

ITEM No ...6(c)(v).....



Report No: 263-2024

FLEMING TRUST

SC052182

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2024**

AUDITED

September 2024

FLEMING TRUST
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

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TRUSTEES' ANNUAL REPORT

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

The Trustees of the Fleming Trust are the 29 councillors of Dundee City Council. Councillors are elected to serve for a period of five years. The last full Council election was held on 5 May 2022 and the first statutory meeting of the new Council took place on 23 May 2022. The following Councillors were in office during the 2023/24 financial year:

Bill Campbell (Lord Provost)
John Alexander (Leader of the Administration)
Daniel Coleman
Stewart Hunter
Baillie Kevin Keenan
Charlie Malone
Wendy Scullin
Roisin Smith
Siobhan Tolland
Michael Crichton
Nadia El-Nakla
Baillie Fraser Macpherson
Heather Anderson
Mark Flynn
George McIrvine
Baillie Helen Wright
Georgia Cruickshank
Ken Lynn
Lynne Short
Jax Finnegan
Steven Rome
Baillie Willie Sawers
Baillie Will Dawson
Dorothy McHugh
Baillie Christina Roberts
Kevin Cordell
Craig Duncan
Baillie Derek Scott
Pete Shears

Principal Address

c/o Dundee City Council
City Square Complex
Dundee

External Auditor

The appointed external auditor is:
Rachel Browne - Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Banking Arrangements

Royal Bank of Scotland plc
3 High Street
Dundee
DD1 9YL

ANNUAL REPORT 2023/24

Administrative Details

During the 2023/24 financial year, Dundee City Council acted as sole trustee for the Fleming Trust. The Council administers the Fleming Trust's funds but the associated assets are not available to the Council and have not been included in the Council's Single Entity Balance Sheet. The Fleming Trust is a subsidiary of Dundee City Council and is included in the Council's Group Balance Sheet.

The Fleming Trust was registered with the Office of the Scottish Charity Regulator (OSCR) on 12 December 2022 with charity registration number SC52182. There was no change to the Fleming Trust's objectives, governance arrangements and activities upon registration.

Objectives and Activities

Estate gifted in 1929 by the late Robert Fleming Esq. with the following objects: "the clearance and demolition of slum dwelling houses and the provision of suitable accommodation for re-housing the displaced occupants of slum property in Dundee, and failing them, other persons residing or wishing to take up residence in Dundee... at rents reasonably within the capacity of the beneficiaries to pay."

The Fleming Trust's funds derive from this expendable endowment. There are restrictions as to how the income derived from this is spent.

Structure, Governance and Management Arrangements

During the 2023/24 financial year, the City Council was, in law, the sole trustee for the Fleming Trust. Elected members of the Council are automatically appointed as trustees on an ex-officio basis. "Dundee City Council as Fleming Trustees" meets typically a couple of times a year.

The Fleming Trust is governed by a Supervisory Committee comprising the Lord Provost, a Councillor and a number of individuals external to the Council. The Supervisory Committee is assisted by Council officers and an external solicitor as Clerk. The Supervisory Committee typically meets once a year.

The responsibility for day-to-day management of the Trust has been delegated to the relevant chief officers of the Council.

Risk

The trustees have not identified any major risks to which the Fleming Trust is exposed.

Financial Administration

Dundee City Council acted as sole trustee during the 2023/24 financial year. The financial administration of the Fleming Trust is undertaken in accordance with the Council's approved Financial Regulations. The Financial Regulations contain the following specific references to Trusts and Charitable Funds:

"11.19 The Executive Director of Corporate Services shall ensure the proper and safe custody and control of all charitable funds held by the Council and shall ensure that all expenditure is in accordance with the conditions of the trustees etc.

All officers acting as trustees by virtue of their official position shall deposit all securities etc relating to the trust or charitable fund with the Executive Director of Corporate Services.

All investments of money shall be made by the Executive Director of Corporate Services in the name of Council. Any investments made will be made in accordance with the policy determined by the Policy and Resources Committee.

The Executive Director of Corporate Services and other relevant officers shall ensure compliance with the requirements of the Office of the Scottish Charities Regulator (OSCR)."

Financial Review

For the 2023/24 financial year, the total net surplus was £248,584 (2022/23: deficit of £53,295). Total income was £514,361 (2022/23: £416,695) comprising property rental income of £422,652 (2022/23: £386,665) and investment income of £91,709 (2022/23: £30,030). Property rental income relates to rents for 96 dwellings, at rates similar to those charged by Dundee City Council's Housing Revenue Account. Investment income relates solely to interest on surplus funds that are deposited with Dundee City Council's Loans Fund.

