open to the public.
- The redevelopment of Newhailes Courtyard, strengthening its place at the centre of the community. In addition, new tours offer a deeper understanding of Newhailes House and the generations of the family whose home it has been.
- The development of a new partnership with the Isle of Canna community to support and plan for the island's future.
- Adding to our collections by working in partnership to acquire for the nation the Blavatnik Honresfield collection of British literary heritage, including priceless works by Burns; and at Fyvie Castle, acquiring an important family portrait that had previously been lost.
- The display of paintings at Kellie Castle that have been newly donated and loaned by the artist Lorimer's family, whose home it once was.
- At Pitmedden, the design and development of an innovative sustainable garden parterre by Chris Beardshaw, inspired by the long history of the garden's design.
- The commencement of a project to catalogue all our plants – estimated to be more than 100,000 in total – to help us better manage the important horticultural collections in our care.
- The continuing restoration of peatlands at Mar Lodge Estate, helping to contribute nature-based solutions to addressing the climate crisis.
- The opening of our new Gateway to Nature facilities at Corrieshalloch Gorge, helping visitors to enjoy and be inspired by the National Nature Reserve's environmental and cultural heritage.

There are many more examples that could have been included; the range of work the National Trust for Scotland undertakes day in, day out is vast. It is due to our dedicated, expert teams across the country that so much is achieved. And, of course, we must thank all our supporters too, from our Trustees to our volunteers, as well as the many thousands in Scotland and further afield who support our cause through their membership of the Trust and their donations, and everyone who decides to spend precious time at our places. Each and every one makes our work to care for, share and speak up for Scotland's magnificent heritage possible.

Thank you.



Philip Long OBE FRSE
Chief Executive

Trustees' Annual Report for 2022/23

We are pleased to present the 2022/23 Annual Report in accordance with the Charities Statement of Recommended Practice and applicable law.

Since 1931, we've pioneered public access to and charitable ownership of some of the most magnificent buildings, collections and habitats in Scotland. We care for ancient houses, battlefields, castles, mills, gardens, coastlines, islands, mountain ranges and all the communities, plants and animals which depend upon them.

Together, the places and objects in our care tell the stories of Scotland and the Scots: how our people travelled and interacted with the wider world, taking with them their energy and values and returning with new ideas. Without our involvement, many of these places would have been lost forever to the damage caused by time, tide, climate, voracious pests and developers.

As the Trust is an independent charity and not part of government, we're free to use our voice when we need to challenge politicians, policymakers and commercial interests, as well as offer constructive advice based on the hard-won experience of more than 90 years of pioneering conservation work.

Under the unique powers of inalienability and conservation rights given to us under the *National Trust for Scotland Order Confirmation Acts 1935 and 1938*, we have the ability to enter into legally binding conservation agreements that enable us to protect important places that are not directly in our care, as well as the power to declare our land to be inalienable. This reinforces our mission to speak up for all of Scotland's heritage, wherever and whenever it's under threat. As a membership organisation, most of us are directly elected by our members and we ourselves must be Trust members. We're accountable to the Trust's membership, and we have a duty to ensure the long-term protection of Scotland's heritage.

The commentary noted below refers in all cases to the consolidated results for the year to 28 February 2023 reported within these financial statements and includes the Trust's subsidiary undertaking, National Trust for Scotland Enterprises Limited (NTSE, the Company).



Fair Isle Lighthouse

Our vision and strategy

The Trust has been working to a ten-year strategy and vision, *Nature, Beauty & Heritage for Everyone*, which was launched in March 2022. The strategy is based upon the three 'pillars' of conservation, engagement and sustainability and is being delivered in three phases up until the Trust's centenary in 2031. The first phase, *Recovery & Planning*, is underway and focuses on recalibrated targets that are based on a realistic assessment of the Trust's (and the general economy's) position in the aftermath of the pandemic. It is also tied to three-year budget setting, which enables certainty over investment in our estate. Our strategic objectives are set out below.

Nature, Beauty & Heritage for Everyone

A ten-year strategy

CONSERVATION

Caring for Scotland's special places

- ✓ We will have *stabilised and improved* the condition of our estate
- ✓ We will have *enriched Scotland's protected heritage* to make it relevant to more people
- ✓ We will have *enabled nature to flourish* across our countryside, gardens, farmed and designed landscapes
- ✓ We'll be *speaking up for our heritage* which doesn't have a voice

ENGAGEMENT

Providing access and enjoyment for everyone

- ✓ We will be a leading provider of *inspiring heritage visitor experiences* in Scotland to more than 6 million people per year by 2032
- ✓ We will be a *learning organisation* by championing skills to support traditional conservation and innovation
- ✓ We will *enable growth and diversity* of people to access our properties to improve health and wellbeing

SUSTAINABILITY

Being a sustainable charity

- ✓ We will be a *growing diverse organisation*, with over half a million members
- ✓ We will be *financially secure*, balancing our income with over £100 million of capital investment over the lifetime of this strategy
- ✓ We will have transformed our organisation to be *carbon negative* by 2031/32
- ✓ We'll have *invested in our own people*, the volunteers and staff who care for our properties, and equipped them with the *systems and capabilities* we need

Our values:

Caring Brave Vibrant Curious Inclusive

For the *love* of Scotland

For more information email: STRATEGY@NTS.ORG.UK

NATIONAL TRUST for SCOTLAND

The National Trust for Scotland is a Scottish charity, SC007410

Strategic Review

Our performance in 2022/23

We report on a suite of Key Performance Indicators (KPIs) to track progress against our ten-year strategic objectives. Some of these KPIs have been carried forward from the previous strategy period, and new indicators are being developed to give us wider coverage across the corporate strategy.

Overall performance, as measured through the suite of KPIs, has been good as we continue in the *Recovery & Planning* phase of the strategy.

<i>Pillar</i>	<i>Objective by 2032</i>	<i>KPI</i>	<i>RAG* Against Annual Target</i>	<i>2022/23</i>	<i>2021/22</i>
CONSERVATION	Our heritage assets are in a stable and improving condition.	Conservation Performance Index (CPI) – tracking the % of a sample of heritage assets in a good condition		68.2% ⁱ	68%
ENGAGEMENT	We are known as a leading provider of inspiring visitor experiences in Scotland to a diverse audience of over six million visitors a year.	Total visitors across all Trust properties within the year.		3.8 million ⁱⁱ	2.2 million
		Satisfaction score out of 10, derived from property visitor surveys across the year.		8.8 ⁱⁱⁱ	8.7
	By 2032, half a million members will have supported over £100 million of investment in conservation, access and learning.	Number of members at year end.		317,243	314,359
SUSTAINABILITY	We have reduced our environmental impact and will be carbon negative by 2031.	Carbon equivalent emissions per visitor.		1.07kgCO ₂ e per visitor ^{iv}	2.1kgCO ₂ e per visitor
	We are financially secure, balancing our income with over £100 million of capital investment over the lifetime of this strategy, while maintaining enough reserves to ensure our long-term resilience.	Fundraising performance measured by income from donations and appeals.		£3.6 million	£2.9 million
		Financial performance against budgeted operational deficit/surplus after depreciation.		Deficit of £7.8 million	Deficit of £1.1 million

CROSS-CUTTING	Our volunteers and staff are equipped with the systems and skills they need.	Workforce Engagement Index tracking % of the workforce who recommend the Trust as a good place to work.		76% ⁱ	68%
		Accidents per 100,000 visits		4.9 ⁱ	4.8

*RAG: red = behind target and requires corrective action; amber = just behind target; green = on or exceeding target

CONSERVATION

ⁱ The condition of our heritage assets, as measured by our Conservation Performance Index, saw a modest but important rise in 2022. The areas contributing to this improvement came from the Trust's built and natural heritage and gardens and designed landscapes. The Trust's natural heritage saw the largest improvement, with 1.6% more features in good or satisfactory condition than in 2021. Gardens and designed landscapes saw an improvement of 1.2% in the year. Collections and interiors was the only category to see a fall in condition. In 2022 we instigated a new programme of building condition assessments to replace our quinquennial surveys. In 2023 a project is starting to improve the assessment of the condition of objects in our collection.

ENGAGEMENT

ⁱⁱ 2022/23 was our first full operating year without COVID-19 response restrictions in place for the domestic market; international visitors also began returning. We achieved our total visitor number target. Compared to the pre-pandemic period, we welcomed more visitors to our countryside properties than our built heritage properties.

ⁱⁱⁱ Based on a rolling monthly average across the year from 4,927 surveys across Trust places open to visitors. 89% of respondents were UK-based; 11% were international. 49% were existing Trust members and 51% non-members. The metric is a measure of the overall experience scored out of 10 – it includes interaction with the Trust, visitor services such as retail and catering, access, and heritage/nature.

SUSTAINABILITY

^{iv} This figure is extracted from our annual Streamlined Energy Carbon Report (SECR) for 2022/23, which is calculated in accordance with the Greenhouse Gas Protocol Corporate Standard and HM Government Environmental Reporting Guidelines. This intensity ratio is based on all scope 1 and 2 emissions. The equivalent intensity ratio, taking into account zero emissions for procured renewable electricity, is 0.59 kg of CO₂e per visitor.

^v Based on an annual survey to employees and volunteers in response to the question: 'I would recommend the Trust as a good place to work'.

^{vi} This figure is based on total visitors and accidents reported through the Trust's accident and incident reporting system.

Our achievements in 2022/23

Conservation

In 2022/23 we made real progress in conservation projects big and small, indoors and outdoors, all over the country, throughout the year – all focused on caring for Scotland's special places. At the same time, however, our work was also directed by events out of our control.

Early in 2022, severe winter storms brought down many hundreds of thousands of trees, particularly affecting our places in the North East. The clear-up process has been huge, and, indeed, still continues. The recovery and replanting will take many years, but thanks to the dedication of our teams and the generosity of our supporters, we are already making progress.

Another issue that had a significant impact on our places last year was the devastating avian flu outbreak. From St Abb's Head National Nature Reserve in the Scottish Borders to St Kilda out in the Atlantic and Fair Isle in Shetland, we were horrified to see how badly seabird species were affected. Our teams responded with professionalism, dealing with very challenging circumstances by maintaining high biosecurity standards, monitoring impacts and keeping visitors safe. We were very pleased to welcome our Senior Seabirds Officer to the Trust, to offer expertise and support during this difficult time.

We were delighted to start work on our pioneering PLANTS project. This is the biggest horticultural audit project undertaken by the Trust and it aims to celebrate, protect and better understand the flora and vegetation across our gardens and designed landscapes. Teams have been hard at work all over the country, returning to sites as the seasons change.

Staying with gardens, we also delivered one of our key strategic projects last summer with the reopening of the top section of the beautiful Pitmedden Garden in Aberdeenshire. Here the aim was to redesign the Great Garden parterre with a fresh 21st-century focus on sustainability, while thoroughly respecting one of Scotland's most historic garden designs. Working with Chelsea Flower Show gold medalist Chris Beardshaw, we have now created a place for plants and wildlife to flourish, giving everyone the chance to enjoy nature, beauty and heritage.

Work to conserve important interior design elements at Crathes Castle also took place in the summer of 2022. The famous painted ceilings that date from the 16th century underwent extensive remedial conservation to consolidate sections of flaking paint and repair areas of loss. They were delicately retouched with a water-based paint, carefully matched to the original colour. The end result is stunning.

On the island of Staffa, important footpath repairs were undertaken as part of a holistic project to update and improve the visitor infrastructure. The island is a National Nature Reserve, renowned for its seabirds, geology and dramatic scenery. With around 100,000 visitors coming to experience this every year, the landing area, stairs and footpaths on Staffa all needed to be sensitively upgraded. In September 2022, a hardy team of footpath workers camped on the island and repaired the footpaths. Later in 2023, work to improve the landing area for boats, and the staircase that visitors use to access the top of the island, is planned.

In October 2022, the National Trust for Scotland co-hosted the 19th biennial International National Trusts Organisation (INTO) conference in Dundee, along with V&A Dundee, Culture in Crisis and INTO itself. Seventy-two nations were represented, coming together to discuss the theme of Heritage Now: Relevance & Community. The conference included contributions from our staff on place-making, climate change and difficult histories. Delegates visited Culross, Crathes, Falkland Palace and Mar Lodge Estate, where they learned more about the work of our charity, and Scotland as a whole.

Also in autumn 2022 we highlighted concerns regarding the protection of the heritage environment as a consequence of proposed UK and Scottish Government legislative changes, as well as reported funding cuts to bodies such as NatureScot – these are just some of the ways we spoke up for Scotland's heritage which doesn't have a voice.

A highlight of the last year has been the addition of 12 original manuscripts written by Robert Burns to our collection at Robert Burns Birthplace Museum in Alloway. These important manuscripts include letters written by Burns, as well as poems and songs, giving further insight into the creative process of Scotland's most famous poet. They were donated to the National Trust for Scotland from the Blavatnik Honresfield Library by the Friends of the National Libraries in 2022. This was a result of a successful campaign to raise funds to secure these and other important literary pieces, including works by Sir Walter Scott and the Brontës, for the public. They had been part of a private collection brought together in the 19th century, which has now been secured for the nation and is in the care of publicly-accessible collections across the UK.

A storybook castle's makeover also commenced early in 2023. The famous pink Craigievar Castle in Aberdeenshire was encased in a bright pink 'tutu' (or protective mesh) and scaffolding, as the Pink Again project got underway to reinvigorate the blush tones of the castle's walls with multiple coats of a special recipe of limewash. Visitors will be treated to a grand reveal in spring 2024, when the new exterior is unveiled.

Engagement

In support of our objective to provide access and enjoyment to everyone, a huge range of activities take place at our properties all year round. Our famous Easter Egg Trails are a highlight in the calendar, and it was with great excitement that we were able to reinstate our trails in 2022, welcoming more than 22,000 children.

We've also been finding new ways to engage with supporters and give more people access to Scotland's heritage. Our *Love Scotland* podcast series is going from strength to strength, shining a light on the many fascinating stories of our places, the people who lived there and Scottish history. Created and presented by broadcaster Jackie Bird (who was appointed President of the National Trust for Scotland in September 2022), it features interviews highlighting our work, and is available on Spotify and Apple Podcasts as well as on our website.

Encouraging a wider range of visitors is also important to our ten-year strategy, so we are pleased to have partnered with Historic Environment Scotland and Historic Houses once again to continue our Young Scot promotion. This provides Young Scot cardholders with entry to any of our places for just £1 each time.

Visitors to Glencoe National Nature Reserve can now explore a replica 17th-century turf and creel house. Located behind the Glencoe Visitor Centre, its heather-thatched roof and earth walls blend into the mountain backdrop. The turf, wattle and thatch structure was constructed using traditional materials, tools and techniques by a team of skilled craftspeople, beginning in 2021. It has the same footprint as one of the 17th-century dwellings excavated by the Trust's archaeologists and volunteers at the former township of Achtriachtan, near the famous Three Sisters of Glencoe.

Archaeologists also helped uncover the fascinating story of our national drink – whisky – through the Pioneering Spirit project, a partnership between the Trust and The Glenlivet. Over two weeks in August 2022, the archaeology team investigated the site of the former distillery where The Glenlivet's founder, George Smith, risked life and liberty to become the first legal whisky distiller in the area. Smith produced his single malt whisky legally in a landscape of illicit distilling in Speyside in 1824. Aided by enthusiastic volunteers, our archaeologists uncovered evidence that gave insight into the full whisky-making process.

Moving into the visual arts, Pollok House hosted an exhibition of the work of internationally renowned Glaswegian-Ghanaian artist Maud Sulter. This featured a range of works across Maud Sulter's career, including selections from her *Zabat* and *Hysteria* series of photographs. It also explored her recollections of growing up as a Black child in Scotland in the 1960s through her photographic series and suite of poems, both called *Memories of Childhood*. An activist and feminist, Maud Sulter was often inspired by African American activists, artists and writers.

The creativity continued with *Brodie Illuminated*, an inspiring outdoor experience using lights and projections to bring the castle's history to life. Part of the *Year of Stories*, the event focused on the generations of the Brodie family and their stories, showing images from family portraits in a whole new light, on the outside of the castle. The event not only received excellent feedback from visitors but was also nominated for a prestigious Scottish Knowledge Exchange Award.

Mar Lodge Estate was shared with a large UK-wide audience early this year as it hosted the 2023 Comic Relief Celebrity Challenge. Emma Willis, Oti Mabuse and Rylan Clark spent several days trekking and camping through the UK's largest National Nature Reserve and the Cairngorms National Park. The lodge acted as the production base, and the knowledge of our expert team there helped the filming run smoothly despite the challenging weather conditions that can be seen in the final film.

The pilot of a new education project was successfully delivered in early 2023. *Timesliders* was attended by 350 Glasgow school pupils and used theatre, technology and hands-on team challenges to engage pupils with history, heritage and nature. The feedback has been very positive, with teachers commenting on the project's high quality, inclusive and exciting approach to learning.

Sustainability

Fundraising

Our aim is to ensure that fundraising is embedded in all aspects of the work of the National Trust for Scotland. We are a fundraising charity, and the support we receive enables us to advance our strategic objectives by delivering a sustainable stream of flexible and strategically-focused income to support activities that directly protect and promote Scotland's heritage.

Our charity, and all that is in our care, holds a special place in the hearts of people within our shores and beyond. We have been hugely heartened by the donations and actions of tens of thousands of people from across the world, who have continued to demonstrate their love for Scotland through their giving.

We are grateful to, and celebrate, the thousands of donors who have contributed £10.8 million to our charity in 2022/23, through appeals, gifts to projects, legacies, grants and fundraising events. This is the highest value of philanthropic support in recent years. It was achieved against fundraising operational expenditure of £750,000, delivering a return on investment of 15:1 and supporting a wide variety of projects and activities across our charity.

Our regular fundraising activity contributed £3.6 million, enabling continued investment in our people and conservation activity to protect and promote the natural, cultural and built heritage in our care.

In 2022/23 we also recognised £7.2 million from legacy bequests. We are sincerely grateful to the individuals who share our determination to ensure Scotland's heritage is protected for future generations, and who have the generous foresight and kindness to support our charity in this way.

Thanks to support from our donors and funders, we have:

- Grown our long-term partnership with People's Postcode Lottery, with £800,000 from players supporting our Love our Nature project. This delivers benefits for nature and people at our eight National Nature Reserves as well as our natural heritage properties.
- Benefitted from the loyal support of our friends and partners at the National Trust for Scotland Foundation USA, who donated £130,027 to protect heritage including Canna House and its internationally significant Gaelic archive, and our gardens at Crarae and Brodick Castle. Their support is also enabling digital access to our Burns collection, including some of our most exciting acquisitions from the Blavatnik Honresfield Library.
- Secured grant funding of £113,589 from NatureScot's Nature Restoration Fund for Ben Lawers, supporting conservation grazing and habitat recovery.
- Benefitted from a donation of £250,000 from the Row Fogo Trust towards the upkeep of our gardens and restoration of our glasshouses.
- Secured grant funding of £71,090 from NatureScot's Better Places Fund, supporting ranger and visitor management costs at key natural heritage properties.

