

**COSLA
Financial
Statements
2019/2020**

COSLA

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COSLA

Management's Report

For the Year Ended 31 March 2020

The members of management present their annual report and financial statements for the year ended 31 March 2020.

Management

The members of management who held office during the year and up to the date of signature of the financial statements were as follows:

Sally Loudon – Chief Executive
James Fowlie – Director of Integration and Development
Jane O'Donnell – Acting Head of Policy
Vicki Bibby – Acting Head of Resources (resigned April 2020)

Going concern

Members of management have considered the impact of covid-19 on the organisation and have taken appropriate measures to minimise the risk to the business and are satisfied that the organisation can continue to trade as a going concern.

Auditor

The auditor, Thomson Cooper, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of management's responsibilities

Members of management are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Management have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the members of management must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the organisation for that period. In preparing these financial statements, the members of management are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in business.

The members of management are responsible for keeping adequate accounting records that are sufficient to show and explain the organisation's transactions and disclose with reasonable accuracy at any time the financial position of the organisation and enable them to ensure that the financial statements comply with UK GAAP. They are also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COSLA

Management's Report (Continued)

For the Year Ended 31 March 2020

Statement of disclosure to auditor

So far as each person who was a member of management at the date of approving this report is aware, there is no relevant audit information of which the organisation's auditor is unaware. Additionally, the members of management individually have taken all the necessary steps that they ought to have taken as members of management in order to make themselves aware of all relevant audit information and to establish that the organisation's auditor is aware of that information.

On behalf of Convention

Sally Loudon
Chief Executive

Date:

COSLA

Statement of Comprehensive Income

For the Year Ended 31 March 2020

	2020		2019		Notes
	£	%	£	%	
Income					
Annual Subscriptions	3,714,654	73.4	3,682,987	73.2	
Other Income	<u>1,347,015</u>	<u>26.6</u>	<u>1,348,869</u>	<u>26.8</u>	7
	<u>5,061,669</u>	<u>100.0</u>	<u>5,031,856</u>	<u>100.0</u>	
Expenditure					
Employee Costs	2,200,457	53.7	2,325,470	55.6	8
Property Costs	698,497	17.0	667,574	16.0	9
Operational Expenses & Other Expenditure	1,173,724	28.7	1,159,736	27.7	10
Contributions to Partner Organisations	<u>23,926</u>	<u>0.6</u>	<u>26,623</u>	<u>0.6</u>	12
	<u>4,096,604</u>	<u>100.0</u>	<u>4,179,403</u>	<u>100.0</u>	
Operating Surplus for the Year	965,065		852,453		
Transfer to the Pension Reserve	<u>(895,000)</u>		<u>(612,000)</u>		
Surplus Transferred to General Reserve	<u>70,065</u>		<u>240,453</u>		15
Other Comprehensive Income					
Actuarial Gain/(Loss) on Defined Benefit Scheme	1,938,000		(1,943,000)		13
Total Comprehensive Income/(Expenditure) for the Year	<u>2,008,065</u>		<u>(1,702,547)</u>		

The above results represent COSLA's continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

COSLA

Statement of Financial Position

As at 31 March 2020

	2020 £	2019 £	Notes
Fixed Assets	503,293	553,022	2
Current Assets			
Debtors and Prepayments	975,258	439,546	3
Cash on Deposit	<u>2,588,319</u>	<u>2,373,505</u>	
	3,563,577	2,813,051	
Current Liabilities			
Creditors and Accruals	<u>2,678,074</u>	<u>2,047,342</u>	4
Net Current Assets	<u>885,503</u>	<u>765,709</u>	
Total Assets Less Current Liabilities	1,388,796	1,318,731	
Pension Liability	<u>(8,824,000)</u>	<u>(10,762,000)</u>	13
Net Liabilities including Pension Liability	<u>(7,435,204)</u>	<u>(9,443,269)</u>	
Represented By: -			
General Reserve	370,065	300,000	15
ICT Reserve	150,000	150,000	6
Property Reserve	818,731	818,731	6
Transformation & Development Reserve	<u>50,000</u>	<u>50,000</u>	6
	<u>1,388,796</u>	<u>1,318,731</u>	
Pension Reserve	<u>(8,824,000)</u>	<u>(10,762,000)</u>	13
	<u>(7,435,204)</u>	<u>(9,443,269)</u>	

The accompanying accounting policies and notes form an integral part of these financial statements.