- Secured two grants of £5,000 from Museums Galleries Scotland as part of the Year of Stories 2022 Community Stories Fund, enabling us to launch a special programme of events at Pollok House and Hugh Miller's Birthplace Cottage & Museum.
- Raised £551,250 through appeal activity. These appeals included our annual Footpath Fund, our tree replanting in Aberdeenshire and updates to our supporters on activity they have enabled and supported.
- Continued to build the Scottish Heritage Lottery, which launched in May 2020. Our lottery has raised £155,000 this year. Income is unrestricted and can be deployed wherever the need is greatest.
- Further developed our gardening subscription product ROOTS, now in its second year, which has grown to 800 subscribers. This has raised over £50,000 to support designed landscapes across our charity.
- Benefitted from £86,139 from our Founders' Circle, growing membership throughout the year. The Circle supported a diverse range of activities, from footpath maintenance to Holmwood interior decoration and the Threave School of Heritage Gardening. Contributions to appeals to support our buildings maintenance and to our General Income Fund were also received.
- Received £190,725 from members of our UK Patrons' Club, who have provided tremendous support to a range of projects this year including the acquisition of items from the Blavatnik Honresfield Library, Canna House works, Mar Lodge Estate regeneration and Holmwood conservation.
- Received vital income through our corporate partnerships with Cotswold Outdoor, The Glenlivet, SKY VIP and HSBC UK, which has enabled us to raise awareness of our charity and establish a foundation to build income and partnerships in future years.
- Been loyally supported by Members' Centres and Friends' Groups from across the country, which donated to a wide variety of properties and projects. We are grateful to each of these charities and to all their members, who are such committed and passionate advocates and supporters of the Trust.
- Increased the number of our known legacy supporters by 24% due to our new legacy fundraising strategy. We have also begun to grow the number of people interested in supporting our charity with a gift in their Will, with increasing numbers of members letting us know they would be interested in supporting, or intend to support, our charity in this way in the future.

The Trust had no fundraising-related complaints or enquiries left unresolved and none escalated to the Scottish Fundraising Adjudication Panel for further investigation. Our fundraising activity adheres to the Trust's Working with Vulnerable People Policy.

Members

The Trust ended the year with 317, 243 members. This is a positive increase on last year. While the cost of living crisis challenges our ability to attract new members, our existing members have grown in their loyalty and so we retained more members than last year. Income generated through memberships was just over £17 million. We would like to thank our members this year for their continued support and hope that they have enjoyed using their membership to experience our places all across Scotland.

Workforce

The People team support the Trust's total workforce, which is made up of 1,178 employees and 2,398 volunteers (as of May 2023).

In September 2022 our total workforce survey showed an improvement in response rate compared to the previous years. Our Engagement KPI statement of 'I would recommend the Trust as a good place to work or volunteer' increased its positive responses from 60% in 2020 to 76% in 2022. The actions agreed by directorates and regions after the survey results are beginning to take effect. The focus is on ensuring that individuals feel their contribution to the Trust is valued; that the Trust cares for its workforce; and that they see the Trust's core values being acted out in practice. There will be a shorter pulse survey in 2023, which will take a different format

with separate surveys for employees and volunteers, in order to capture our workforce data in a more accurate way. The main survey refresh will take place as planned in 2024.

Our Values Awards saw nominations from all over the Trust for individuals and teams that demonstrated the Trust's core values – Brave, Caring, Curious, Inclusive and Vibrant. The ceremony was held online, hosted by our President Jackie Bird, ensuring that as many people as possible could attend no matter where they were based in the country.

Our Workforce Equality, Diversity and Inclusion (EDI) programme has grown, delivering a series of initiatives aimed at encouraging individuals to feel supported in their identities at work. This year we focused on age, disability and LGBT+ inclusion, delivering different activities that supported colleagues to develop their understanding of different life experiences and how they can be inclusive of colleagues, volunteers and visitors in their behaviours and roles.

Additionally, we're delighted to have recruited a Volunteer Consultant, Jacky Cox, within the People team to support our volunteers at the Trust. We issued 1,109 long service awards during 2022/23, which included two volunteers who have supported the Trust for 40 years and a further 14 volunteers who have supported us for more than 30 years.

Financial Review 2022/23

Introduction

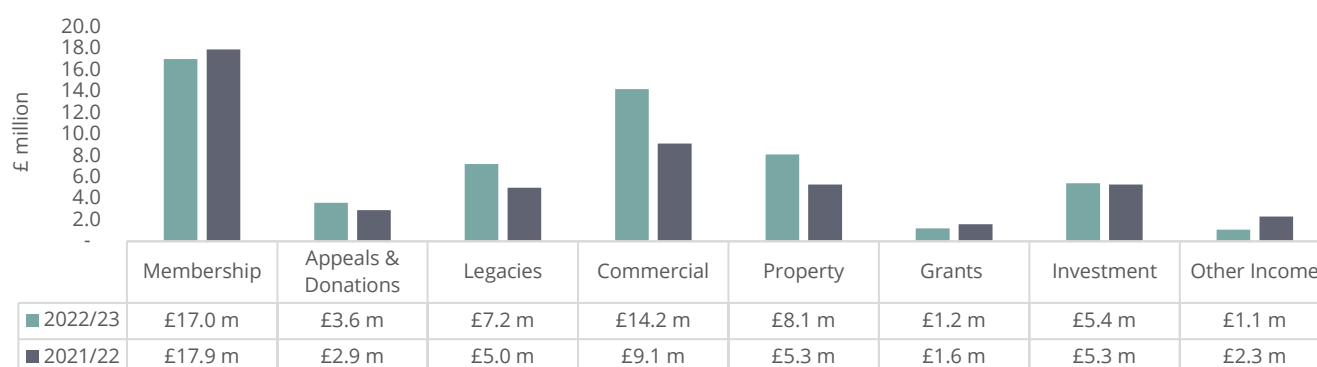
The commentary noted below refers in all cases to the consolidated results for the year to 28 February 2023 reported within these financial statements and not just those of the Trust on a standalone basis. The Trust's subsidiary undertaking is National Trust for Scotland Enterprises Limited (NTSE, the Company).

Consolidated Statement of Financial Activities

The Consolidated Statement of Financial Activities (SoFA) set out on page 38 highlights that total income and endowments for the financial year was £57.8 million (*2021/22: £49.3 million*) and total expenditure was £65.6 million (*2021/22: £50.3 million*). In overall terms, the SoFA highlights net expenditure for the 2022/23 financial year of £16.1 million giving a Net Expenditure before investments of £7.8 million. This is a decrease of £19.9 million compared with net income for 2021/22, which was £3.8 million. Net income/expenditure is stated after recognising net gains and losses (both realised and unrealised) on investment assets. Net investment losses during this financial year amounted to £8.4 million, which was a £13.2 million drop on the £4.8 million gain recognised last year. These net investment losses for this financial year comprised £2.7 million of net realised losses from the sale of investments during the year and £5.7 million of unrealised losses on investments still held at the end of the financial year. Net gains on investments in the previous financial year comprised £42.8 million of net realised gains from the sale of investments and £38 million of unrealised losses.

The chart on the next page shows the comparison of the component parts of income in this financial year compared with the previous year.

Analysis of sources of income



Income and endowments

Membership revenues

Membership income fell by £0.9 m in 2022/23, to £17 million (2021/22: £17.9 million). At the end of the year the number of members was 317,243, a slight increase on 2021/22 of 2,884 or 0.9%. The fall in income per member is due to the inclusion of a catch-up on regular collection of Gift Aid during 2021/22. These revenues are separately detailed in the Statement of Financial Activities as they comprise both a donation and subscription element.

Appeals and donations

Income from appeals and donations of £3.6 million was ahead of expectations for the year and an increase of £0.7 million on 2021/22. In 2022/23 the Trust benefitted from the loyal support of our friends and partners from the National Trust for Scotland Foundation USA, who donated £130k to help protect heritage such as Canna House and its internationally significant Gaelic archive, our heritage gardens including Crarae and Brodick, and enabling digital access to our Burns collection, including some of our most exciting acquisitions from the Blavatnik Honresfield Library. We also benefitted from a donation of £250k from the Row Fogo Trust towards the upkeep of our gardens and restoration of our glasshouses.

The Trust raised £551k through appeal activity, including our annual Footpath Fund appeal and tree replanting programme in Aberdeenshire.

Legacies

The receipt of legacy income is, by its very nature, unpredictable and the Trust has been very fortunate to benefit from a number of generous bequests over the years. During this past financial year, we are delighted to have benefitted from legacy income totalling £7.2 million (of which £6.8 million was unrestricted). This is an increase of £2.2 million or 44% on income from legacies recognised in the previous financial year.

As always, we are extremely grateful to everyone who makes a provision for the Trust in their Will.

Investment income

Our investments are held in a number of investment funds in line with the Strategic Asset Allocation Investment Policy launched in September 2021. The Strategic Asset Allocation Investment Policy was established to manage the total portfolio on a total return basis without regard to the split of returns between income and capital. It will generate real returns over the long term, reduce risks through diversification of asset classes and, except for property investments, has a dedicated manager appointed for each of the other seven asset classes.

Several funds in the portfolio are income generating and these are predominantly aligned with the Endowment Funds as it is only the income from these endowments that can be spent. The other funds are allocated against the Restricted and General Funds of the charity, where both capital and income can be used by the Trust.

The oversight of most of the non-property investments held by the Trust is handled by Mercer who were appointed as the Trust's investment advisors for quoted securities and private market funds in September 2021. They are advising the Trust on the revised asset allocations as defined by the investment strategy.

The Investment Policy and Performance section on page 21 provides additional information on these investments.

The income generated from investments has seen slight growth from the previous financial year as the balance of income-generating funds within the portfolio has remained consistent and the recovery from the COVID-19 pandemic, although tempered by the impact of the war in Ukraine, has allowed some dividend growth. The level of investment income received this financial year of £5.4 million was £0.1 million higher than the £5.3 million in the previous financial year.

Grants

The Trust continues to receive grants towards the cost of some of our conservation work. We are grateful to the Scottish Government, Historic Environment Scotland, NatureScot, the National Lottery Heritage Fund, People's Postcode Lottery, the EU and local authorities for providing valuable support during this past financial year.

Our grant income fluctuates from year to year, depending on the major projects that are active in any given year. During 2022/23 our total grant income was £1.2 million, while grants received in 2021/22 were £1.6 million.

Property and other income

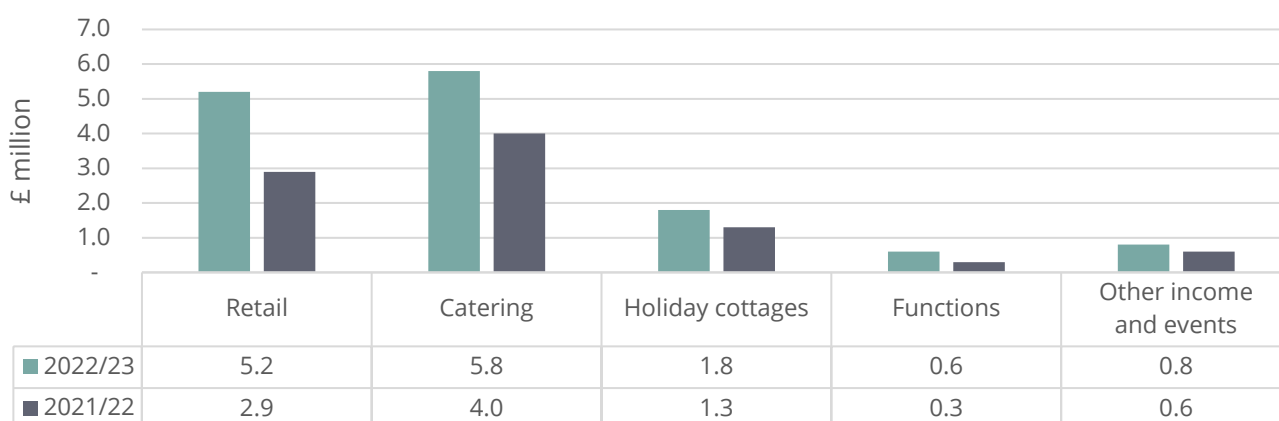
Property and other income, which includes admissions income and rental income, regained strength in 2022/23, increasing from £5.3 million last year to £8.1 million this year. In 2021/22 we did see some property opening restrictions due to the pandemic in the early part of the year – this initially impacted admissions revenue, which we did not manage to regain. No such restrictions were in place in 2022/23 as the country returned to normality. The level of rental income we generated from our let portfolio was £2 million, which was £0.2 million higher than last year. Other income, which includes advertising income, income from events and proceeds from insurance claims in respect of costs previously incurred, increased by £0.4 million to £1.6 million, up from £1.2 million.

Commercial activities

Revenues

Our total revenues from commercial activities of £14.2 million was substantially up (by £5.1 million) on last year's levels (2021/22: £9.1 million). The chart below highlights the year-on-year improvement by commercial activity:

Analysis of Commercial Revenue



Net contribution (see Note 8)

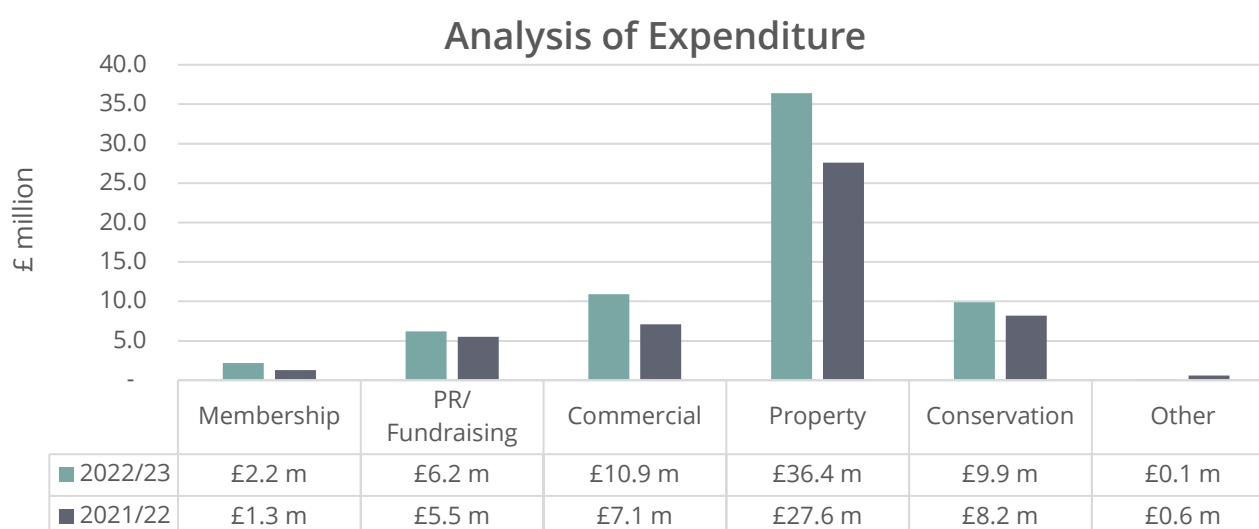
A return to pre-pandemic trading in 2022/23 resulted in a net surplus of £3.3 million from our commercial activities, up £1.3 million from the prior year's level of £2 million. This overall increase in net income from commercial activities was driven by an increase in revenue of £5.1 million, offset by an increase in expenditure of £3.8 million.

Gain on sale of assets

There were a number of disposals of assets during the financial year, which resulted in a gain on sale recognised of £1.1 million (2021/22: £2.1 million). Note 21 to the financial statements provides further details of heritage assets included in these totals with sales values of £1 million (2021/22: £1.7 million).

Expenditure

Total expenditure for the financial year was £65.6 million, up from £50.3 million in the prior year. The major items of SoFA expenditure relate to property operating expenditure of £36.4 million (2021/22: £27.6 million); conservation, repairs and improvements of £9.9 million (2021/22: £8.2 million); costs of commercial activities of £10.9 million (2021/22: £7.1 million); publicity and fundraising costs of £6.2 million (2021/22: £5.5 million); and membership and recruitment costs totalling £2.2 million (2021/22: £1.3 million). In addition, during the current financial year £0.1 million (2021/22: £0.6 million) of other expenditure was incurred. The chart below shows the comparison of the component parts of expenditure in this financial year compared with the previous year and further detail can be found in the notes to the accounts.



Wages and salaries

Total gross pay, which is segmented in a number of different cost-category lines on the SoFA, including some of those referenced above, increased by £6.1 million this year to £24.2 million. This was predominately driven by overall higher staff numbers than in 2021/22. The average number of employees on permanent and fixed-term contracts, including seasonal employees, was 1,017 (2021/22: 760). On a full-time equivalent basis this becomes 770 (2021/22: 469). The average number of employees on permanent contracts was 662 (2021/22: 528) and the average number of employees on fixed-term contracts was 355 (2021/22: 232). The peak number of staff employed during the year was 1,164 (2021/22: 880). All employees are employed by the Trust, and costs relating to commercial activities are charged to the subsidiary company.

From 1 March 2022, all employees on Grade 2 Lower pay scale and above received either £1,500 or a 3% increase. This change was processed in April 2022 with arrears being paid in that pay period. A further increase of 2% was awarded in December 2022 in recognition of the cost of living crisis.

In addition to its paid workforce, the Trust also benefits greatly from a committed group of volunteers who give their time to help at properties and in administrative offices, covering tasks that include visitor services, retail, events, gardening, learning, environmental work and footpath work.

During the year to 28 February 2023, these volunteers carried out a total of 127,502 hours of work (2021/22: 71,348 hours), which is a 79% increase on the previous year. The Trust depends heavily on volunteers and could not operate without their ongoing support. We are extremely grateful to them all for the time and energy they devote to the Trust.

Property operating expenditure

Total expenditure on property operating costs was £36.4 million, an £8.8 million increase on last year's £27.6 million. This reflects the planned investment under phase 1 of our ten-year strategy. We are currently facing unprecedented global inflationary pressures, impacting on our current and future costs. We have anticipated this inflationary cost increase and plan to mitigate it through careful monitoring and control of costs, as well as maximising national procurement contracts to ensure we achieve value for money.

Conservation, repairs and improvements

Total expenditure on conservation, repairs and improvements amounted to £9.9 million in this financial year, £1.7 million above the £8.2 million spent in 2021/22. This increase reflects the re-commencement of both major projects and routine conservation and repairs, following pandemic restrictions. In the current year, £1.6 million of project expenditure relating to multi-year projects which had previously been charged to conservation, repairs and improvements in previous years was capitalised giving rise to a prior year adjustment – see Note 38 on page 80.

Project expenditure varies from year to year depending on conservation requirements. Major project expenditure in this year included work at Branklyn Garden, House of the Binns, rented accommodation in Dunkeld and holiday cottages at Priorwood, Melrose.

Further detail on the breakdown of all relevant costs is set out in the accompanying notes to the Financial Statements.

Other expenditure

Total other expenditure incurred in the current financial year was £0.1 million, £0.5 million less than the £0.6 million in the prior year. Last year included £0.5 million on further provision of lease dilapidations costs on the Hermiston Quay building and £0.1 million on other project spend.

Balance sheet and funds

At 28 February 2023, total funds amounted to £234.5 million, a decrease of £16.1 million on the comparable figure of £250.6 million at the end of February 2022.

The Trust has approximately 300 restricted or designated funds, which have been either donated or set aside by the Board for a specific purpose.

The value of restricted funds was £153.2 million at 28 February 2023, a decrease of £18.1 million from their level of £171.3 million at the prior year end. In addition to its restricted funds, the Trust has a separate designated fund to reflect the value of tangible fixed assets – this had a balance of £31 million at 28 February 2023.

Balance sheet and funds (continued)

The bulk of the Trust's unrestricted reserves are held in the General Income Fund, which had a balance of £50.2 million at 28 February 2023. The General Income Fund balance has decreased by £0.7 million from the balance of £50.9 million at the end of February 2022. The General Income Fund balance is higher than the target level of £30 million, which is required to cover six months of operating costs and operational deficits at properties and the cost of committed capital project work that will take place this year. If there are more than sufficient reserves to cover these future deficits, the reserves will be used to invest in conservation and improving operational efficiency to help ensure longer-term financial sustainability.

The value of our total fixed assets increased to £219.5 million (2021/22: £216.5 million) as at 28 February 2023. There was an increase in the value of our tangible assets of £2.1 million. The value of our investment assets grew by £0.9 million during the year. There was divested cash of £10 million at the start of the year, which was invested into private market funds. Additional funds were invested in private markets funded through divestments in equity and bond funds. Market performance was volatile due to the war in Ukraine, global inflationary pressures and rises in exchange rates depressing many of the sectors we invested in. Losses of £2.7 million were realised on investment redemptions and an unrealised loss of £5.7 million was reflected in the year-end position.

Our working capital decreased by £18 million to £28.6 million at 28 February 2023. The most significant movements are the decrease in cash and bank of £20.5 million, and the increase in debtors of £2.5 million. The prior year's cash position was high as a result of the divestment of £10 million and a significant reduction in debtors in the year due to a catch-up on Gift Aid claims. The increase of £2.5 million in debtors to £9.4 million is mainly driven by an increase in accrued grant income for the year.

Creditors falling due within one year have increased to £10.1 million (2021/22: £9.1 million) at 28 February 2023. The majority of this movement is a result of seasonal high levels of purchasing, as many properties gear up to re-open in spring 2023.

Cash flow and liquidity – cash generation

Cash flow from operations in the financial year was an outflow of £13.3 million, a £14.7 million turnaround from the inflow of £1.4 million reported for 2021/22. Much of this was due to increased levels of expenditure across the board and the £2.5 million increase in debtors compared to 2021/22. As noted above, there was a catch-up on Gift Aid during 2021/22, which reduced the year-on-year debtor's position.

Cash outflows from investing activities amounted to £7.1 million, which is a movement of £21.4 million on the inflow of £14.3 million in the last financial year. Receipts from the sale of assets fell by £1.1 million to £1 million and capital expenditure increased by £0.9 million to £4.4 million in 2022/23. The purchase and sale of investments used of £9.2 million, with £10 million which had been held in cash equivalents last year reinvested in April 2023. Investment income generated £5.4 million, which was broadly comparable to 2021/22.

As a consequence of the above cash flows, cash and cash equivalents at the year-end amounted to £18.2 million, a decrease of £20.5 million from the opening level of £38.7 million at the start of the financial year.

Future plans and outlook

We continue to recover from the effects of the pandemic, achieving income and endowments of £57.8 million in the 2022/23 financial year, showing great improvement above the previous financial year 2021/22, and almost reaching pre-pandemic income of £59.7 million. The Annual Operating Plan for 2022/23 was based around recovery, with plans for major capital projects, investment in our people resource and the reopening of properties across the estate. Despite the challenging external environment driving high inflation and the cost of living, the Trust is planning for continued growth over the next three-year planning period to 2025/26, reflecting our continued excellent value for money.

We saw a significant increase in our visitor numbers in 2022/23, with over one million additional property visitors and 700,000 additional countryside visitors than in 2021/22. We expect current levels of visitation to recover slowly in the 2023/24 financial year, recognising the current global financial uncertainty, and thereafter reach pre-pandemic levels in 2024/25. The re-opening of the House of the Binns and the completion of our Corrieshalloch Gorge Gateway to Nature facilities will attract more visitors and contribute towards this recovery.

Following on from the introduction last year of a longer, multi-year view of financial and capital planning, we enter the second year of our ten-year Corporate Strategy with the latest financial and capital plans covering the three-year period to 2025/26. This longer-term view allows us to plan and fundraise for future projects, which is essential for both the long-term maintenance of the Trust's assets, and for investing in new initiatives that support our strategic goals and encourage repeat visitation and membership support.

The Trust's subsidiary undertaking, National Trust for Scotland Enterprises Limited (NTSE, the Company), returned a profit for the financial year of £2.6 million. The Company's activities are expected to continue to grow, driving income growth over the three-year planning period to 2025/26. We also expect costs to rise in this period, given current high inflation rates. We aim to maintain or increase all margins, despite prices rising overall, through maximising national procurement contracts, increasing the proportion of income from higher margin activities and increasing our online sales.

A number of capital conservation projects have also commenced, or worked towards their completion, in 2023/24. We have planned over 100 individual projects in 2023/24, ranging from the large investments in Canna House, Hill House and Craigievar Castle, to smaller developments all across the country.

The Trust's ten-year strategy and vision, along with longer-term financial planning, enables the Trust to plan its activities with greater clarity into the future. The Trust has maintained a sound and prudent cash and reserves position throughout the last three years, and this will help ensure that capital projects and other essential activities are tackled and completed in future years. Further information and detail around our plans for the future are included in our National Trust for Scotland Annual Review 2023.

We remain positive, optimistic and well-positioned to leverage the Trust's strong brand, as our offering of open spaces, wellbeing and historical importance are more relevant than ever as we continue to recover from the impacts of the global pandemic.

Investment Policy and Performance

The Trust holds substantial funds for endowments, restricted and designated purposes. The Board of Trustees is assisted by the Investment Committee on the management of the equity and other investments represented by these funds.

The investment powers of the Trust are contained in the National Trust for Scotland Order Confirmation Act 1973, allowing investment in 'Such stocks, funds, shares, securities and any other investments... as the [Board of Trustees] shall, in their absolute discretion, think fit'.

The current investment objectives are to:

- (i) meet budgeted investment income targets as approved on an annual basis by the Board of Trustees
- (ii) achieve an increase in the value of the income and investment portfolio in real terms over time, while maintaining prudent diversification of assets

The portfolios are invested in line with the Strategic Asset Allocation Investment Policy launched in September 2021. They are in listed global equity funds, bond and credit market funds, private market funds, a UK property fund and cash. Mercer are currently working with the Trust on managing the Investment Policy. The asset allocation of the funds is considered by the Investment Committee, which reports to the Board of Trustees on a quarterly basis.

The current split of the Trust Investment Portfolios is as follows:

Trust Investment Portfolios	Purpose	Fair Value as at 28 February ²	
		2023	2022
Equities – 4 funds	Managed on a total return basis without regard to the split of returns between income and capital	£79.7 million	£85.5 million
Property – 1 fund	To deliver real income growth over time	£17.2 million	£22.1 million
Private markets – 2 funds¹	Managed on a total return basis without regard to the split of returns between income and capital	£29.5 million	£nil million
Bonds & Cash	To deliver real income growth over time	£49.7 million	£68.5 million
Direct holdings		£8.7 million	£8.3 million
Total Investments		£184.8 million	£184.4 million

¹ During the year new investments were made into two private funds via use of divested funds held at the start of the year and drawdowns from equity and bond portfolios.

² Note 5 on page 56 provides further information on the fair value movements of the investments.

The performance of the investment portfolios is measured against appropriate benchmarks and reviewed on a quarterly basis by the Investment Committee, who were satisfied with the actual performance on behalf of the Board of Trustees.

In the year to 28 February 2023, the total value of all investments grew from £184.4 million to £184.8 million. £10 million of divested funds held at the start of the year were invested, together with funds from divestments in the equity and bond portfolios, in two new private market funds. Investment income grew slightly, from £5.3 million to £5.4 million, reflecting modest dividend growth. The impact of the war in Ukraine and growing inflationary pressures and interest rate rises has caused market volatility during the year, which adversely impacted the performance of the portfolio. Losses of £2.7 million were realised on investment redemptions and an unrealised loss of £5.7 million was reflected in the year-end position.

Investment performance

The performance of the investment portfolio has been benchmarked by Mercer against sector-specific indices, as detailed below:

Investment portfolios	Benchmark	1 year return	1 year benchmark
Sustainable Global Equity	<i>Solactive Sustainable Global Developed EU Paris-Aligned Index</i>	0.8%	1.0%
Global Small Cap Equity	<i>MSCI World Small Cap Value Index</i>	10.1%	6.1%
Emerging Markets Equity	<i>MSCI Emerging Markets Growth Index</i>	-8.5%	-13.3%
Global Alpha Equity	<i>MSCI World Growth Index</i>	-4.3%	-3.3%
Property Fund	<i>MSCI Monthly Property Index</i>	-14.5%	-12.8%
Multi-Asset Credit Fund	<i>SONIA interest rate +6.0% pa</i>	-5.8%	8.1%
Infrastructure Equity Private Market Fund	<i>50% US CPI / 50% EU82 CPI +3% pa</i>	<i>Less than 1yr performance data</i>	
Senior Private Debt Private Market Fund	<i>S&P Leveraged Loan Index</i>	<i>Less than 1yr performance data</i>	

Figures from Mercer Monitoring Report Quarter to 28 February 2023. CPI - Consumer Price Index.

The Trust endorses the UN Principles for Responsible Investment. In keeping with these Principles, we ask our investment managers to take an interest in the management of the companies in which the Trust invests. The Trust aims to ensure that the votes attaching to our holdings are exercised where practicable and that they are exercised by our investment managers, taking into account best practice in corporate governance.

We appreciate both the importance of being a responsible asset owner and the benefits that can be achieved through placing a high value on Environmental, Social and Governance (ESG) concerns. The Trust incorporates ESG issues into our investment analysis and decision-making processes, both in selection of investment managers and in reviewing screening of specific stocks. In general terms, we aim to align our Investment Policy with our purpose and vision, which is to ensure that 'Scotland's heritage is valued by everyone and protected now, and for future generations'. The Trust intends not to invest in companies that contravene our charitable purpose. Furthermore, the Trust is of the view that Trust funds should not be invested in tobacco stocks, armaments or pornography, and the Trust aims to limit fossil fuel stocks to those companies who are demonstrably progressing towards renewable energy sources.

Where assets of the Trust are invested in pooled vehicles, those assets are necessarily subject to the relevant investment managers' own policies regarding environmental, social and governance issues. The Investment Committee periodically reviews the policies of those pooled funds and meets with the relevant investment managers to discuss such issues. The Investment Committee has future plans to review 'impact investing' and to invest in areas that look at innovative solutions to ESG-related problems – they recognise that this carries higher risk and needs very careful assessment.

Reserves Policy

The Trust is the conservation charity that protects and promotes Scotland's natural and cultural heritage for present and future generations to enjoy. The Trust's portfolio covers built and natural heritage properties with a diverse mix of core and purposeful activities such as learning services, education, volunteering, local fundraising and event programmes.

Safeguarding our heritage is a considerable undertaking that requires substantial financial resources each year. Properties held for conservation reasons bring with them a responsibility for their future care that imposes substantial and perpetual financial obligations.

Free reserves are those that are available to spend on any charitable purpose. These are represented by unrestricted funds less designated funds (which includes fixed assets reserves). In the case of the Trust, free reserves are represented by the General Income Fund (GIF) disclosed on the Trust's Balance Sheet. Free reserves do not include endowment funds, restricted funds or designated funds.

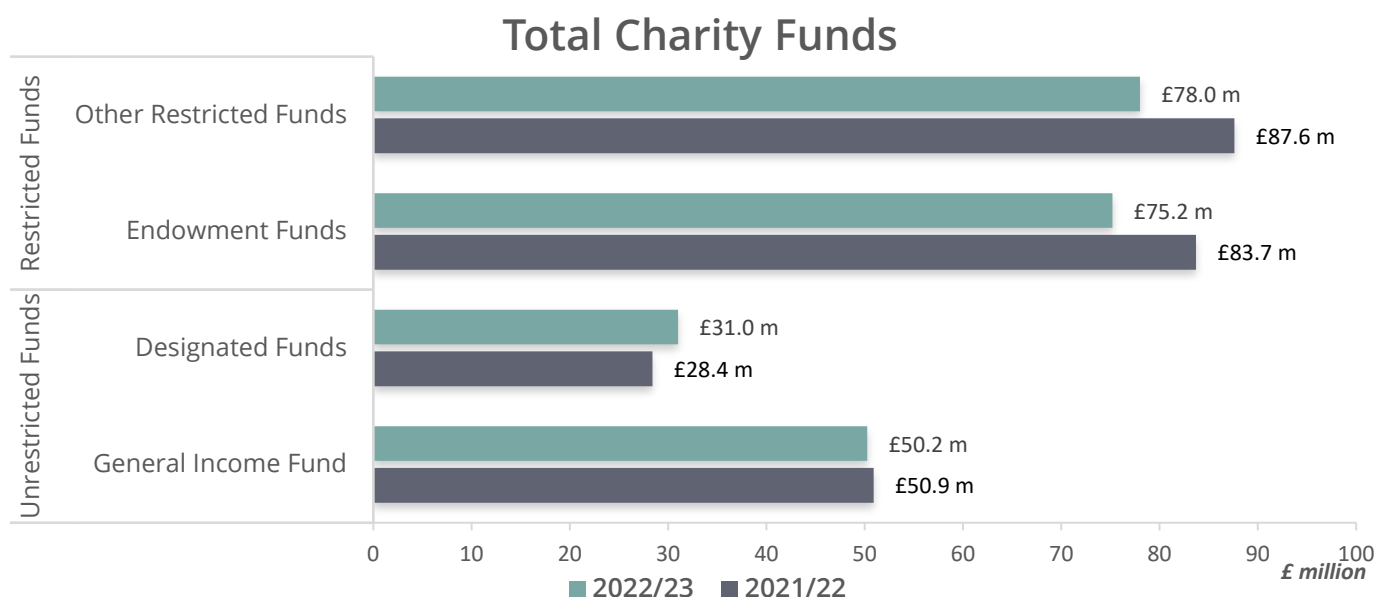
Costs required to operate the activities across the Trust are significant, as most of the Trust's properties are unable by their nature to generate sufficient income to cover the associated operating and heritage care costs. This results in operational deficits, which are funded from reserves.

Reserves are an inherent part of risk management, and the need for reserves will vary depending on the Trust's financial position and an assessment of risks faced at a particular time. In recent years, with the COVID-19 pandemic and the impact of the war in Ukraine, we have seen good examples of why reserves are needed, to help ensure that our organisation can continue to operate when faced with much lower levels of income or significant rises in costs. We regularly review and update our financial plans and assumptions to ensure that we hold sufficient reserves in the short, medium and long term to maintain the sustainability of the Trust. The creation of a three-year Annual Operating Plan, and regular financial forecasting, will help support the delivery of the ten-year strategic plan. We monitor the ongoing situation around the UK and global economy to ensure the reserves are available to support the operations on a regular basis, as well as part of the planning and budgeting cycle.

Required level of unrestricted reserves

The Trust's Reserves Policy ensures we retain sufficient funds to meet six months of budgeted operational costs plus committed non-operational expenditure where no restricted funds are available. For the year 2023/24, the budgeted minimum target is £33.2 million, with forecasted headroom of £10.4 million. The three-year financial plans include reserves forecast to 2026. The General Income Fund (GIF) balance reduced from £50.9 million at the end of February 2022 to £50.2 million at February 2023. The Board will continue to review the level of the GIF and the target level required, in line with the budgeted and committed requirements of the Trust.

The total value of the Trust's charity funds is shown in the diagram below:



Designated funds saw £1.1 million added as 'expressions of wish' made in a number of legacies – these were placed by the Board into specific designated funds. These are combined in the diagram's total for designated funds with £29.9 million of funds used for fixed assets (*2020/21: £28.4 million*) and as such are not available for other uses. After a review in the current year, £1.6 million of project expenditure relating to projects which had been charged to the SoFA in previous years was capitalised giving rise to a prior year adjustment to Designated funds. Endowment funds cannot be used and so are invested to generate income that can be used. The decrease in value of Endowment Funds in the year to 28 February 2023 is due to investment losses as outlined in Note 5.2. Further analysis of the charity's funds can be found in Notes 28–32.

Structure, Governance and Management

Constitution

The Trust operates under the National Trust for Scotland Order Confirmation Acts 1935 to 1973 and the National Trust for Scotland (Governance, etc) Act 2013.

The National Trust for Scotland is registered as a charity in Scotland, with charity registration number SC007410. Our principal office and place of business is at Hermiston Quay, 5 Cultins Road, Edinburgh EH11 4DF.

The charitable purposes of the Trust can be summarised as the promotion of the preservation of, access to and enjoyment of places of historic interest or natural beauty.

The Trust has a wholly owned subsidiary, National Trust for Scotland Enterprises Ltd ('Enterprises'). It is incorporated in Scotland (SC095585) and its results are consolidated within the group results of the National Trust for Scotland. Enterprises' principal activities are the running of retail, catering and other commercial activities. Further information can be found in Note 8 of the Financial Statements.

Patron

The Trust's Patron is the former Duke of Rothesay (from 8 September 2022 His Majesty King Charles III).

President

The Trust's President is Jackie Bird, who was elected at the 2022 Annual General Meeting. The President does not sit on the Board; the role's purpose is purely ambassadorial to promote the charitable purposes of the Trust.

Board of Trustees and statement of Trustees' responsibilities

The Trustees are responsible for the Trust's strategic direction. The Board of Trustees meets at least six times a year. The Trustees are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and Financial Statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and parent charity, and of the incoming resources and application of resources of the group and parent charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently
- observe the methods and principles in the Charities SORP (Statement of Recommended Practice) FRS 102
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and parent charity and enable them to ensure that the financial statements comply with Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the group and parent charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Board of the Trust was constituted on 1 March 2011 and comprises up to 14 Trustees.

The current Chair of the Board is Sir Mark Jones and the Deputy Chair is David Mitchell.

Ten of the Trustees are elected by the membership of the National Trust for Scotland. The remaining four Trustees (including the Chair) are co-opted by invitation because of the specific skills and experience they bring. The process for the appointment of Trustees is detailed in the Appointment, Induction and Training of Trustees section below.

In addition to the Chair and Deputy Chair, the Trustees on the Board during the year ending 28 February 2023, and up to the date of signing, were:

<i>Current Trustees:</i>		
Janet Brennan (Appointed on 24 September 2022)	Dr James Fenton	David MacLellan (Appointed on 6 July 2022)
Shona Malcolm	Jill Miller	Stephen Mitchell
Cameron Murray (Appointed on 24 September 2022)	Professor Murray Pittock	Michael Spence (Re-elected on 24 September 2022)
Ian Turnbull		
<i>Former Trustees:</i>		
David Caldwell (Retired on 24 September 2022)	Wendy Corrigan (Died on 29 September 2022)	Penny Martin (Retired on 11 May 2022)
Jayne MacLennan (Retired on 24 September 2022)		

Members of the Trust's Executive Committee and the President do not serve on the Board of Trustees.

The Board of Trustees were deeply saddened by the death of Wendy Corrigan on 29 September 2022. Wendy served as an elected Trustee and brought her extensive knowledge and experience of historic buildings conservation to the Board.

Appointment, induction and training of Trustees

Our Trustees are drawn from a wide range of backgrounds and locations across Scotland, as it is important that the Board reflects the broad range of the Trust's activities. We are also keen to ensure that our Board of Trustees reflects our diverse membership.

Trustees are appointed for an initial four-year term. Elected Board members retire by rotation and can offer themselves for re-election at the AGM for one further term. Co-opted Board members may be co-opted for a term of up to four years, which may be renewed for a further term of up to four years. All four of the co-opted places are currently filled.