Sally Loudon, Chief Executive Dated:

COSLA

Statement of Cash Flows

For the Year Ended 31 March 2020

	2020 £	2019 £	Notes
Net Cash Inflow from Operating Activities	206,451	1,063,285	16
Returns On Investment			
Interest Received	<u>36,288</u>	<u>26,888</u>	
Net Cash Inflow from Returns on Investment	<u>36,288</u>	<u>26,888</u>	
Capital Expenditure			
Purchase Of Fixed Assets	<u>(27,925)</u>	<u>(7,470)</u>	
Net Cash Outflow from Capital Expenditure	<u>(27,925)</u>	<u>(7,470)</u>	
Net increase in cash and cash equivalents	214,815	1,082,703	
Cash and cash equivalents at the beginning of the year	<u>2,373,505</u>	<u>1,290,802</u>	
Cash and cash equivalents at the end of the year	<u>2,588,319</u>	<u>2,373,505</u>	

The accompanying accounting policies and notes form an integral part of these financial statements.

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2020

1. ACCOUNTING POLICIES

The accounting policies are set out below. The policies have remained unchanged from the previous year.

Association Information

COSLA is an Association domiciled in Scotland. The principal place of business is Verity House, 19 Haymarket Yards, Edinburgh EH12 5BH.

Basis upon which accounts are prepared

These financial statements have been prepared on the Historical Cost basis and in accordance with applicable Accounting Standards in the United Kingdom, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102').

The financial statements are prepared in Sterling, which is the currency of the Association. Monetary amounts in these financial statements are rounded to the nearest pound.

The principal accounting policies adopted are set out below.

Going Concern

At the time of approving the financial statements, the members of management have a reasonable expectation that the organisation has adequate resources to continue in operational existence for a period of not less than twelve months from the date of approval of the financial statements. The members of management are aware of the potential impact on the organisation of Coronavirus. They have reviewed their cashflow requirements and are satisfied that the organisation has sufficient cash reserves and net income to cover any shortfall of income from room hire and catering over the next twelve months. The members of management consider that both short term liquidity and longer term financial viability is appropriate and as such continue to adopt the going concern basis of accounting in preparing the financial statements.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation and uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year includes the actuarial valuation of the defined benefit pension scheme liability. The key assumptions are disclosed at Note 13.

Income

Income is derived from subscriptions and charges for goods and services and is stated net of VAT.

Grants

Grants are of a revenue nature and are credited to the income and expenditure accounting the same period as the related expenditure.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the surplus on a straight line basis over the period of the lease.

Stock

COSLA holds no stock.

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Notes to the Financial Statements

For the Year Ended 31 March 2020

1. ACCOUNTING POLICIES *continued*

Fixed Assets

Fixed assets are initially measured at cost and subsequently measured at cost less, net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on a straight-line basis, as follows:-

• Computers	2/3/4 years
• Audio Visual Equipment	4 years
• Office Equipment	5 years
• Verity House fit-out	20 years
• Glasgow Bath St	4 years

Financial Instruments

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

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

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

Pensions and Other Post-Retirement Benefits

The Association operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the Association.

The Association recognises a defined net benefit pension asset or liability in the balance sheet as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset or liability arising from employee service are recognised in the statement of comprehensive income as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in the statement of comprehensive income in the period in which they occur.

Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in the statement of comprehensive income.

Short Term Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Designated Reserves

Designated reserves represent funds which have been set aside to meet future planned expenditure as detailed in Note 6.

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Notes to the Financial Statements

For the Year Ended 31 March 2020

2. FIXED ASSETS

	Computers £	Audio Visual System £	Office Equipment £	VH Fit-Out £	Glasgow Bath St £	TOTAL £
COST						
At 1/4/19	200,393	243,398	185,849	799,726	26,778	1,456,144
Additions	26,747	-	1,178	-	-	27,925
Disposals	-	-	-	-	-	-
At 31/3/20	227,140	243,398	187,027	799,726	26,778	1,484,069
DEPRECIATION						
At 1/4/19	184,977	214,633	176,502	301,760	25,250	903,122
Charge for Year	16,043	11,985	5,989	42,715	922	77,654
On Disposals	-	-	-	-	-	-
At 31/3/20	201,020	226,618	182,491	344,475	26,172	980,776
NBV						
At 31/3/19	15,416	28,765	9,347	497,966	1,528	553,022
At 31/3/20	26,120	16,780	4,536	455,251	606	503,293

3. DEBTORS AND PREPAYMENTS

	2020 £	2019 £
Trade Debtors	151,632	163,833
Other Debtors and Prepayments	823,626	275,713
	<u>975,258</u>	<u>439,546</u>

4. CREDITORS AND ACCRUALS DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade Creditors	808,261	590,540
Other Creditors and Accruals	250,403	416,062
Deferred Income (Note 5)	1,619,410	1,040,740
	<u>2,678,074</u>	<u>2,047,342</u>

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Notes to the Financial Statements