All candidates for appointment or election to the Board of Trustees undergo an assessment exercise, conducted by the Trust's Nominations Committee, before they may proceed to co-option or election. The exercise assesses the candidates' technical and leadership experience. Skills gaps left by the retirement or resignation of Board members are identified, and the recruitment process aims to ensure that those gaps are filled by suitably qualified candidates. These skills may include specific areas of charity purpose, business or management experience.

The Nominations Committee identifies and recommends candidates for election to the Board of Trustees through an open and transparent recruitment process. The committee's role involves agreeing the assessment criteria, assessing the application forms, and interviewing candidates against the agreed criteria. Only those candidates who successfully complete the Nominations Committee's assessment process will be proposed for election to the membership of the Trust. The candidates with the largest number of votes in each of the categories are elected to the Board of Trustees. The election process is conducted by the Trust Secretary and the Nominations Committee.

All members of the Board of Trustees receive an induction detailing the Trustees' roles and responsibilities, and they attend face-to-face briefings with senior management. The induction process begins in advance of appointment. Regular reports are sent to each Trustee including data relevant to any specific role they hold and generic information about the operations of the Trust.

Independent members of the Trust's committees also require specific skills and experience relevant to their appointments and the functions of the relevant committee. The Nominations Committee assesses candidates for these roles before recommending their appointment to the Board of Trustees.

Board effectiveness

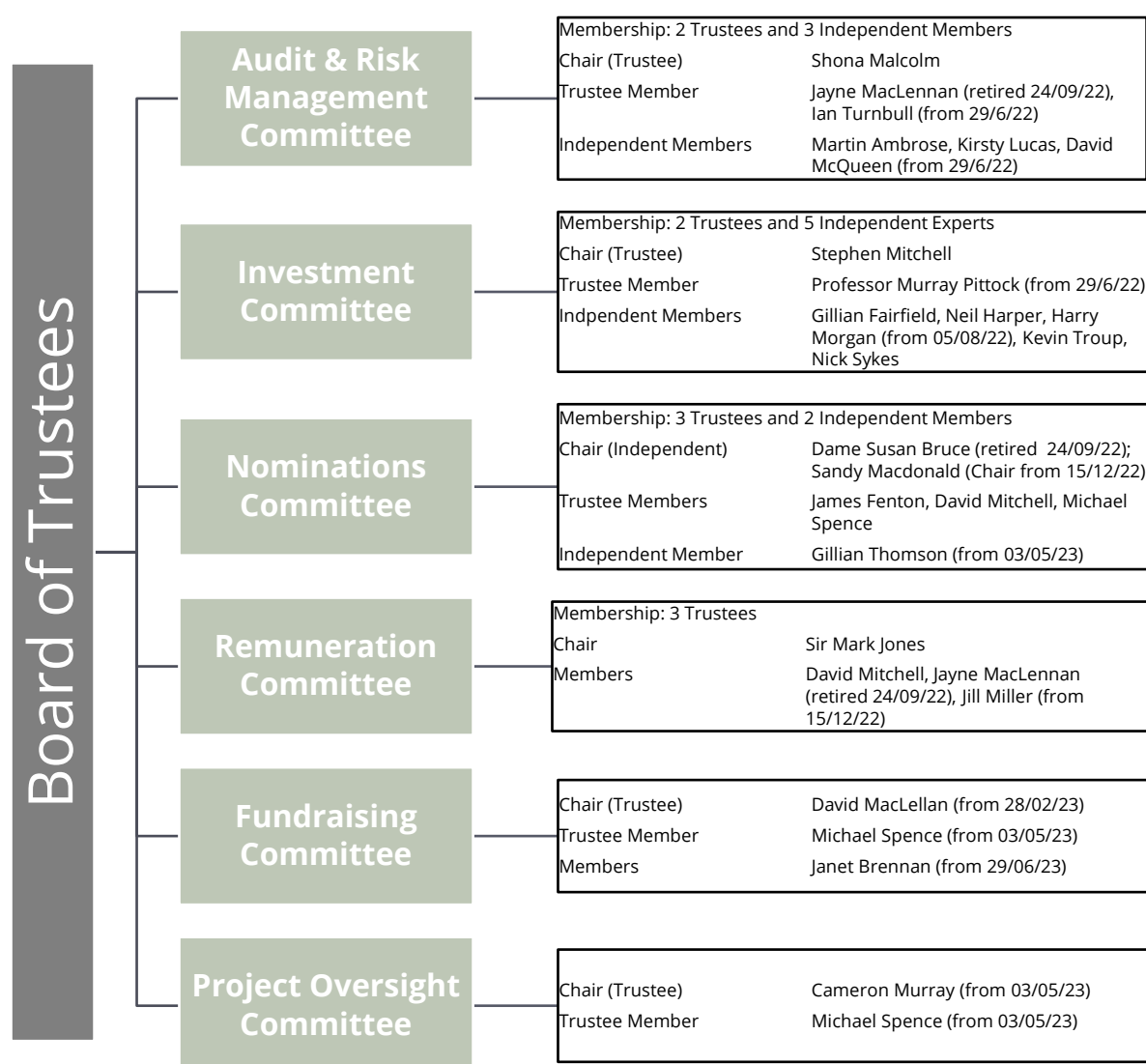
The Board of Trustees and the sub-committees are supported by the Trust Secretary and the Governance Manager, who advise on proper process, the conduct of the meetings, and ensure that these are properly recorded.

Good governance underpins the Trust's effectiveness and is also the best way to protect and enhance our reputation. To reinforce this, the Trust has its own Code of Good Governance, which each member of the Board of Trustees has accepted, and which sets out the standard of conduct expected of our Trustees. Principle 7 in this code is a requirement for Trustees to always observe high ethical standards in the discharge of their duties on the Board and associated sub-committees. This includes the requirement to identify, disclose and manage conflicts of interest.

A full independent and external review of the effectiveness of the Board is carried out every three to five years. This external review was last carried out and reported to the Audit & Risk Management Committee and the Board of Trustees in 2019. The Board accepted and implemented the recommendations of that review. The latest external review is now underway and is being conducted by the Trust's internal auditor, Grant Thornton LLP. The results of the review are expected by October 2023.

Board sub-committees

There are six sub-committees of the Board, who advise on various areas of the Trust's activities. These sub-committees have specific responsibilities to attend to matters devolved by Trustees and to make recommendations to assist with strategic direction and decision-making. The Board is also supported by the Chief Executive and Executive Committee. Two new sub-committees, Fundraising and Project Oversight, are newly established.



The remits of the sub-committees are set out in the following paragraphs.

Audit & Risk Management Committee

The remit of this committee includes monitoring and reviewing the overall integrity of the financial recording and reporting systems of the Trust, effectiveness of internal controls, and risk management systems; overseeing internal and external audit functions; managing the independent audit of the annual accounts; and reporting to the Board of Trustees on the committee's work and findings.

The Trust's external auditor (Anderson Anderson & Brown Audit LLP), internal auditor (Grant Thornton UK LLP), Chief Executive, Chief Operating Officer and Trust Secretary also attend each committee meeting.

The committee has been established and operates in accordance with current best practice relating to corporate governance. The committee meets quarterly.

Investment Committee

The Trust holds substantial funds for a variety of purposes, and the Board of Trustees is assisted by the Investment Committee on the management of the investments represented by these funds.

The investment powers of the Trust are contained in the National Trust for Scotland Order Confirmation Act 1973 allowing investment in '...Such stocks, funds, shares, securities and any other investments... as the [Board of Trustees] shall, in their absolute discretion, think fit'. The strategic asset allocation of the investments is considered by the Investment Committee; the committee reports to the Board of Trustees on a quarterly basis.

Nominations Committee

The remit of the Nominations Committee is to identify and recommend nominees for all appointments to be made by the Board of Trustees (including those of co-opted Board members) and to recommend candidates with appropriate skills and experience for election to the Board.

The main focus of the committee's work during the past year was the process to propose a new President; the assessment of candidates for elections to the Board; the conduct of elections; and the search for new co-opted Trustees and independent members of the Trust's committees.

Remuneration Committee

The Remuneration Committee of the Board is chaired by the Chair of the Trust. The purpose of this committee is to set the remuneration of the Executive Committee, as defined below; make recommendations to the Board on the annual pay award for other staff; and to maintain an overview of the reward and recognition function within the Trust. In setting remuneration for key management personnel, the committee makes reference to external benchmarks while being mindful of the fact that the Trust is a charity. The main task of the committee during the past year was consideration of the annual staff pay awards.

Fundraising Committee

The remit of the Fundraising Committee is to review and champion fundraising to the Board, to provide guidance and assistance to staff, and ensure that the philanthropic health of the Trust is recognised and reported.

The Trust's Chief Executive and Head of Fundraising attend each committee meeting. The committee meets regularly and was established by the Board of Trustees on 28 February 2023.

Project Oversight Committee

The remit of this committee is to monitor and review the delivery of the Trust's approved project programme across all of the Trust's directorates and the overall effectiveness of the Trust's project governance arrangements.

The Trust's Chief Executive, Chief Operating Officer and Head of Project Management attend each committee meeting. The committee meets quarterly and was established by the Board of Trustees on 28 February 2023.

Executive Committee

The responsibility for managing the operations of the Trust in accordance with the Board's policies lies with the Chief Executive and the Executive Committee, who report regularly to the Board of Trustees. The Executive Committee consists of the key management personnel of the organisation.

The Executive Committee comprises:

- Philip Long, Chief Executive
- Katerina Brown, Chief Operating Officer
- Mark Bishop, Director of Audiences & Support (formerly Customer & Cause) (resigned 16 August 2022)
- Jim Whyteside, Interim Director of Audiences & Support (formerly Customer & Cause) (from 16 August 2022 to 1 June 2023)
- Jane Ferguson, Director of Audiences & Support (formerly Customer & Cause) (from 1 June 2023)
- Carol-Ann Boyter, People Director (resigned 30 September 2022)
- Pamela Milne, People Director (from 4 January 2023)
- Stuart Brooks, Director of Conservation & Policy
- Michael Terwey, Director of Public Engagement & Research
- Reyahn King, Director of Heritage Properties (from 27 July 2022; resigned 9 February 2023)
- Ian McLelland, Regional Director South & West
- Clea Warner, Regional Director Highlands & Islands
- Iain Hawkins, Regional Director North East
- Stuart Maxwell, Regional Director Edinburgh & East
- David Frew, Head of Mar Lodge Estate

Further reference and administrative details are provided on page 81.

Risk management and internal controls

Risk management

The Trust's risk management is overseen by the Board of Trustees, and risk management is a standing item on the Board's agenda. The Audit & Risk Management Committee supports the Board by receiving quarterly reports from the Executive Committee on the most significant risks and how these are being managed. The Trust's Risk Register identifies current and emerging risks. For each risk, there is an agreed risk appetite, based on anticipated likelihood and impact; a risk owner; and a series of controls and assurances to reduce the inherent risk level to the desired, residual risk level. The Director of Conservation & Policy oversees compliance reporting and progress on actions.

Risks are grouped into strategic categories: Conservation; Engagement; People; Health and Safety; Funding and Financial Management; ICT and Data Management; Emergency Response; Governance; and External Change. There are a number of risk areas that are of particular importance to our operations; these are detailed below.

Health and safety

The safety of our visitors, our staff and our volunteers is of paramount concern to the Trust. The Board of Trustees oversees the Trust's Health and Safety Policy and receives regular reports on health and safety management. The Trust operates a Safety, Health and Environment system, which supports incident management at all Trust places. The Trust operates a comprehensive regulatory compliance tracker, which provides reports on property status and is reported on quarterly at the Audit & Risk Management Committee. We have also established a rolling health and safety audit of properties to ensure compliance and support best practice.

Engagement

At the Trust, we rely on our members and visitors to support our conservation work and our mission to provide access, learning and enjoyment. To understand how members and visitors are engaging with the Trust, a rolling visitor satisfaction survey provides real-time intelligence on how well properties are performing and identifies areas for improvement. As part of the process of developing the current ten-year strategy, we surveyed members and potential supporters on our plans.

Conservation

Conservation of Scotland's natural and cultural heritage is at the heart of the Trust's work. Our Conservation Performance Index (CPI) assesses the condition of our archaeological sites, collections and interiors, built heritage, gardens and designed landscapes, and natural heritage assets. Using this data, we can identify areas of need and plan for interventions. The CPI is used as one of the Trust's Key Performance Indicators, and progress is reported to the Executive Committee and Board of Trustees.

Funding and financial management

As a self-supporting charity, the Trust requires careful financial management to ensure we live within our means. The Trust has controls in place to manage risks relating to fundraising, financial reporting, payments, detection of fraudulent activity, and regulatory compliance.

Information and communication technologies, and data protection

The Trust depends on its systems to coordinate staff and volunteers, deliver enterprise activities, and to manage our finances. We have been investing in additional protections to ensure our cybersecurity, data recovery and cyber incident response. The Trust also has processes and policies in place to manage the collection, use and disposal of personal data to ensure compliance with the UK's General Data Protection Regulation.

Internal control framework

The Board of Trustees, with the support of the Audit & Risk Management Committee, receive regular reports from the Trust's external and internal auditors (Anderson Anderson & Brown Audit LLP and Grant Thornton UK LLP respectively) in order to monitor and evaluate the effectiveness of the Trust's internal control framework.

The Board of Trustees, with the support of the Audit & Risk Management Committee, consider reports from the Trust's external auditors, including the audit plan for 2022/23 and the audit findings report that documented key findings arising from the audit of the year-end financial statements.

The Audit & Risk Management Committee considers areas of focus for internal audit during the year and receives reports from the internal auditors that highlight the effectiveness of internal controls and risk mitigation measures in those areas and recommendations for improvement. The Audit & Risk Management Committee monitors the implementation of internal audit recommendations and provides updates to the Board of Trustees after each meeting.

The Board of Trustees and Audit & Risk Management Committee regularly review management accounts from the Chief Operating Officer, which report projected outturns against the budgets approved by the Board. The committee also reviews reports submitted by management on the effectiveness of internal controls and management systems.

The Trustees confirm that, as far as they are aware, there is no relevant audit information of which the auditors are unaware and, with the benefit of advice from the Audit & Risk Management Committee, are satisfied that:

- the range of assurances and evidence of effective internal controls supplied to the committee are robust, have integrity and are sufficiently reliable to provide overall assurance and support to the Board of Trustees in its financial stewardship responsibilities
- appropriate action plans are in place to address any weaknesses identified
- it is appropriate for the Financial Statements to be prepared on a going concern basis, as detailed in Note 1 of the Financial Statements

Related parties

The National Trust for Scotland consolidates the results of its wholly owned subsidiary undertaking, National Trust for Scotland Enterprises Ltd, into these financial statements. The company's principal activities are the running of retail, catering, holiday cottages, hospitality and other sundry trading activities at National Trust for Scotland places. Other related parties with which the Trust has transacted during the year are listed in Note 36.

Approved by the Board of Trustees on 31 August 2023 and signed on their behalf by:



Sir Mark Jones
Chair
31 August 2023

Independent Auditor's Report to the Trustees of the National Trust for Scotland

Opinion

We have audited the financial statements of the National Trust for Scotland (the 'charity') and its subsidiary (the 'group') for the year ended 28 February 2023, which comprise the Consolidated Statement of Financial Activities, the Trust Statement of Financial Activities, the Consolidated Balance Sheet, the Trust Balance Sheet, the Consolidated and Trust Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 affairs as at 28 February 2023 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue

Other information

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

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 where 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 Trustees' Annual 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 Trustees

As explained more fully in the statement of Trustees' responsibilities set out on page 25, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Trust operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

The laws and regulations we considered in this context were the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) regulation 2006 (as amended) and the Companies Act 2006.

- Management override of controls to manipulate the company's key performance indicators to meet targets
- Recognition of revenue in an incorrect period
- Compliance with relevant laws and regulations, which directly impact the financial statements and those that the company needs to comply with for the purpose of trading

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness
- Evaluating the business rationale of significant transactions outside the normal course of business
- Vouching revenue transactions to source documentation and performance obligations, assessing the revenue recognition
- Reviewing judgments made by management in their calculation of accounting estimates for potential management bias
- Enquiries of management about litigation and claims and inspection of relevant correspondence
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations
- Analytical procedures to identify any unusual or unexpected trends or relationship
- Reviewing minutes of meetings of those charged with governance to identify any matters indicating actual or potential fraud

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

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

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Anderson Anderson + Brown Audit LLP

Anderson Anderson & Brown Audit LLP

Statutory Auditor
Chartered Accountants
81 George Street
Edinburgh
EH2 3ES

6 September 2023

Anderson Anderson & Brown Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006. This description forms part of our auditor's report.

Financial Statements for 2022/23

Consolidated Statement of Financial Activities

for the year ended 28 February 2023

	Notes	Unrestricted funds		Restricted funds		2022/23 Total
		General funds	Designated funds	Restricted funds	Endowment funds	
		£000s	£000s	£000s	£000s	£000s
<i>Income and endowments from:</i>						
Donations and legacies						
Donations from membership subscriptions		13,589	-	(19)	-	13,570
Appeals and donations	3	888	-	2,741	1	3,630
Legacies	4	6,834	-	354	-	7,188
Investment income	5	1,230	-	4,181	-	5,411
Income from charitable activities						
Income from membership subscriptions		3,441	-	-	-	3,441
Grants	6	397	-	769	-	1,166
Property and other income	7	8,038	92	13	-	8,143
Income from other trading activities						
Commercial activities	8	14,098	-	91	-	14,189
Other income	9	183	-	928	-	1,111
Total income and endowments		48,698	92	9,058	1	57,849
<i>Expenditure on:</i>						
Costs of raising funds						
Membership and recruitment		1,660	-	-	-	1,660
Publicity and fundraising	10	5,305	-	380	492	6,177
Commercial activities	8	10,864	-	-	-	10,864
Expenditure on charitable activities						
Membership and recruitment		504	-	-	-	504
Property operating expenditure	11	36,282	-	131	(2)	36,411
Conservation, repairs and improvements	12	3,214	-	6,685	4	9,903
Other expenditure	14	95	-	-	-	95
Total expenditure		57,924	-	7,196	494	65,614
Net (expenditure)/income before investment gains		(9,226)	92	1,862	(493)	(7,765)
Net gains/(losses) on investment assets	5	751	-	(985)	(8,126)	(8,360)
Net (expenditure)/income before transfers		(8,475)	92	877	(8,619)	(16,125)
Transfers between funds	32	7,826	2,505	(10,502)	171	-
Net movement in funds		(649)	2,597	(9,625)	(8,448)	(16,125)
<i>Reconciliation of funds:</i>						
Total funds brought forward 1 March 2022		50,895	28,399	87,636	83,651	250,581
Total funds carried forward at 28 February 2023		50,246	30,996	78,011	75,203	234,456

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The comparative figures for each fund are shown on page 39 and in the notes to the Financial Statements on pages 45–80, which form part of these Financial Statements.

Consolidated Statement of Financial Activities

for the year ended 28 February 2022

	Notes	Unrestricted funds		Restricted funds		Restated 2021/22 Total
		General funds	Designated funds	Restricted funds	Endowment funds	
		£000s	£000s	£000s	£000s	£000s
<i>Income and endowments from:</i>						
Donations and legacies						
Donations from membership subscriptions		14,691	-	-	-	14,691
Appeals and donations	3	1,162	-	1,698	-	2,860
Legacies	4	3,848	-	1,115	-	4,963
Investment income	5	1,161	-	4,149	-	5,310
Income from charitable activities						
Income from membership subscriptions		3,238	-	-	-	3,238
Grants	6	917	-	674	-	1,591
Property and other income	7	5,166	-	107	-	5,273
Income from other trading activities						
Commercial activities	8	9,051	-	-	-	9,051
Other income	9	1,793	-	480	-	2,273
Total income and endowments		41,027	-	8,223	-	49,250
<i>Expenditure on:</i>						
Costs of raising funds						
Membership and recruitment		952	-	-	-	952
Publicity and fundraising	10	5,254	-	138	64	5,456
Commercial activities	8	7,056	-	-	-	7,056
Expenditure on charitable activities						
Membership and recruitment		366	-	-	-	366
Property operating expenditure	11	27,396	-	210	-	27,606
Conservation, repairs and improvements	12	4,883	-	3,356	-	8,239
Other expenditure	14	638	-	4	-	642
Total expenditure		46,545	-	3,708	64	50,317
Net (expenditure) before investment gains		(5,518)	-	4,515	(64)	(1,067)
Net gains/(losses) on investment assets	5	(894)	-	1,990	3,721	4,817
Net (expenditure) before transfers		(6,412)	-	6,505	3,657	3,750
Transfers between funds	32	480	1,600	(2080)	-	-
Net movement in funds		(5,932)	1,600	4,425	3,657	3,750
<i>Reconciliation of funds:</i>						
Total funds brought forward 1 March 2021		56,827	26,799	83,211	79,994	246,831
Total funds carried forward at 28 February 2022		50,895	28,399	87,636	83,651	250,581

Trust Statement of Financial Activities

for the year ended 28 February 2023

	Notes	Unrestricted funds		Restricted funds		2022/23 Total £000s
		General funds	Designated funds	Restricted funds	Endowment funds	
		£000s	£000s	£000s	£000s	
<i>Income and endowments from:</i>						
Donations and legacies						
Donations from membership subscriptions		13,589	-	(19)	-	13,570
Appeals and donations	3	888	-	2,741	1	3,630
Legacies	4	6,834	-	354	-	7,188
Investment income	5	2,312	-	4,181	-	6,493
Income from charitable activities						
Income from membership subscriptions		3,441	-	-	-	3,441
Grants	6	392	-	769	-	1,161
Property and other income	7	8,722	92	13	-	8,827
Other income	9	187	-	1,019	-	1,206
Total income and endowments		36,365	92	9,058	1	45,516
<i>Expenditure on:</i>						
Costs of raising funds						
Membership and recruitment		1,660	-	-	-	1,660
Publicity and fundraising	10	5,305	-	380	492	6,177
Expenditure on charitable activities						
Membership and recruitment		504	-	-	-	504
Property operating expenditure	11	36,282	-	131	(2)	36,411
Conservation, repairs and improvements	12	3,214	-	6,685	4	9,903
Other expenditure	14	95	-	-	-	95
Total expenditure		47,060	-	7,196	494	54,750
Net (expenditure)/income before investment gains		(10,695)	92	1,862	(493)	(9,234)
Net gains/(losses) on investment assets	5	751	-	(985)	(8,126)	(8,360)
Net (expenditure)/income before transfers		(9,944)	92	877	(8,619)	(17,594)
Transfers between funds	32	7,826	2,505	(10,502)	171	-
Net movement in funds		(2,118)	2,597	(9,625)	(8,448)	(17,594)
<i>Reconciliation of funds:</i>						
Total funds brought forward 1 March 2022		49,806	28,399	87,636	83,651	249,492
Total funds carried forward at 28 February 2023		47,688	30,996	78,011	75,203	231,898

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The comparative figures for each fund are shown on page 41 and in the notes to the Financial Statements on pages 45–80, which form part of these Financial Statements.

Trust Statement of Financial Activities

for the year ended 28 February 2022

	Notes	Unrestricted funds		Restricted funds		Restated
		General funds	Designated funds	Restricted funds	Endowment funds	2021/22 Total
		£000s	£000s	£000s	£000s	£000s
<i>Income and endowments from:</i>						
Donations and legacies						
Donations from membership subscriptions		14,691	-	-	-	14,691
Appeals and donations	3	1,162	-	1,698	-	2,860
Legacies	4	3,848	-	1,115	-	4,963
Investment income	5	1,161	-	4,149	-	5,310
Income from charitable activities						
Income from membership subscriptions		3,238	-	-	-	3,238
Grants	6	524	-	674	-	1,198
Property and other income	7	5,591	-	107	-	5,698
Other income	9	1,723	-	480	-	2,203
Total income and endowments		31,938	-	8,223	-	40,161
<i>Expenditure on:</i>						
Costs of raising funds						
Membership and recruitment		952	-	-	-	952
Publicity and fundraising	10	5,254	-	138	64	5,456
Expenditure on charitable activities						
Membership and recruitment		366	-	-	-	366
Property operating expenditure	11	27,396	-	210	-	27,606
Conservation, repairs and improvements	12	4,884	-	3,356	-	8,240
Other expenditure	14	638	-	4	-	642
Total expenditure		39,490	-	3,708	64	43,262
Net (expenditure) before investment gains		(7,552)	-	4,515	(64)	(3,101)
Net gains/(losses) on investment assets	5	(894)	-	1,990	3,721	4,817
Net income/(expenditure) before transfers		(8,446)	-	6,505	3,657	1,716
Transfers between funds	32	480	1,600	(2,080)	-	-
Net movement in funds		(7,966)	1,600	4,425	3,657	1,716
<i>Reconciliation of funds:</i>						
Total funds brought forward 1 March 2021		57,772	26,799	83,211	79,994	247,776
Total funds carried forward at 28 February 2022		49,806	28,399	87,636	83,651	249,492

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

Consolidated Balance Sheet

as at 28 February 2023

	Notes	2022/23 £000s	2021/22 restated £000s
Fixed Assets			
Tangible assets	20	29,570	27,440
Heritage assets	21	271	271
Intangible assets	22	75	159
Investment assets	5	189,548	188,661
Total fixed assets		219,464	216,531
Current assets			
Stock	23	997	1,054
Debtors	24	9,359	6,857
Cash and bank	35	18,214	38,665
Total current assets		28,570	46,576
Creditors: amounts falling due within one year	25	(10,092)	(9,116)
Net current assets		18,478	37,460
Total assets less current liabilities		237,942	253,991
Creditors: amounts falling due after more than one year	25	(1,828)	(1,752)
Provision for liabilities	27	(1,658)	(1,658)
Net assets	28	234,456	250,581
The funds of the group			
Restricted funds			
Endowments	29	75,203	83,651
Other restricted funds	30	78,011	87,636
Total restricted funds		153,214	171,287
Unrestricted funds			
Designated – tangible fixed assets	31	29,916	28,399
Other designated funds	31	1,080	-
Total designated funds		30,996	28,399
General income		50,246	50,895
Total unrestricted funds		81,242	79,294
The funds of the group		234,456	250,581

The Financial Statements were approved by the Board of Trustees on 31 August 2023 and signed on behalf and authorised for issue by:

M. I. Jones

Sir Mark Jones,
Chair, 31 August 2023

Trust Balance Sheet

as at 28 February 2023

	Notes	2022/23 £000s	2021/22 restated £000s
Fixed assets			
Tangible assets	20	29,570	27,440
Heritage assets	21	271	271
Intangible assets	22	75	159
Investment assets	5	189,548	188,661
Total fixed assets		219,464	216,531
Current assets			
Stock	23	112	100
Debtors	24	9,750	7,548
Cash and bank	35	14,832	36,579
Total current assets		24,694	44,227
Creditors: amounts falling due within one year	25	(8,774)	(7,860)
Net current assets		15,920	36,367
Total assets less current liabilities		235,384	252,898
Creditors: amounts falling due after more than one year	25	(1,828)	(1,748)
Provision for liabilities	27	(1,658)	(1,658)
Net assets	28	231,898	249,492
The funds of the group			
Restricted funds			
Endowments	29	75,203	83,651
Other restricted funds	30	78,011	87,636
Total restricted funds		153,214	171,287
Unrestricted funds			
Designated – fixed assets	31	29,916	28,399
Other designated funds	31	1,080	-
Total designated funds		30,996	28,399
General income		47,688	49,806
Total unrestricted funds		78,684	78,205
The funds of the Trust		231,898	249,492

The Financial Statements were approved by the Board of Trustees on 31 August 2023 and signed on behalf and authorised for issue by:

M. I. Jones

Sir Mark Jones,
Chair, 31 August 2023

Consolidated and Trust Cash Flow Statement

for year ending 28 February 2023

	Notes	Group		Trust	
		2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s
Cash (used in)/generated by operating activities	34	(13,339)	1,358	(15,717)	(343)
<i>Cash flows from investing activities:</i>					
Purchase of assets		(4,378)	(3,466)	(4,378)	(3,466)
Returns from investments		5,411	5,310	6,493	5,310
Receipts from sales of assets		1,021	2,074	1,021	2,074
Purchase of investments		(29,345)	(150,247)	(29,345)	(150,247)
Sale of investments		20,179	160,669	20,179	160,669
Cash (used in)/provided by investing activities		(7,112)	14,340	(6,030)	14,340
<i>Cash flows from financing activities:</i>					
Repayment of borrowings		-	-	-	-
Cash used in financing activities		-	-	-	-
(Decrease)/Increase in cash in the year	35	(20,451)	15,698	(21,747)	13,997
Cash and cash equivalents at beginning of year		38,665	22,967	36,579	22,582
Cash and cash equivalents at end of year	35	18,214	38,665	14,832	36,579

The notes on pages 45–80 form part of these Financial Statements.

Notes to the Financial Statements

1. Accounting policies

The Trust operates under the National Trust for Scotland Order Confirmation Acts 1935 to 1973 and the National Trust for Scotland (Governance etc) Act 2013. The National Trust for Scotland for Places of Historic Interest or Natural Beauty is registered as a charity in Scotland with charity registration number SC007410, and its principal office and place of business at Hermiston Quay, 5 Cultins Road, Edinburgh EH11 4DF. The charitable purpose of the Trust may be summarised as the promotion of the preservation of, access to and enjoyment of places of historic interest or natural beauty.

The National Trust for Scotland has one wholly owned subsidiary undertaking, National Trust for Scotland Enterprises Ltd (The Company), the results of which are consolidated with those of the Trust. The Company's principal activities are the running of retail, catering, holiday cottages, hospitality and other sundry trading activities at National Trust for Scotland places.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the Financial Statements are as follows and included in Note 2:

Basis of preparation

The accounts (Financial Statements) have been prepared in accordance with the Statement of Recommended Practice: 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) and related information sheets and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and sections 6 & 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

A restatement adjustment of £1.6 million has been made to the prior year comparative figures for 2021/22. This relates to the capitalisation of multi-year projects, which commenced in earlier years and had previously been charged to the Statement of Financial Activities under the heading 'Conservation, repairs and improvements' (see note 38).

The National Trust for Scotland ('the Trust') meets the definition of a public benefit entity under FRS 102.

Monetary amounts in these Financial Statements are in £ sterling and rounded to the nearest whole £1,000 except when otherwise indicated.

Going concern

The Financial Statements are prepared on a going concern basis and under the historical cost convention (as modified by the revaluation of investment properties and listed investments to market value) and in accordance with applicable accounting standards in the United Kingdom, which have been consistently applied. The going-concern basis is considered appropriate due to the strength of the Trust's Balance Sheet, which would allow the Trust to continue to operate if there was either a significant reduction in income or an unexpected increase in costs, or both.

The Board is required to assess the Trust's viability over a period greater than 12 months from the date of signing. In keeping with the way that the Board views the development of the Trust over the long term, a period of three years is considered appropriate for business planning, measuring performance and remunerating at a senior level. The Trust moved to a regular three-year financial planning cycle as part of its development of a longer-term

corporate strategy and a three-year operating plan was approved by the Board in December 2022. At present, the assessment of viability continues for a 12-month period to the end of August 2024.

For 2023/24 we are forecasting a period of growth with a full return to pre-pandemic visitor and income levels, and beyond.

For the current financial year 2023/24, the Trust forecasts a consolidated deficit of £14.6 million (before net gains/losses on investments). The deficit increase of £6.8 million on 2022/23 reflects an anticipation of higher staff costs, continued investment in the estate and inflationary pressures on overheads. This is expected to improve significantly in 2024/25, driven by continued growth in membership income and commercial activities. The ten-year corporate strategic vision has been developed in parallel to the three-year budget, and planned activities are prioritised against those objectives to ensure we support and deliver them. The overall goals have been to agree on our priorities collaboratively, and to create a financially sustainable operating model with the right level of resources to support it. Financially, it is also important that commercial and operating income is maximised, and that the conditions are created to drive a growth in fundraising income by providing a longer-term planning horizon.

Total Trust income is projected to grow to £62.5 million in 2023/24. We anticipate membership growth of 2.3% over three years and strong commercial growth driven by retail, catering and holiday income.

In terms of reserves, the Trust's policy to maintain a prudent level of unrestricted general reserves provides a level of financial resilience that has helped the Trust remain financially viable through this challenging period. We continue to monitor this and align the liquidity position with the Trust's overall Investment Strategy. The move to a longer-term planning horizon, along with the Trust's ten-year Corporate Strategy, will ensure that the continuance of the Trust's charitable aims and objectives are sustainable.

The Trust's closing cash and bank balance at 28 February 2023 was £18.2 million, which is unrestricted. In addition, there are liquid investments and deposits linked to unrestricted funds valued at £18.6 million. The total level of liquid cash, bank and investment assets linked to unrestricted funds totals £36.8 million and these are considered to be sufficient to cover the Trust's projected expenditure commitments, should there be a significant shortfall in the £62.5 million estimated income in the 2023/24 budget.

Basis of consolidation

The Trust holds 100% of the issued share capital of National Trust for Scotland Enterprises Limited.

The results include those of the National Trust for Scotland and those of National Trust for Scotland Enterprises Ltd (Enterprises), the wholly owned subsidiary of the Trust. Uniform accounting policies are adopted throughout the group, and any profits or losses arising on intra-group transactions are eliminated in the Consolidated Statement of Financial Activities.

Income recognition

With the exception of membership subscriptions, income is recognised when the Trust has legal entitlement; any performance conditions attached to the item(s) of income have been met; it is probable that the income will be received; and the amount can be measured reliably.

Membership subscription income

The element of annual membership subscriptions that is not regarded as a donation is treated as income from charitable activities. This is deferred and released to the Statement of Financial Activities over the period to which the membership subscription relates. The element that is deemed to be a donation and its associated Gift Aid is recognised on receipt and reported within Donations and Legacies in the Statement of Financial Activities.

Life Membership subscriptions and any associated Gift Aid are recognised in 15 equal annual instalments and allocated to Donations and Legacies and income from charitable activities within the Statement of Financial Activities, in line with the level of active Life Memberships.

Appeals and donations

Appeals and donations are recognised as income when the donated cash is received or when receipt of the donation meets the Charities SORP (FRS 102) tests of entitlement, probability and measurement. Donations of non-cash assets and investments are included as income when the title of these assets transfers to the Trust, and income is recognised at the appropriate fair value at the point of transfer of title. Gift Aid thereon is accounted for on a receivable basis and is added to restricted funds or unrestricted funds as appropriate.

Where the use of the income has been restricted in accordance with the donor's wishes, appeal and donation income is credited to an appropriate fund (see the Accounting Policy for Funds and Reserves on page 53) until it can be spent for the purpose for which it was given. When a new heritage asset is gifted to the Trust, where practical these are included in income at their fair value. No value has been placed on heritage assets historically gifted to the Trust, in accordance with the National Trust for Scotland's policy on heritage assets.

Grants

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Trust has entitlement to the funds; performance conditions attached to the grants have been met; it is probable that the income will be received; and the amount can be measured reliably.

Where terms or conditions have not been met, or uncertainty exists as to whether they can be met, the relevant income is not recognised in the year but is deferred and included in the balance sheet as deferred income.

Legacies

Legacies are accounted for as income either upon receipt or when receipt of the legacy meets the Charities SORP (FRS 102) tests of entitlement, probability and measurement. Pecuniary legacies are recognised following formal notification from the Estate, whereas residuary legacies are only recognised in line with the following assessments:

- **Entitlement** to a legacy is evidenced when a charity has sufficient evidence that a gift has been left to them and the executor of the estate is satisfied that the assets in question will not be required to satisfy claims in the estate
- Receipt is normally **probable** when:
 - i) There is a grant of probate
 - ii) The executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy
 - iii) Any conditions attached to the legacy have been fulfilled or are within the charity's control
- The legacy should be recognised at the **estimate of fair value** of the legacy income receivable based on the income available. If there is uncertainty as to the amount of the legacy and it cannot be reliably estimated, then it is held as a contingent asset until all the conditions for income recognition can be fulfilled (Note 37)

Where the use of the income has been restricted in accordance with the benefactor's wishes, legacy income is credited to an appropriate fund (see Accounting Policy for Funds and Reserves on page 53) until it can be spent for the purpose for which it was given. No value is placed on heritage assets bequeathed to the Trust in accordance with the National Trust for Scotland's policy on heritage assets.

Investment income

Investment income is recorded in the period in which it is earned. The Trust's investment income includes the distribution of earnings from Enterprises, which pays all its taxable profits for the reporting period to its parent charity (the Trust) under the Gift Aid scheme. In line with the amended FRS 102, this Gift Aid income is only recognised on receipt of this distribution or when there is a legal obligation established.

Property and other income

Income reported under this heading includes charitable trading activities (catering, holidays and car parks), rents and admission fees, all of which are recognised in the period to which they relate. Admission fees are included based on the point at which the sale is made.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Depending on the nature of the related expenditure, irrecoverable VAT is either charged to the appropriate expenditure heading or it is capitalised.

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party; it is probable that settlement will be required; and the amount of the obligation can be measured reliably. The Consolidated Statement of Financial Activities defines costs in three specific categories:

- **Cost of raising funds** – costs that are associated with the generation of income from sources other than from undertaking charitable activities, which includes trading, investment management costs, membership, fundraising and an allocation of support costs
- **Expenditure on charitable activities** – costs incurred by the Trust in the delivery of its charitable activities, which includes membership, property operations, conservation, repairs and improvements, and an allocation of associated support costs
- **Other expenditure** – items that do not fall under any other heading, for example the cost of restructuring or significant investment on back-office systems and processes (such as the Transforming the Trust project – phase 2) which are anticipated to significantly change the support operating model

Allocation of support costs

Support costs are those costs that do not relate directly to a single activity. They include back-office costs, finance, personnel, ICT and governance costs. Governance costs are those associated with meeting the constitutional and statutory requirements of the charity as well as costs linked to its strategic management. Support costs have been allocated between cost of raising funds and expenditure on charitable activities. The analysis of support costs and the bases of allocation are shown in Note 13.

Pension schemes

The Trust operates a defined contribution scheme through a Group Personal Pension Scheme and National Employment Savings Trust (NEST) and are charged in the year they are incurred. Further detail is provided in Note 16.