For the Year Ended 31 March 2020

5. DEFERRED INCOME DUE WITHIN ONE YEAR

	2020 £	2019 £
Migration, Population, Diversity (MPD)	246,602	154,174
Business Gateway (BG)/BG Digital Boost	224,770	181,933
Job Evaluation Consortium (JEC)	13,416	13,416
TradingStandardsScotland/Incl. HMT Grant & Memex	100,148	68,025
LG Pension Scheme Advisory Board	115,246	88,883
Scottish Government Grant	919,228	529,975
Hire of Conference Centre	-	4,334
	<u>1,619,410</u>	<u>1,040,740</u>

6. DESIGNATED RESERVES

	ICT £	Property £	Transformation & Development £	Total £
Balance at 1/4/19	150,000	818,731	50,000	1,018,731
Provisions used in year	-	-	-	-
Transfer between reserves	-	-	-	-
Balance at 31/3/20	<u>150,000</u>	<u>818,731</u>	<u>50,000</u>	<u>1,018,731</u>

The ICT Reserve has been established to facilitate necessary Information and Communication Technology investment.

The Refurbishment Reserve has been renamed the Property Reserve to better reflect the nature of it being there to address all property-related costs, most specifically rent increases at Verity House.

The Transformation & Development Reserve is being maintained to fund fees arising from general Constitutional updates expected within the next financial year, transformation and additional expenditure arising from COVID-19.

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Notes to the Financial Statements

For the Year Ended 31 March 2020

7. OTHER INCOME

	2020	2019
	£	£
Deposit Interest	36,288	26,888
Corporate Events fees	672,393	727,990
Grant Funded Project – Health Improvement Grant	50,000	50,000
Sub-lease	35,625	30,000
Management fees	175,000	175,000
Employers website	7,000	9,125
myjobscotland Commercial Income	<u>370,709</u>	<u>329,866</u>
	<u>1,347,015</u>	<u>1,348,869</u>

8. EMPLOYEE COSTS

	2020	2019
	£	£
Salaries	2,128,693	2,020,281
National Insurance	244,538	234,498
Employers Pension Contributions	(231,932)	(506)
Travelling Expenses	31,764	32,512
Staff Training/Development	14,438	9,651
Other Staff Costs/Health and Safety	<u>12,956</u>	<u>29,034</u>
	<u>2,200,457</u>	<u>2,325,470</u>
Number of FTE employees during the year	54	48
Number of Grant Funded Posts and Secondments	43	41

9. PROPERTY COSTS

	2020	2019
	£	£
Rent, Rates and Insurance	534,370	534,335
Service Charges	15,398	2,835
Repairs, Alterations and Equipment	50,269	44,811
Heating, Lighting and Cleaning Services	<u>98,460</u>	<u>85,593</u>
	<u>698,497</u>	<u>667,574</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2020

10. OPERATIONAL EXPENSES & OTHER EXPENDITURE

	2020 £	2019 £
Annual Subscriptions	2,587	2,550
Stationery and Printing	11,142	11,599
Postages	363	136
ICT Charges	72,063	70,047
General Insurance	16,642	16,494
Communications	5,821	4,274
Audit Fee	6,760	6,715
Catering and Hospitality (including Convention meetings)	223,636	237,675
Corporate Events	135,772	129,881
Office Bearers' Allowances	135,391	140,680
Research Studies	3,669	21,962
Depreciation	77,654	84,877
Legal and Professional Fees	9,982	24,170
Bank Charges	2,687	2,642
myjobscotland Operational Costs	448,049	406,034
Miscellaneous	21,506	-
	<u>1,173,724</u>	<u>1,159,736</u>

11. GRANT FUNDED PROJECTS

	2020 £	2019 £
Health Improvement	<u>50,000</u>	<u>50,000</u>

Expenditure on grant funded projects is included within the various expenditure headings in Notes 8 to 10.

12. CONTRIBUTION TO PARTNER ORGANISATIONS

	2020 £	2019 £
COR/CEMR/International Memberships	<u>23,926</u>	<u>26,623</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2020

13. EMPLOYEE BENEFITS

Defined Benefit Plans

Occupational pension arrangements are covered by staff membership of the Local Government Superannuation Scheme of City of Edinburgh Council. Under para B6 (8)(b) of The Local Government Superannuation (Scotland) Regulations 1987. COSLA qualifies as an admitted body to the scheme administered by City of Edinburgh Council, this being a CARE-based Scheme.

In 2019/20 the contributions of COSLA and its employees to the Scheme amount to 26.7% and an average 6.9% of earnings respectively. Employers' contributions payable including pension increases were £663,068. (£611,494 in 2019). Of this total £78,322 (£76,453 in 2019) related to added years benefits awarded to former employees who were granted early retirement.

The principal actuarial assumptions as at the statement of financial position date were:

	2020 %	2019 %
Discount Rate	2.3	2.4
Salary Increase Rate	3.5	4.2
Pension Increase Rate (CPI)	<u>1.9</u>	<u>2.5</u>

Post retirement mortality at 31 March 2020 is based on the Fund's Vita Curves with improvements in line with the CMI 2016 model assuming current rates of improvement have peaked and will converge to a long-term rate of 1.25% per annum.