Employee benefits

The group contributes to a group personal pension scheme, the assets of which are administered by Standard Life. It is a defined contribution scheme. All contributed costs are accounted for on the basis of charging the cost of providing pensions over the period when the charity benefits from the employees' services. The charity has no further liability under the scheme. Short-term benefits including holiday pay are recognised as an expense in the period in which the service is received. The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Contribution of volunteers

No amounts have been included in these Financial Statements to reflect the value of services provided free of charge to the National Trust for Scotland by volunteers. An estimate of the value of hours of volunteer time from which the Trust has benefitted is included in Note 16.

Operating leases

The annual rental for leases that are classified as operating leases is charged as expenditure to the Statement of Financial Activities on a straight-line basis over the lease term.

VAT

The Trust is registered for VAT, with partial exemption due to the nature of incoming resources. Expenditure is stated inclusive of any irrecoverable input tax.

Taxation

The Trust is a Scottish registered charity and is recognised as such by HMRC for UK taxation purposes. As a result, there is no liability for UK taxation on any of its income or capital gains in respect of charitable activities.

The trading activities of the Trust are undertaken by Enterprises, which then Gift Aids its taxable surpluses in the form of a distribution to the Trust; hence no taxation is incurred.

Tangible fixed assets

A fixed asset is typically something long-lasting and owned by the Trust. A tangible fixed asset is an asset that has a physical form, e.g. machinery, buildings or land.

Recognition of a tangible fixed asset

Tangible fixed assets are assets that will be:

- i) used by the Trust in the **generation of income for more than one year**
- ii) the purchase cost and/or the total costs incurred to produce the asset **are more than £5,000**

Where these criteria are met, the purchase costs and/or costs incurred to produce the asset will be recorded in the balance sheet of the Trust rather than in operational or conservation costs.

Where refurbishment and major repair costs are incurred for the purpose of income generation, the criteria noted above are considered to determine if the costs should be capitalised on the balance sheet.

Valuation and depreciation of a tangible fixed asset

Tangible fixed assets are recorded at the historic purchase cost or costs of production, less accumulated depreciation. Tangible fixed asset costs are depreciated on a straight-line basis in line with their estimated useful lives to ensure their values are accurately reflected in the Financial Statements.

Capital asset category	Expected useful life
Buildings	30 years
Renewable energy equipment*	20 years
Building fit-outs	10–15 years
Fixtures and fittings*	5–20 years
Motor vehicles	4 years
Computer equipment	4 years

**Included in Fixtures & Fittings in Note 20*

Depreciation is first charged in the calendar month of acquisition or on the bringing into use of the asset, whichever is later.

Assets under construction are not depreciated until completed and placed into service or use.

Heritage assets

Heritage assets are defined as tangible and intangible assets with historic, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

The Trust's charitable purpose is to promote the preservation of and access to Scotland's heritage. As a result, a large majority of assets held may fall under the definition of heritage assets.

The Trust accounts for its heritage assets in line with FRS 102. These fall into two categories:

Land and buildings

Heritage assets in the form of land and buildings are not generally capitalised on the balance sheet. Following the introduction of FRS 102, the Board of the National Trust for Scotland reviewed the position and confirmed that the capitalisation of heritage assets at that point would result in a distorted view of the Trust's financial position. These assets are not assets in the normal sense, since any value placed on them would more than be offset by the liability of having the obligation to maintain them.

Many of the Trust's Heritable Land and Building Assets have been gifted or bequeathed since the inception of the Trust, and as a result it is not possible to establish a cost or valuation for these assets; these are therefore not recorded on the balance sheet.

Where refurbishment and major repair costs are incurred predominantly for the conservation of Heritable Assets and/or to improve access to the Heritable Asset, these costs will not be capitalised and instead will appear as Conservation and Repair costs in the SoFA in the financial year in which the expenditure was incurred. In most cases, the original cost is not capitalised. To capitalise the conservation of these costs would result in a distorted view of the Trust's financial position.

When a new Heritable Asset is purchased and it has a cost of acquisition, these acquisition costs will be recognised on the balance sheet if they meet the criteria for capitalisation of tangible fixed assets; otherwise they will appear as expenses in the SoFA. When a new Heritable Asset is gifted to the Trust, where practical, these are recognised at their fair value in the balance sheet if they meet the criteria for capitalisation of tangible fixed assets; otherwise they will appear as expenses in the SoFA. Heritage land and buildings are not depreciated.

Any acquisition of new land or buildings should follow the Trust's Conservation Property Acquisition and Disposals Policy, a copy of which is available on request.

Any disposals of land and buildings must be considered by the Disposals Committee and the Board of Trustees. Any proceeds from the disposal of a Heritable Asset should be recognised through the gains and losses within the SoFA, together with the derecognition of any carrying amount in the balance sheet.

Collections

Over time the Trust has amassed various collections of furniture, paintings, books, fine china and artefacts. These collections, of substantial heritage significance, are generally recorded within a database that is updated as new collections are acquired. As these items have accumulated over a considerable period of time, it is not possible to establish a cost or valuation for these assets and these are therefore not recorded on the balance sheet.

In accordance with FRS 102 and the SORP, the Trust does not carry out valuations of the collections. There are around 300,000 individual items. When a new Heritable Asset in the form of a collection item is purchased, its costs will be recognised on the balance sheet at this amount if it meets the criteria for capitalisation of tangible fixed assets; otherwise they will appear as expenses in the SoFA.

The purchase or disposal of collections must be in line with the policies outlined in the Trust's *Developing Collections: A Policy to Reflect and Enrich Lives*. Any proceeds from the disposal of a heritage asset would

be recognised through the gains and losses within the SoFA, together with the derecognition of any carrying value in the balance sheet.

Where refurbishment and major repair costs are incurred predominantly for the conservation of heritage assets or to improve access to the heritage asset, these costs will not be capitalised in line with the Heritage Assets Policy.

Where refurbishment and major costs to a heritage asset are incurred predominantly to increase income generation, the costs are capitalised despite the work being carried out on a heritage asset. An example could be when the interiors of holiday cottages or commercial operations such as retail or catering outlets are refurbished. These units are often located in heritage assets, which themselves are not capitalised in line with the Heritage Assets Policy. However, since the primary purpose of these refurbishments is income generation, the costs of the refurbishments (if in excess of £5,000) are capitalised.

Intangible fixed assets

Intangible assets are non-monetary assets that are without physical substance, that are controlled by the Trust and that are transferable. Examples include computer software, trademarks and internet domains. Intangible fixed assets are intangible assets that will be:

- i) used by the Trust in the generation of income for more than one year; and
- ii) the purchase cost and/or the total costs incurred to produce the asset are more than £5,000

Where these criteria are met, the purchase costs and/or costs incurred to produce the asset will be recorded in the balance sheet of the Group, rather than in operational or conservation costs.

Valuation and amortisation of intangible fixed assets

Intangible fixed assets are stated at their historical cost and amortised on a straight-line basis over their expected useful lives, with adjustments made for impairment as required.

Capital asset category	Expected useful life
Website development	4 years

Amortisation is first charged in the calendar month of acquisition or on the bringing into use of the asset, whichever is later. Amortisation is charged to publicity and fundraising costs, as the asset relates to the Trust website.

Costs associated with software with an annual licence or subscriptions are not capitalised as they will provide no benefit to the Trust without incurring the next year's licence or subscription being paid.

Investments

The Trust holds substantial funds for endowments, restricted and designated purposes. The Board of Trustees is assisted by the Investment Committee on the management of the equity and other investments represented by these funds.

Investments are shown at fair value, which is normally the bid price for quoted investments. Unquoted investments are shown at the Board of Trustees' valuation on advice. Investment properties are included at valuation based on a comparable, open market, existing use. A quinquennial external desktop valuation cycle is in place (the last external valuation took place in March 2023). Between the external valuations, an annual valuation review is undertaken by the Trust's own professionally qualified surveyors. These valuations have been assessed based on trends and known changes in occupation and in line with RICS (Royal Institution of Chartered Surveyors) assumptions. Additions are shown at cost, with the exception of gifts which are shown at valuation on the date of gift. The movement in valuation of investments is shown in the Consolidated Statement of Financial Activities and comprises both realised and unrealised gains and losses.

The investment held in the subsidiary undertaking (National Trust for Scotland Enterprises Limited) is held at cost.

Stock

Stock is stated at the lower of purchase cost or net realisable value, other than farm stocks which are stated at valuation. In relation to retail stock that is deemed to be end of life and not sellable at any price, the stock is written off and disposed of. Stock consists of retail and catering trading stock, livestock, publications and raw materials. Stock is valued on a first-in, first-out (FIFO) basis.

Cash and cash equivalents

Cash at bank and in hand is held to meet the day-to-day running costs of the charity as they fall due.

Capital contributions

Capital contributions from landlords are treated as deferred income and are released to the Statement of Financial Activities over the initial lease period.

Provision for liabilities

A provision for a liability is established for an obligation as a result of past transactions or events that exists at the balance sheet date.

Recognition of a provision:

An obligation will be established as a provision where:

- i) there is a present obligation (legal or constructive) as a result of a past event
- ii) it is probable that a transfer of economic benefits will be required to settle the obligation, e.g. the Trust will have to make a payment to a third party to settle the obligation
- iii) a reliable estimate can be made of the amount of the obligation

If the above criteria are met, then the Trust will establish a provision for liabilities and disclose this within the notes to the Financial Statements.

Financial instruments

The Trust applies the provisions of *Section 11 'Basic Financial Instruments'* and *Section 12 'Other Financial Instruments Issues'* of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provision of the instrument and are offset only when the Trust currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

A financial asset represents financial resources available to the charity; examples include financial investments in shares or bonds, debtors and cash.

Debtors: Trade and other debtors which are receivable within one year are initially measured at the transaction price. They are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade and other debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Financial Activities for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities

Creditors: Trade and other creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Funds and reserves

The Trust's **Charity Funds** are a consolidation of around 345 individual funds and are divided into two distinct categories: unrestricted and restricted, as set out below:

Charity funds

Unrestricted funds

The use of these funds has not been restricted to a particular purpose by donors or their representatives.

General Income Fund (GIF)

To provide a reserve to finance central infrastructure, provide access to large project funding for properties with insufficient reserves themselves.

This fund may also provide working capital for properties with no restricted funds of their own with operational deficits and provide financial protection against uncertainty or unexpected events and is available to use at the discretion of the Trustees in furtherance of the Trust's objectives.

Designated funds

Have been allocated by the Trustees for particular purposes.

Where specific planned activities are identified as requiring significant funding, proposals will be made to the Board to designated unrestricted funds for use for a particular project or commitment.

These include the Fixed Asset Reserve.

Restricted funds

These funds have been restricted to a particular purpose by donors.

Endowment funds

Typically arise when donors or grant-giving bodies provide funds on the condition that they must be retained in order to generate investment income for the long-term needs of the property or the restricted activity that the endowment is provided for.

Income arising on endowment funds is generally expendable and is distributed as income to funds in order to be spent.

Other restricted funds

These include gifts and legacies which have been given or bequeathed to the Trust to be used in accordance with the conditions of donors. Both the capital and the income may only be applied for the purpose for which the funds were donated.

A number of the Trust's places held for conservation have established restricted funds that have been given to the Trust either by donors or grant-making bodies. The existence of these restricted funds places less reliance on reserve requirements to maintain these properties, and the Trust's policy is to seek adequate endowments for new acquisitions.

Transfers between funds

Transfers may be made between funds for the following reasons:

- From restricted to unrestricted funds when restricted funds may be lawfully released (i.e. permission for the release has been given by the donor, or OSCR or court approval has been given to release historic funds)
- Transfers from General Income Fund to designated funds to support properties' conservation and improvement requirements, as approved by the Board
- Transfers from designated funds to General Income Fund where previously designated funds are no longer required for the designated purpose, as approved by the Board
- From unrestricted to restricted funds to cover a deficit on a restricted fund that may (for example) have been caused by investment losses
- To reflect the increase in the book value of tangible fixed assets without specific designated or restricted funding
- Transfers to reflect assets purchased with restricted funds, but not held for a restricted purpose

The Board has adopted a formal [Reserves Policy](#), as detailed in the Trustees' Report on page 23. Free reserves are reserves available to spend freely on any charitable purpose. These are represented by unrestricted funds, less designated funds, less fixed assets.

In the case of the Trust, free reserves are represented by the General Income Fund (GIF) disclosed on the Trust's Balance Sheet. Free reserves do not include endowment funds, restricted funds or designated funds.

Comparative financial information

The accounting policies adopted have been consistently applied in both the current and comparative period.

2. Critical accounting estimates and areas of judgement

In the application of the accounting policies, Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

The key areas that are deemed to be material for these financial statements are as follows:

- Accruing for income derived from legacies where complicated issues surrounding the measurement or the entitlement to income existed at the year end, in line with the Accounting Policy on legacies (page 47)
- An estimate of future costs in relation to property lease reinstatement obligations has been made based on an external adviser's assessment of these in relation to commitment and calculation (Note 27). Further, an estimate for inflation has been adjusted to the dilapidations accrual to take account of time passed since the external survey was completed in June 2019
- The valuation of investment properties is carried out by the Trust's National Estates Manager. This estimate is in line with the Trust's accounting policies (pages 45–54)

3. Appeals and donations

The income from appeals and donations was £3,630k (2021/22: £2,860k). Detailed comparative information for each separate class of fund is set out below:

Group and Trust	Unrestricted funds		Restricted funds		Total
	General funds	Designated funds	Restricted funds	Endowment funds	
	£000s	£000s	£000s	£000s	£000s
2023	888	-	2,741	1	3,630
2022	1,162	-	1,698	-	2,860

4. Legacies

The income from legacies was £7,188k (2021/22: £4,963k). Detailed comparative information for each separate class of fund is set out below:

Group and Trust	Unrestricted funds		Restricted funds		Total
	General funds	Designated funds	Restricted funds	Endowment funds	
	£000s	£000s	£000s	£000s	£000s
2023	6,834	-	354	-	7,188
2022	3,848	-	1,115	-	4,963

5. Investments and investment income

5.1 Reconciliation of Movement in Investments by Asset Class:

Group and Trust	Investment Asset Class			Total
	Investments	Deposits and cash	Net property investments	
	£000s	£000s	£000s	£000s
<i>Market value as at 28 February 2021</i>	<i>189,872</i>	<i>2,316</i>	<i>2,078</i>	<i>194,266</i>
Additions at cost	150,247	-	-	150,247
Disposal proceeds	(160,365)	(304)	-	(160,669)
Capital events, transfers & movements	-	-	-	-
Realised gain/(loss)	42,845	-	-	42,845
Unrealised gain/(loss)	(38,218)	-	190	(38,028)
<i>Market value as at 28 February 2022</i>	<i>184,381</i>	<i>2,012</i>	<i>2,268</i>	<i>188,661</i>
Additions at cost	29,345	-	-	29,345
Disposal proceeds	(20,179)	-	-	(20,179)
Capital events, transfers & movements	-	-	81	81
Realised gain/(loss)	(2,729)	-	-	(2,729)
Unrealised gain/(loss)	(5,993)	-	362	(5,631)
<i>Market value as at 28 February 2023</i>	<i>184,825</i>	<i>2,012</i>	<i>2,711</i>	<i>189,548</i>

The following table provides further information on the breakdown of investments:

Group and Trust	2022/23	2021/22
	£000s	£000s
UK listed investment	104,082	130,358
Overseas listed investment	72,063	45,749
UK unlisted investments	8,680	8,274
Market Value	184,825	184,381

5.2 Detailed comparative information for each separate class of fund relating to the realised gains/(losses) from investment asset disposals and unrealised gains/(losses) from investment asset revaluation is set out below:

Group and Trust	Unrestricted funds				Restricted funds				Total	
	General funds		Designated funds		Restricted funds		Endowment funds			
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Unrealised gain/(loss) on investment revaluation	957	(1,204)	-	-	(718)	(27,074)	(5,870)	(9,750)	(5,631)	(38,028)
Realised gain/(loss) on investment disposal	(206)	310	-	-	(267)	29,064	(2,256)	13,471	(2,729)	42,845
Net gain/(loss) on investment assets	751	(894)	-	-	(985)	1,990	(8,126)	3,721	(8,360)	4,817

5. *Investments and investment income (continued)*

5.3 The following is a summary of the income arising from the Trust's investments:

	Investment Income			
	Group		Trust	
	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s
Income from investments	5,408	5,304	5,408	5,304
Interest on deposits and cash	3	6	3	6
Distribution from Enterprises	-	-	1,082	-
Total Investment Income	5,411	5,310	6,493	5,310

5.4 A detailed comparative information for each separate class of fund for the investment income is set out below:

Group	Unrestricted funds		Restricted funds		Total
	General funds	Designated funds	Restricted funds	Endowment funds	
	£000s	£000s	£000s	£000s	£000s
2023	1,230	-	4,181	-	5,411
2022	1,161	-	4,149	-	5,310

Trust	Unrestricted funds		Restricted funds		Total
	General funds	Designated funds	Restricted funds	Endowment funds	
	£000s	£000s	£000s	£000s	£000s
2023	2,312	-	4,181	-	6,493
2022	1,161	-	4,149	-	5,310

5.5 **Distribution from Enterprises**

The Trust receives a distribution of earnings from trading activities which are undertaken by National Trust for Scotland Enterprises Ltd SC095585 (Enterprises), its subsidiary undertaking, arising from an investment of £2 held within the National Trust for Scotland. This investment income is in the form of Gift Aid on taxable profits made by Enterprises. Gift Aid distributions are recognised in the year they are paid. During 2022/23, there was a distribution of £1,082k from Enterprises to the Trust for the period ending 28 February 2022. During the financial year 2022/23 Enterprises generated a profit of £2,551k; a decision to make a distribution will be recommended to the Board to be paid in financial year 2023/24.

5.6 At the year end, the Trust held property deemed not to be 'of heritage significance'. In line with FRS 102, these properties have been included within property investments above at a fair value of £2,711k (2021/22: £2,276k) as per external valuations conducted by Savills plc, at 28 February 2023, in line with the Trust's Accounting Policy (see pages 45–54). Included in investment properties is property with a value of £975k for which the Trust has granted an irrevocable undertaking to retain the property.

6. Grants

The Trust received grants from the following bodies:

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	£000s	£000s	£000s	£000s
Scottish Government	111	177	111	177
Historic Environment Scotland	140	243	140	243
NatureScot (formerly Scottish Natural Heritage)	101	113	101	113
Local authorities and Enterprise companies	814	1,058	809	665
Total for year ending 28 February	1,166	1,591	1,161	1,198

For both Group and Trust, £769k (2021/22: £674k) of the total grants received were restricted. The Group grants received includes £6k (2021/22: £464k) relating to Enterprises; see Note 8 for further details.

7. Property and other income

Group	Unrestricted funds				Restricted funds				Total	
	General funds		Designated funds		Restricted funds		Endowment funds			
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Admissions	4,550	2,249	-	-	-	-	-	-	4,550	2,249
Rents	1,972	1,791	-	-	-	-	-	-	1,972	1,791
Other	1,516	1,126	92	-	13	107	-	-	1,621	1,233
Property & other income	8,038	5,166	92	-	13	107	-	-	8,143	5,273

Trust	Unrestricted funds				Restricted funds				Total	
	General funds		Designated funds		Restricted funds		Endowment funds			
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Admissions	4,550	2,249	-	-	-	-	-	-	4,550	2,249
Rents	1,972	1,791	-	-	-	-	-	-	1,972	1,791
Other	2,200	1,551	92	-	13	107	-	-	2,305	1,658
Property & other income	8,722	5,591	92	-	13	107	-	-	8,827	5,698

Other income, for the Group and Trust, includes income from events, produce sales and countryside activities, as well as subsidies and commission.