The total costs for the year in relation to defined benefit plans are as follows:

	2020 £	2019 £
Recognised in the income statement:		
Current service cost	(1,863,000)	(1,426,000)
Net interest expense	<u>(266,000)</u>	<u>(243,000)</u>
	<u>(2,129,000)</u>	<u>(1,669,000)</u>
Recognised in other comprehensive income:		
Remeasurement of the liability:		
Actuarial gains and losses	5,125,000	(3,539,000)
Return on plan assets, excluding amounts included in net interest	<u>(2,292,000)</u>	<u>2,208,000</u>
	<u>2,833,000</u>	<u>(1,331,000)</u>

The statement of financial position net defined benefit liability is determined as follows:

	2020 £	2019 £
Present value of defined benefit obligations	(42,444,000)	(45,286,000)
Fair value of plan assets	<u>33,620,000</u>	<u>34,524,000</u>
	<u>(8,824,000)</u>	<u>(10,762,000)</u>

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2020

13. EMPLOYEE BENEFITS *continued*

Changes in the present value of the defined benefit obligations are as follows:

	2020 £
At 1 April 2019	45,286,000
Interest expense	2,964,000
Benefits paid	(997,000)
Contributions by plan participants	316,000
Remeasurements:	
Actuarial gains and losses	<u>(5,125,000)</u>
At 31 March 2020	<u>42,444,000</u>

Changes in the fair value of plan assets are as follows:

	2020 £
At 1 April 2019	34,524,000
Interest income	835,000
Benefits paid	(997,000)
Contributions by employer	1,234,000
Contributions by plan participants	316,000
Remeasurements:	
Return on plan assets, excluding amount included in interest income	<u>(2,292,000)</u>
At 31 March 2020	<u>33,620,000</u>

The actual return on plan assets was (£2,292,000) (2019: £2,208,000)

The fair value of the major categories of plan assets are as follows:

	2020 £	2019 £
Equity instruments	25,215,000	25,893,000
Debt instruments	3,698,000	3,797,000
Property	2,690,000	2,417,000
Cash and cash equivalents	<u>2,017,000</u>	<u>2,417,000</u>
	<u>33,620,000</u>	<u>34,524,000</u>

The pension scheme liability above does not include any liability which may arise from the Guaranteed Minimum Pensions (GMP)/McCloud Judgement in Local Government Pension Schemes (LGPS).

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2020

14. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2020 the Association had total minimum lease payments due over the lease term under non-cancellable operating leases as set out below:

	Land & Buildings		Other	
	2020 £	2019 £	2020 £	2019 £
Operating leases which expire:				
Within one year	404,403	369,575	5,299	3,008
Within 2 to 5 years	1,617,612	1,478,300	4,803	2,469
After 5 years	2,175,294	2,425,197	-	-

15. GENERAL RESERVE

	2020 £	2019 £
Surplus/(Deficit) for Year	70,065	240,453
Opening Balance	300,000	856,819
Provision used in year	-	-
Transfer to other reserves (note 6)	-	(797,272)
TOTAL	370,065	300,000

16. NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

	2020 £	2019 £
Operating Surplus	965,065	852,453
Bank Interest	(36,288)	(26,888)
Depreciation	77,654	84,877
FRS 17 adjustment	(895,000)	(612,000)
(Increase)/Decrease in Debtors	(535,711)	212,370
Increase/(Decrease) in Creditors	630,731	552,473
	206,451	1,063,285

COSLA

Notes to the Financial Statements

For the Year Ended 31 March 2020

17. TAX STATUS

COSLA is a Local Authority Association and as such is exempt from income tax under Section 838 of the Income and Corporation Taxes Act 2007.

18. RELATED PARTY TRANSACTIONS

During the year COSLA raised sales invoices to the Improvement Service (IS) to the sum of £29,059 (2019: £23,704) for use of the conference centre facilities and also in connection with conferences held by COSLA. All transactions were on an arm's length basis.

At 31 March 2020, IS owed COSLA £1,509 (2019: £3,404).

IS and COSLA are related parties due to the fact that COSLA's President is on the IS Board.

COSLA

Independent Auditor's Report to the Members of Management of COSLA

Opinion

We have audited the financial statements of COSLA (the 'Association') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Association is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

COSLA

Independent Auditor's Report to the Members of Management of COSLA

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of members of management

The members of management 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 members of management 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 members of management are responsible for assessing the Association'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 members of management either intend to liquidate the Association 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.

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

Use of our report

This report is made solely to the Association's members of management, as a body. Our audit work has been undertaken so that we might state to the Association's members of management 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 Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sharon Collins (Senior Statutory Auditor)

For and on behalf of Thomson Cooper Accountants
22 Stafford Street
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