8. Commercial activities

National Trust for Scotland Enterprises Ltd (Enterprises) is wholly owned by the Trust with share capital of £2. It is incorporated in Scotland (SC095585) and its results are consolidated with the results of the National Trust for Scotland in the group accounts. Enterprises' principal activities are the running of retail, catering, holiday cottages, hospitality and other sundry trading activities at Trust places. All of these activities are unrestricted; therefore, all income and expenditure is unrestricted. Unlike most of the Trust's income, Enterprises does not enjoy exemption from taxation and distributes, under a Gift Aid scheme, the whole of its surpluses to the Trust.

A management charge of £708k (2021/22: £425k) was charged by the National Trust for Scotland for management services provided to Enterprises.

The turnover and net contributions to Trust funds from Enterprises were:

NTS Enterprises	Turnover		Costs		Contribution	
	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s
Retail	5,248	2,888	3,723	2,779	1,525	109
Catering	5,768	3,971	5,249	2,897	519	1,074
Holiday cottages	1,766	1,314	956	697	810	617
Cruises	-	-	-	-	-	-
Functions	565	274	545	474	20	(200)
Other income and events	747	604	391	209	356	395
Total	14,094	9,051	10,864	7,056	3,230	1,995

During 2021/22 the wages and salaries costs allocated to Enterprises was offset by an allocation of the related element of HMRC's Coronavirus Job Retention Scheme (JRS) grant of £71k. No JRS grants were received in 2022/23. In addition, local government business recovery grants were awarded to compensate for loss of commercial income due to the COVID-19 pandemic, totalling £6k (2021/22: £393k).

After inclusion of the grants received and the management charge, a profit before tax of £2,551k (2021/22: £2,034k) and a profit after tax of £2,551k (2021/22: £2,034k) was as recorded below.

Enterprises profit/(loss) before tax	2022/23 £000s	2021/22 £000s
Contribution	3,230	1,995
Property and other income	23	-
Other operating income – grants received	6	464
Other operating expenditure – management recharge	(708)	(425)
Profit/(loss) before tax for year	2,551	2,034
Taxation credit	-	-
Profit/(loss) after tax for year	2,551	2,034

8. Commercial activities (continued)

The net assets/(liabilities) of Enterprises are summarised as follows:

Enterprises net assets/(liabilities)	2022/23 £000s	2021/22 £000s
Stock	884	954
Debtors	399	177
Cash and bank	3,381	2,086
Creditors	(1,317)	(1,918)
Amounts due to parent	(789)	(210)
Net assets/(liabilities)	2,558	1,089

9. Other income

Other income was £1,111k (2021/22: £2,273k). Detailed comparative information for each separate class of fund is set out below:

Group	Unrestricted funds				Restricted funds				Total	
	General funds		Designated funds		Restricted funds		Endowment funds			
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Gain on sale of assets	183	1,594	-	-	928	480	-	-	1,111	2,074
Coronavirus Job Retention Scheme	-	199	-	-	-	-	-	-	-	199
Other income	183	1,793	-	-	928	480	-	-	1,111	2,273

Trust	Unrestricted funds				Restricted funds				Total	
	General funds		Designated funds		Restricted funds		Endowment funds			
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Gain on sale of assets	187	1,594	-	-	1,019	480	-	-	1,206	2,074
Coronavirus Job Retention Scheme	-	129	-	-	-	-	-	-	-	129
Other Income	187	1,723	-	-	1,019	480	-	-	1,206	2,203

During 2021/22 the National Trust for Scotland received £199k of support from the government under the Coronavirus Job Retention Scheme; £70k of this support was received by the trading subsidiary, National Trust for Scotland Enterprises Ltd. The scheme provided for the reimbursement of wages for employees who were placed on furlough leave.

10. Publicity and fundraising

Expenditure on publicity and fundraising was £6,177k (2021/22: £5,456k). Detailed comparative information for each separate class of fund is set out below:

Group and Trust	2022/23 £000s	2021/22 £000s
Salaries and wages	1,305	1,207
Marketing and publications	2,665	2,562
Consultants and professional fees	893	420
Maintenance and equipment	(1)	32
Travel and subsistence	30	7
Other overheads (including depreciation)	378	360
Support costs (see Note 13)	819	793
Governance costs (see Note 13)	88	75
Total publicity and fundraising expenditure	6,177	5,456

The total publicity and fundraising expenditure can be analysed by fund as follows:

Group and Trust	Unrestricted funds		Restricted funds		Total £000s
	General funds	Designated funds	Restricted funds	Endowment funds	
	£000s	£000s	£000s	£000s	
2023	5,305	-	380	492	6,177
2022	5,254	-	138	64	5,456

11. Property operating expenditure

Property operating expenditure consists of the following main areas of resources:

Group and Trust	2022/23 £000s	2021/22 £000s
Salaries and wages	14,052	10,252
Utilities	2,800	1,783
Maintenance and equipment	4,970	3,534
Insurance	839	1,011
Travel and subsistence	592	380
Other overheads (including depreciation)	5,290	4,089
Support costs (see Note 13)	7,096	5,870
Governance costs (see Note 13)	772	687
Total property operating expenditure	36,411	27,606

11. Property operating expenditure (continued)

The total property operating expenditure can be analysed by fund as follows:

Group and Trust	Unrestricted funds		Restricted funds		Total
	General funds	Designated funds	Restricted funds	Endowment funds	
	£000s	£000s	£000s	£000s	
2023	36,282	-	131	(2)	36,411
2022	27,396	-	210	-	27,606

12. Conservation, repairs and improvements

The Trust spent the following on conservation, repairs and improvements:

Group and Trust	2022/23	2021/22 restated
	£000s	£000s
Major projects	553	2,326
Routine conservation and repairs	6,856	3,802
Support costs (see Note 13)	1,989	1,656
Governance costs (see Note 13)	505	455
Total conservation, repairs and improvements	9,903	8,239

In 2022/23, a review of major projects was undertaken and £5.7 million was capitalised as assets. This gave rise to a prior year adjustment of £1,600k to capitalise amounts that were previously expensed in 2021/22 – see Note 38.

The total expenditure on conservation, repairs and improvements can be analysed by fund as follows:

	Unrestricted funds		Restricted funds		Total restated
	General funds	Designated funds	Restricted funds	Endowment funds	
	£000s	£000s	£000s	£000s	
2023	3,214	-	6,685	4	9,903
2022	4,883	-	3,356	-	8,239

Major projects vary year on year, and as such spending will increase or decrease in accordance with the projects ongoing in the year.

13. Analysis of support and governance costs

The Trust initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. The other support costs, together with the governance costs, are allocated between fundraising activities and charitable activities. The basis of allocation is on the estimated time spent by the appropriate support service.

Group and Trust	2022/23					2021/22
	Admin & other £000s	Human resources £000s	Finance £000s	ICT ¹ £000s	Total £000s	Total £000s
Membership and recruitment	38	171	53	239	501	363
Publicity and fundraising	270	27	283	239	819	792
Property operating expenditure	3,371	1,358	931	1,436	7,096	5,870
Conservation, repairs and improvements	1,214	99	317	359	1,989	1,657
Governance	1,230	36	181	120	1,567	1,405
Total support & governance cost	6,123	1,691	1,765	2,393	11,972	10,087

¹ ICT stands for Information and Communications Technology

Governance	2022/23 £000s	2021/22 £000s
Membership and recruitment ²	202	188
Publicity and fundraising	88	75
Property operating expenditure	772	687
Conservation, repairs and improvements	505	455
Total governance cost allocation	1,567	1,405

² Governance costs relating to membership and recruitment are allocated across cost of raising funds and charitable activities, based on the percentage split of income

14. Other expenditure

The Trust incurred other expenditure of £95k (*2021/22: £642k*). Detailed comparative information is set out below:

Group and Trust	2022/23 £000s	2021/22 £000s
Organisational, systems & process change projects	89	97
COVID-19 re-opening adaptations	6	7
Lease dilapidations provision	-	538
Total other expenditure	95	642

Total other expenditure can be analysed by fund as follows:

	Unrestricted funds		Restricted funds		Total
	General funds	Designated funds	Restricted funds	Endowment funds	
	£000s	£000s	£000s	£000s	£000s
2023	95	-	-	-	95
2022	638	-	4	-	642

The Trust incurred a total of £89k (*2021/22: £97k*) in improving systems and processes and supporting organisational change. Included in this figure is restructuring costs of £nil (*2021/22: £45k*) (Note 16). Other expenditure also includes £6k (*2021/22: £42k*) for personal protective equipment (PPE) and other adaptations to enable safe property opening during the pandemic.

A provision for the cost of dilapidations relating to the lease on Hermiston Quay in Edinburgh has been estimated. The provision remains at the same level as 2021/22 – Note 27 provides further information.

15. Trustees' remuneration, benefits and expenses

No remuneration has been paid to members or former members of the Board of Trustees in respect of their duties as Board members. In addition, £1,998 was reimbursed to two Board and Committee members (*2021/22: £142 one Board member*); this continues to reflect the use of virtual meetings where appropriate.

16. Analysis of staff costs and remuneration of key management personnel

16.1 The average number of employees on permanent and fixed-term contracts, including seasonal employees, was 1,017 (2021/22: 760). On a full-time equivalent basis, this becomes 770 (2021/22: 469). The average number of employees on permanent contracts was 662 (2021/22: 528) and the average number of employees on fixed-term contracts was 355 (2021/22: 232). The peak number of staff employed during the year was 1,164 (2021/22: 880). All employees are employed by the Trust, and costs relating to commercial activities are charged to the subsidiary company.

Details of staff costs and emoluments for the year are as follows:

Group	2022/23	2021/22
	Total Permanent & fixed term	Total Permanent & fixed term
	£000s	£000s
Gross pay	24,210	18,114
Employer's NI	2,432	1,659
Employer's pension	993	839
Agency staff costs	-	-
Total	27,635	20,612

Trust	2022/23	2021/22
	Total Permanent & fixed term	Total Permanent & fixed term
	£000s	£000s
Gross pay	24,210	18,114
Employer's NI	2,432	1,659
Employer's pension	993	839
Agency staff costs	-	-
Total staff costs	27,635	20,612
Less: recharge to NTSE	(4,370)	(2,763)
Total	23,265	17,849

16.2 Total pension contributions paid during the year for the Group were £756k (2021/22: £659k) to the defined contribution scheme and £237k (2021/22: £180k) to the National Employment Savings Trust (NEST) scheme. Total contributions paid during the year for the Trust were £910k (2021/22: £780k) to both schemes. Pension contributions are treated as an operating cost and allocated by employee activity.

16. Analysis of staff costs and remuneration of key management personnel (continued)

- 16.3 In addition to its paid workforce, the Trust also benefits from a committed group of volunteers who give their time to help at properties and in administrative offices, covering tasks that include visitor services, retail, events, gardening, learning, environmental work and footpath work.

During the year to 28 February 2023 these volunteers carried out a total of 127,502 hours (*2021/22: 71,348 hours*) of work, which is a 79% increase on the previous year. This reflects the Trust recovering from the impact of COVID-19 and approaching pre-pandemic levels (*2019/20: 168,448 hours*). If translated at an indicative cost of £10 per hour (which is an average based on the wide range of skills used by volunteers in the organisation), this effort equates to a value of £1.3 million (*2021/22: £0.7 million*).

The Trust depends heavily on its volunteers and could not operate without their ongoing support. We are extremely grateful to them all for the time and energy they devote to the Trust.

- 16.4 The Trust considers its key management personnel to be the Executive Committee (as shown on page 31), led by the Chief Executive. This team has expanded in size; in prior years it included only the Chief Executive, Chief Operating Officer and Director of Customer & Cause. The employee benefits (exclusive of pension contribution) of key management personnel were £1.1 million (*2021/22: £399k*). Pension contributions were £84k (*2021/22: £39k*) for key management personnel.

The number of employees whose annual emoluments (including termination payments but excluding employer pension contributions) were above £60k are set out below:

	2023 Number of Employees	2022 Number of Employees
Between £60,000 and £69,999	9	10
Between £70,000 and £79,999	5	3
Between £80,000 and £89,999	5	7
Between £90,000 and £99,999	3	-
Between £100,000 and £109,999	2	1
Between £130,000 and £139,999	-	1
Between £140,000 and £149,999	1	-
Between £150,000 and £159,999	-	1
Between £160,000 and £169,999	1	-

- 16.5 Redundancy and termination payments of £117k (*2021/22: £45k*) were made or contractually committed to during the year. Redundancy costs are recognised in the year for employees who have received written notification within the financial year confirming their redundancy. There were no ex-gratia payments included in these amounts.

17. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022/23		2021/22	
	Land & buildings	Other assets	Land & buildings	Other assets
	£000s	£000s	£000s	£000s
Within one year	428	61	428	112
Between one and five years	535	55	963	109
After five years			-	-
Total	963	116	1,391	221

During the year, expenses of £540k (2021/22: £522k) were made in respect of operating leases.

18. Auditor's remuneration

Remuneration for audit services for the year ending 28 February 2023 was £66k (2021/22: £66k) for the Group and £50k (2021/22: £53k) for the Trust.

19. Non-audit services

In common with many other organisations of a similar size, entities related to the Trust's auditors prepare and submit corporation tax and other related returns to the tax authorities. There was a change of auditor during the year, with Anderson Anderson Brown Audit LLP (AAB Audit LLP) being appointed on 24 September 2022. Total fees for non-audit, one-off services at 28 February 2023 paid to the previous auditor (RSM UK Audit LLP) amounted to £26k (2021/22: £33k); total fees for non-audit, one-off services paid to AAB Audit LLP were £nil.

20. Tangible fixed assets

Group and Trust	Tangible fixed assets						Total £000s
	Assets under construction	Motor vehicles	Buildings	Building fit-outs	Computer equipment	Fixtures & fittings	
	£000s	£000s	£000s	£000s	£000s	£000s	
Cost and valuation							
At 1 March 2022 (restated)	1,294	2,640	26,958	15,941	4,181	7,019	58,033
Additions	3,955	234	8	91	-	90	4,378
Disposals	-	(13)	-	-	-	-	(13)
Transfers	(156)	-	165	-	-	-	9
At 28 February 2023	5,093	2,861	27,131	16,032	4,181	7,109	62,407
Cumulative depreciation							
At 1 March 2022	-	2,468	9,356	9,751	4,181	4,837	30,593
Charge for the period	-	91	914	921	-	377	2,303
Disposals	-	(13)	-	-	-	-	(13)
Transfers	-	-	(46)	-	-	-	(46)
At 28 February 2023	-	2,546	10,224	10,672	4,181	5,214	32,837
Net book value at 28 February 2023	5,093	315	16,907	5,360	-	1,895	29,570
Net book value at 28 February 2022 (restated)	1,294	172	17,602	6,190	-	2,182	27,440

The Trust had total capital commitments of £2.9 million against fixed assets at the financial year end (2021/22: £156k). This relates to contracted work at Canna House on the Isle of Canna, plus £400k due for a number of vehicles that were ordered in 2022/23 and have not yet been delivered.

Included in the opening cost and valuation of fixed assets as at 1 March 2022 is an amount of £1.6 million relating to major project work which was not originally capitalised in 2021/22. This has been adjusted in the current year as a prior year adjustment – see Note 38.

21. Heritage assets

21.1 At 28 February 2023 the Trust owned a variety of places for the access and benefit of the nation, including built properties, major gardens, historic burghs, countryside places, island groups, National Nature Reserves, Munros and a dual World Heritage Site.

These assets have been acquired since the formation of the Trust; many have been gifted or bequeathed to the Trust during that period. It is therefore not possible to give a total acquisition cost for the heritage portfolio, nor would such a figure be meaningful.

The heritage assets owned by the Trust fall into two categories:

- i) Land and buildings
- ii) Collections

For the reasons explained in the Accounting Policy on heritage assets, neither of these categories are capitalised in the balance sheet unless purchased.

Land and buildings

Land and buildings assets include areas of countryside, islands, castles, museums, houses, farms, gardens and estates. The total insurance reinstatement value of our historic buildings is £1,388 million (2021/22: £1,277 million).

Collections

Our collections assets are extensive and include furniture, paintings, porcelain, domestic items, decorative arts, costume, photography and social history collections. Many of our properties also hold extensive library collections, and some have historic archives. The Trust also cares for its own corporate archive.

The Trust estimates that these collections contain around 300,000 individual items, acquired at various points during the Trust's 90-year history. The majority of the art, objects and books collections are on display in the places run by the Trust, whilst the archives and some more delicate items are in storage. Examples of significant collections held by the Trust include:

- The Beckford Collection of exceptional small-scale objets de vertu, silver and porcelain housed in Brodick Castle
- The portrait collection, including works by Batoni, Romney, Gainsborough, Opie, Lawrence and Hoppner, at Fyvie Castle. The castle also contains one of the largest collections of Raeburn paintings in the world as well as an equally impressive collection of fine furniture, tapestries, arms and armour
- The arms collection at Culzean Castle, which includes one of the most important collections of 18th-century and early 19th-century flintlock pistols in the world
- The exceptional collection of 20th-century Scottish paintings given to the Trust by Douglas Hutchison in 1999, which is currently hung in the Eisenhower Apartment at Culzean Castle

The Trust maintains a collections management database of items. There are around 142,000 database entries covering the museum collections, of which approximately 8,400 are records of objects on long- or short-term loan to the Trust. The archives are also catalogued in a separate database module, and a proportion of the book collections are catalogued in the book module. The database holds a valuation figure for approximately 27,700 of the entries in the museum database and the total sum of these valuations is referenced below.

21. Heritage assets (continued)

The collections valuations cover a broad time period, with the earliest dating from the early 1960s, and emanate from three separate sources:

- Professional valuations carried out on certain items under a rolling programme of insurance valuation – this programme ceased in 2005
- Acquisition costs where items have been purchased separately – in these cases, the cost of purchase is recorded as the valuation
- Insurance valuations undertaken for specific purposes (e.g. when a painting is loaned to another institution for a temporary exhibition)

Given the age of the recorded valuations and the lack of valuations available for the majority of items, the overall valuation figure for collections is likely to be significantly understated. The cost of obtaining valuations for the 112,800 records that lack valuation is not thought to be commensurate with the benefit to users of these accounts. However, based on the details currently held, the Trust estimates that the collections it holds have a total value in excess of £139 million. This figure remains the same as for the last financial year as there has been no active programme of valuing collections this year.

21.2 The value of heritage assets included in the balance sheet and associated in year movements are set out in the table below:

Group and Trust

Cost and Valuation

At 1 March 2022

At 28 February 2023

Heritage assets	
Property	Total
£000s	£000s
271	271
271	271

21.3 The Trust has acquired new items in accordance with its Acquisition Policy; it has disposed of assets too. In the last five years the costs of acquisitions and values of disposals have been as follows:

	Acquisitions		Disposals	
	Land and buildings	Collections	Land and buildings	Collections
	£000s	£000s	£000s	£000s
2022/23	-	-	991	-
2021/22	-	14	1,736	-
2019/20	-	89	438	-
2018/19	121	-	2,174	-
2017/18	-	-	847	-

21. Heritage assets (continued)

21.4 The Trust has made the following disposals of heritage assets during the year:

	2022/23 £000s	2021/22 £000s
Land and buildings		
Croft at Drumbuie, Balmacara	1	-
Croft at Wester Alligin, Torridon	1	-
Crarae Gardens, Minard	1	-
Station Road, Crathes	3	-
Kelton Hill farm	485	-
Lodge of Kelton farm	500	-
Balmblae Cottage	-	351
Bennet House	-	279
Grieves Cottage	-	165
Millwright's Cottage	-	120
Miller's Cottage	-	150
Rose Cottage	-	4
Blackpotts	-	401
Gardener's Cottage	-	250
Paddock, St Abbs	-	15
Total disposals of heritage assets	991	1,736

This represents the sales value less legal fees incurred in making the sale.

22. Intangible fixed assets

Group and Trust

Cost and valuation

At 1 March 2022

Transfer

At 28 February 2023

Cumulative amortisation

At 1 March 2022

Charge for the period

At 28 February 2023

Net book value at 28 February 2023

Net book value at 28 February 2022

Web & digital development £000s	Assets under development £000s	Total £000s
616	100	716
100	(100)	-
716	-	716
557	-	557
84	-	84
641	-	641
75	-	75
59	100	159

23. Stock

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	£000s	£000s	£000s	£000s
Retail stocks	885	954	-	-
Farm stocks	112	100	112	100
Total stock	997	1,054	112	100

The value of stocks expensed during the year was £71k (2021/22: £66k). The value of stock written off during the year was £7k (2021/22: £28k).

24. Debtors

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	£000s	£000s	£000s	£000s
Trade debtors	2,255	2,129	2,115	1,992
Other debtors including tax recoverable	2,054	1,583	2,051	2,240
Prepayments and accrued income	5,050	3,145	4,795	3,106
Amounts due from subsidiary undertakings	-	-	789	210
Total debtors	9,359	6,857	9,750	7,548

25. Creditors

	Group		Trust	
	2022/23	2021/22	2022/23	2021/22
	£000s	£000s	£000s	£000s
Trade creditors	3,523	1,945	3,111	1,770
Other creditors	272	193	251	193
Taxation and social security	699	447	516	447
Accruals	3,860	4,695	3,422	4,085
Deferred income	1,592	1,698	1,328	1,227
Life members account	146	138	146	138
Amounts due to subsidiary undertakings	-	-	-	-
Creditors: amounts falling due within one year	10,092	9,116	8,774	7,860
Other creditors	45	15	45	15
Deferred income (see Note 26)	757	789	757	785
Life members account	1,026	948	1,026	948
Creditors: amounts falling due after more than one year	1,828	1,752	1,828	1,748

25. Creditors (continued)

The Creditors: amounts falling due after more than one year are further analysed as follows:

	Group		Trust	
	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s
Between one and two years				
Life members account	137	130	137	130
Other creditors	45	15	45	15
Deferred income	72	77	72	73
Between two and five years				
Life members account	365	341	365	341
Deferred income	110	114	110	114
Between five and fifteen years				
Life members account	524	477	524	477
Deferred income	575	598	575	598
Total	1,828	1,752	1,828	1,748

26. Deferred income

26.1 Deferred income, for the purpose of this note, is calculated as follows:

	Group		Trust	
	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s
Creditors: amounts falling due within one year				
Deferred income	1,592	1,698	1,328	1,227
Life members account	146	138	146	138
Creditors: amounts falling after more than one year				
Deferred income	757	789	757	785
Life members account	1,026	948	1,026	948
Total deferred income	3,521	3,573	3,257	3,098

Membership income is deferred and released to the Consolidated Statement of Financial Activities (SoFA) over the period to which the membership relates. Other deferred income relates to holiday cottages, functions and wayleaves.

26.2 The movements in deferred income can be analysed as follows, noting that membership income for the purpose of this table is the combination of deferred annual membership income and the Life members account income:

Group & Trust	Deferred income					
	Membership income		Other income		Total	
	Group £000s	Trust £000s	Group £000s	Trust £000s	Group £000s	Trust £000s
At 1 March 2022	2,177	2,177	1,396	921	3,573	3,098
Amounts released during the year	(492)	(492)	(566)	(90)	(1,058)	(582)
Amounts deferred during the year	240	240	766	501	1,006	741
At 28 February 2023	1,925	1,925	1,596	1,332	3,521	3,257

27. Provision for liabilities

The following table provides an analysis of the provision for liabilities:

Group and Trust	Total £000s
<i>Provision for liabilities</i>	
At 1 March 2022	1,658
Additional provision in year	-
At 28 February 2023	<u>1,658</u>

The provision above has been recognised in accordance with the Trust's Accounting Policy for the provision of liabilities (page 52). The provision includes obligations relating to the Trust's Edinburgh headquarters at Hermiston Quay, which arise from a full repairing and insuring lease that commenced in April 2010. Under the lease the Trust has obligations for (a) the repairing of any damage requiring repair, maintenance, re-instatement, decoration or cleaning irrespective of cause; and (b) to keep all lighting, heating, ventilation, drainage system, water supply, gas, firefighting equipment and other machinery provided by the landlord to be in good working order/repair.

An external surveyor, TFT, was engaged to undertake an assessment of the dilapidations assessment, and it is this information that has been used as the basis of the estimated obligation liability. The assessment of the total dilapidations liability to the first break clause has subsequently been increased in line with inflation.

28. Analysis of net assets among funds

Group fund balances at 28 February 2023 are represented by:

Group	Unrestricted funds		Restricted funds		Total
	General Income Funds	Designated funds	Restricted funds	Endowment funds	
	£000s	£000s	£000s	£000s	£000s
Fixed assets	-	29,916	-	-	29,916
Investments	43,935	1,042	69,374	75,197	189,548
Net current assets	9,797	38	8,637	6	18,478
Creditors due after more than one year	(1,828)	-	-	-	(1,828)
Provision for liabilities	(1,658)	-	-	-	(1,658)
At 28 February 2023	50,246	30,996	78,011	75,203	234,456
<i>Fixed assets</i>	<i>-</i>	<i>27,870</i>	<i>-</i>	<i>-</i>	<i>27,870</i>
<i>Investments</i>	<i>21,780</i>	<i>492</i>	<i>82,740</i>	<i>83,649</i>	<i>188,661</i>
<i>Net current assets</i>	<i>32,525</i>	<i>37</i>	<i>4,896</i>	<i>2</i>	<i>37,460</i>
<i>Creditors due after more than one year</i>	<i>(1,752)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(1,752)</i>
<i>Provision for liabilities</i>	<i>(1,658)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(1,658)</i>
At 28 February 2022 (restated)	50,895	28,399	87,636	83,651	250,581

Trust fund balances at 28 February 2023 are represented by:

Trust	Unrestricted funds		Restricted funds		Total
	General Income Funds	Designated funds	Restricted funds	Endowment funds	
	£000s	£000s	£000s	£000s	£000s
Fixed assets	-	29,916	-	-	29,916
Investments	43,935	1,042	69,374	75,197	189,548
Net current assets	7,239	38	8,637	6	15,920
Creditors due after more than one year	(1,828)	-	-	-	(1,828)
Provision for liabilities	(1,658)	-	-	-	(1,658)
At 28 February 2023	47,688	30,996	78,011	75,203	231,898
<i>Fixed assets</i>	<i>-</i>	<i>27,870</i>	<i>-</i>	<i>-</i>	<i>27,870</i>
<i>Investments</i>	<i>21,780</i>	<i>492</i>	<i>82,740</i>	<i>83,649</i>	<i>188,661</i>
<i>Net current assets</i>	<i>31,432</i>	<i>37</i>	<i>4,896</i>	<i>2</i>	<i>36,367</i>
<i>Creditors due after more than one year</i>	<i>(1,748)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(1,748)</i>
<i>Provision for liabilities</i>	<i>(1,658)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(1,658)</i>
At 28 February 2022 (restated)	49,806	28,399	87,636	83,651	249,492

29. Endowment funds

The following endowment funds individually exceed 5% of the total of such funds at 28 February 2023:

Group & Trust	2021/22	Resources expended	Changes in fair value	Transfers	2022/23
Fund	£000s	£000s	£000s	£000s	£000s
Mar Lodge Estate	16,518	(97)	(1,604)	-	14,817
Newhailes	8,457	(50)	(821)	-	7,586
Threave	4,900	(29)	(476)	-	4,395
Fyvie Castle	4,222	(25)	(410)	-	3,787
Other funds	49,554	(292)	(4,815)	171	44,618
At 28 February 2023	83,651	(493)	(8,126)	171	75,203

At 28 February 2022:

Group & Trust	2020/21	Resources expended	Changes in fair value	Transfers	2021/22
Fund	£000s	£000s	£000s	£000s	£000s
Mar Lodge Estate	15,796	(13)	735	-	16,518
Newhailes	8,087	(6)	376	-	8,457
Threave	4,686	(4)	218	-	4,900
Fyvie Castle	4,037	(3)	188	-	4,222
Other funds	47,388	(38)	2,204	-	49,554
At 28 February 2022	79,994	(64)	3,721	-	83,651

The income from these funds is used to support the named properties.

30. Other restricted funds

The Trust has over 230 specifically restricted funds, of which the following restricted funds individually exceed 5% of the total of such funds at 28 February 2023:

Group & Trust	2021/22	Incoming resources	Resources expended	Changes in fair value	Transfers	2022/23
Fund	£000s	£000s	£000s	£000s	£000s	£000s
The Fawcitt Fund	4,547	18	(20)	(63)	(1,604)	2,878
Alexander Bequest	4,830	19	(57)	(67)	-	4,725
Unna Bequest	5,000	19	(22)	(69)	-	4,928
Property funds	35,711	6,212	(2,493)	(258)	(8,195)	30,977
Other funds	37,548	2,790	(4,604)	(528)	(703)	34,503
At 28 February 2023	87,636	9,058	(7,196)	(985)	(10,502)	78,011

30. Other restricted funds (continued)

At 28 February 2022:

Group & Trust	2020/21	Incoming resources	Resources expended	Changes in fair value	Transfers	2021/22
Fund	£000s	£000s	£000s	£000s	£000s	£000s
<i>The Fawcitt Fund</i>	4,379	62	(7)	113	-	4,547
<i>Alexander Bequest</i>	4,652	66	(8)	120	-	4,830
<i>Unna Bequest</i>	4,816	68	(8)	124	-	5,000
<i>Property funds</i>	32,332	5,788	(2,193)	736	(952)	35,711
<i>Other funds</i>	37,032	2,239	(1,492)	897	(1,128)	37,548
<i>At 28 February 2022</i>	83,211	8,223	(3,708)	1,990	(2,080)	87,636

The **Fawcitt Fund** is 'for the provision and support of properties of great natural beauty in Scotland to be preserved for the nation in precious memory of Norman and Ethel Fawcitt'.

The **Alexander Bequest** is 'to be used for the acquisition, curatorship and management of the National Trust for Scotland's collections'.

The **Unna Bequest** is 'to provide funds to fulfil the 11 purposes as set out in the Will for countryside properties'. The merging of the income and the capital restricted funds (for simplifying their management) has resulted in this fund becoming greater than 5% of the total other restricted funds.

The property funds comprise 94 property-specific restricted funds, including property-specific donations and grants received, as well as the income generated from any property-specific endowment fund.

Details of the transfers are shown in Note 32. It is anticipated that these funds will be used by the Trust as part of the programme of investment in the ten-year strategy.

31. Designated funds

Group & Trust	2021/22	Incoming resources	Resources expended	Changes in fair value	Transfers	2022/23
Fund	£000s	£000s	£000s	£000s	£000s	£000s
Fixed Asset Reserve	28,399	-	-	-	1,517	29,916
St Kilda Sinking Fund	-	-	-	-	-	-
Other funds	-	92	-	-	988	1,080
<i>At 28 February 2023</i>	28,399	92	-	-	2,505	30,996

At 28 February 2022:

Group & Trust (restated)	2020/21	Incoming Resources	Resources Expended	Changes in Fair Value	Transfers	2021/22
Fund	£000s	£000s	£000s	£000s	£000s	£000s
<i>Fixed Asset Reserve</i>	26,799	-	-	-	1,600	28,399
<i>St Kilda Sinking Fund</i>	-	-	-	-	-	-
<i>Other funds</i>	-	-	-	-	-	-
<i>At 28 February 2022</i>	26,799	-	-	-	1,600	28,399

The Fixed Asset Reserve fund relates to assets that have been capitalised and are included in Notes 20–22. Movements on the fund reflect additions, disposals and depreciation charged during the year. Details of the transfers are shown in Note 32.

32. Transfers between funds

The following table summarises the transfers between classes of funds:

Group & Trust	Unrestricted funds		Restricted funds		Total
	General funds	Designated funds	Restricted funds	Endowment funds	
	£000s	£000s	£000s	£000s	
Capitalisation of project expenditure	(3,118)	3,118	-	-	-
Release of designated funds	-	-	-	-	-
Other transfers between funds	10,944	(613)	(10,502)	171	-
Net transfers at 28 February 2023	7,826	2,505	(10,502)	171	-
<i>Net transfers at 28 February 2022</i>	<i>480</i>	<i>1,600</i>	<i>(2,080)</i>	<i>-</i>	<i>-</i>

During 2022/23 the key reasons for transferring between classes of funds were:

- designation of general funds into designated funds to recognise expressions of wishes in legacies received during the year
- application of restricted property funds as appropriate to offset operational deficits incurred by the General Income Fund in the operation of the properties

33. Financial instruments

The carrying amounts of the Group's financial instruments at 28 February 2023 were:

	Group		Trust	
	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s
Financial assets:				
Debt instruments measured at amortised cost	10,345	6,302	12,131	6,779
Equity instruments measured at fair value	184,825	184,381	184,825	184,381
Total financial assets at 28 February 2023	195,170	190,683	196,956	191,160
Financial liabilities:				
Measured at amortised cost	7,482	6,809	7,836	6,033
Total financial liabilities at 28 February 2023	7,482	6,809	7,836	6,033

34. Reconciliation of net movement in funds to net cashflow from operating activities

	Group		Trust	
	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s
Net expenditure before gains and losses on investment assets	(7,765)	(1,067)	(9,234)	(3,101)
Add back depreciation & amortisation	2,341	2,395	2,341	2,393
Deduct net gain on disposal of assets	(1,111)	(2,074)	(1,111)	(2,074)
Deduct returns from investments (within investing activities)	(5,411)	(5,310)	(6,493)	(5,310)
(Increase)/ decrease in stock	57	611	(12)	1
(Increase)/ decrease in debtors	(2,502)	4,712	(2,202)	6,042
Increase/(decrease) in creditors	1,052	1,553	994	1,168
Increase/(decrease) in provision for liabilities	-	538	-	538
Net cash (used in)/generated by operating activities	(13,339)	1,358	(15,717)	(343)

35. Analysis of cash and cash equivalents and net debt

The following table provides an analysis of cash and cash equivalents:

	Group		Trust	
	2022/23 £000s	2021/22 £000s	2022/23 £000s	2021/22 £000s
Cash	18,214	38,665	14,832	36,579
Overdraft facility repayable on demand	-	-	-	-
Total cash and cash equivalents	18,214	38,665	14,832	36,579

The following table provides a breakdown of net debt:

Group	As at 1 March 2022 £000s	Cashflows £000s	Fair value movements £000s	As at 28 February 2023 £000s
Cash	38,665	(20,451)	-	18,214
Overdraft facility repayable on demand	-	-	-	-
Loans	-	-	-	-
Total net debt	38,665	(20,451)	-	18,214

Trust	As at 1 March 2022 £000s	Cashflows £000s	Fair value movements £000s	As at 28 February 2023 £000s
Cash	36,579	(21,747)	-	14,832
Overdraft facility repayable on demand	-	-	-	-
Loans	-	-	-	-
Total net debt	36,579	(21,747)	-	14,832

36. Related party transactions

The Trust has considered the disclosure requirements of the Statement of Recommended Practice – Reporting & Accounting by Charities (SORP FRS 102) and of FRS 102. The Trust believes that the following related party transactions require disclosure:

All Trustees are members of the Trust. Total donations without conditions made by Trustees to the Trust during the year were £0.3k (2021/22: £0.5k). There are no outstanding amounts due.

In 2022/23 the following transactions took place between the Trust and Enterprises, its wholly owned subsidiary:

- The provision of management services by the Trust covering payroll, finance, back-office support, legal and managerial support of £708k (2021/22: £425k)
- The provision of catering, retail, fixture & fittings and ICT assets by the Trust to allow the subsidiary to run its shops, cafés and holiday cottages of £285k (2021/22: £232k)
- A Gift Aid payment was made in 2022/23 by the subsidiary of £1,082k (2021/22: *£nil*)

The Trust provides a treasury function for Enterprises, and at 28 February 2023 an amount of £789k was due to the Trust from Enterprises for transactions paid by the Trust through this function. In 2021/22, £210k was due to Enterprises from the Trust at the reporting date.

The Chief Executive of the National Trust for Scotland is an ex officio member of the Board of the National Trust for Scotland Foundation USA. During the year, the National Trust for Scotland Foundation USA made donations to the National Trust for Scotland of £130k (2021/22: £245k).

The above transactions are on an arms-length basis with no unusual terms/conditions and no guarantees.

37. Contingent assets

The Trust has been notified that it is a beneficiary to a number of residuary legacies which have not yet been recognised within the Financial Statements. The Trust's Accounting Policy for legacies (page 47) states that a legacy can only be recognised when entitlement is evidenced, receipt of funds is probable, and it is possible to estimate the fair value of the legacy income receivable. Once all three criteria are met, the Trust will recognise this legacy income in the financial statements. For many of the notified residuary legacies it is the inability to estimate the legacy income receivable that prevents the income being recognised.

38. Prior year adjustment

During the year, major project expenditure which meets the criteria for capitalisation (as set out in Note 1 – Accounting Policies) is capitalised. In the year to 28 February 2023, £5.7 million of project expenditure was capitalised. Of this, £1.6 million related to multi-year projects which commenced in earlier years and had previously been charged to the Statement of Financial Activities under the heading 'Conservation, repairs and improvements'. Consequently, a prior year adjustment has been recognised which increased the net surplus to 28 February 2022 from £2.2 million as previously stated to £3.8 million, with net assets increasing from £249 million to £250.6 million.

Reference and Administrative Details

Head Office

Hermiston Quay
5 Cultins Road
Edinburgh
EH11 4DF

Investment Advisors

Mercer Limited
1 Tower Place West
London
EC3R 5BU

Independent External Auditors

Anderson Anderson & Brown Audit LLP
81 George Street
Edinburgh
EH2 3ES

Internal Auditors

Grant Thornton UK LLP
7 Castle Street
Edinburgh
EH2 3AH

Bankers

The Royal Bank of Scotland plc
West End Office
142/144 Princes Street
Edinburgh
EH2 4EQ

Trustees on the Board at the date of signing are:

Sir Mark Jones	(Chair)
David Mitchell	(Deputy Chair)
Janet Brennan	
Dr James Fenton	
David MacLellan	
Shona Malcolm	

Jill Miller
Stephen Mitchell
Cameron Murray
Professor Murray Pittock
Michael Spence
Ian Turnbull

Executive Officers at the date of signing are:

Philip Long	(Chief Executive)
Katerina Brown	(Chief Operating Officer)



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The National Trust for Scotland is a charity registered in Scotland, Charity Number SC 007410
Registered address: Hermiston Quay, 5 Cultins Road, Edinburgh, EH11 4DF