Total expenditure was £265,777 (2022/23: £469,990). This related mainly to repairs and maintenance costs of £62,434 (2022/23: £210,848), lost rents of £15,218 (2022/23: £21,935), depreciation of £171,256 (2022/23: £153,196) and compensation event costs of £nil relating to Covid19-related delays at the Derby Street site (2022/23: £71,779).

Depreciation is a non-cash expense, and a requirement in order to comply with the Charities Statement of Recommended Practice (SORP) and FRS102.

During the year, the 12 newly acquired properties at the Derby Street development became operational (4 from November 2022 and 8 from September 2023). The Fleming Trust bought the 12 properties for £1,910,295 during 2023/24. This was £54,550 less than accrued in the 2022/23 accounts.

Following the acquisition of these 12 new properties, Fleming Trust owns and rents out 104 properties. It also owns the sheltered lounge at Fleming Gardens/ Hindmarsh Avenue.

Total cash spent in 2023/24 was £1,636,738, mainly as a result of paying for the 12 properties (£1,910,295), offset by cash generated from operating activities of £181,848 (2022/23: £159,096) and investment income of £91,709 (2022/23: £30,030).

Total charity funds amounted to £8,738,171 as at 31 March 2024 (£8,489,587 as at 31 March 2023). The entire fund is an expendable endowment fund. Cash-backed reserves are operated in accordance with the charity's aims and objectives, as set out in the original founding document. The charity's working capital is represented by its net current assets, amounting to £689,328 as at 31 March 2024 (£214,938 as at 31 March 2023). The increase is as a result of lower accrual levels for repair programmes in 2023/24 and positive cashflow generated during the year.

Achievements and Performance

As disclosed above, during 2023/24 the Fleming Trust incurred costs of £265,777 in pursuit of its objectives, notably £62,434 (2022/23: £210,848) towards repairs and maintenance and other property costs.

In addition, £1,910,295 was paid for the acquisition of 12 new-built dwellings, all of which were or became operational during 2023/24.

Trustee Remuneration and Expenses

No trustees received any remuneration or expenses during the 2023/24 financial year (2022/23: £nil).

External Audit

These financial statements are subject to external audit.

Further Information

Any queries regarding this document should, in the first instance, be addressed to:

Francois de Villiers FCA, CA(SA)
Accounting Strategy Manager, Corporate Services
Dundee City Council
50 North Lindsay Street
Dundee
DD1 3RF

(Email: francois.devilliers@dundeecity.gov.uk)
(Telephone: 07385 931075)

Signed on behalf of the trustees on 25 September 2024

Bailie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The charity trustees are responsible for preparing a trustees' annual 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 charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the 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 charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees on 25 September 2024 and signed on their behalf by:

Bailie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

FLEMING TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2024

	Note	Total funds 2022/2023	Total funds 2023/2024
		£	£
Rent		386,665	422,652
Investment Income	7	30,030	91,709
Total income		416,695	514,361
Property Insurance		5,000	5,000
Repairs & Maintenance		210,848	62,434
Landlords Supplies		5,000	5,000
Audit Fees		1,732	1,268
Legal Fees		0	4,226
Computer-Consumables		500	500
Lost Rents		21,935	15,218
Compensation event		71,779	0
Other outlays		0	875
Depreciation		153,196	171,256
Total expenditure		469,990	265,777
Net income/(expenditure)		(53,295)	248,584
Net movement in funds		(53,295)	248,584
Total funds brought forward		8,542,882	8,489,587
Total funds carried forward		8,489,587	8,738,171

These funds are deemed to be restricted, permanent endowment (capital) funds.

FLEMING TRUST

BALANCE SHEET AS AT 31 MARCH 2024

	Note	As at 31 March 2023 £	As at 31 March 2024 £
Fixed assets			
Tangible assets	3	8,274,649	8,048,843
Total fixed assets		8,274,649	8,048,843
Current assets			
Debtors	4	65,212	56,640
Investments	5	1,908,157	308,157
Cash at Bank and In Hand		443,882	407,144
Total current assets		2,417,251	771,941
Liabilities			
Creditors falling due within one year	6	(2,202,313)	(82,613)
Net current assets		214,938	689,328
Total assets less current liabilities		8,489,587	8,738,171
Creditors falling due after more than one year		-	-
Net assets		8,489,587	8,738,171
The funds of the charity			
Endowment funds		8,489,587	8,738,171
Total charity funds		8,489,587	8,738,171

The notes at pages 11 to 13 form part of these accounts.

The unaudited accounts were authorised for issue on 26 June 2024 and the audited accounts were authorised for issue on 25 September 2024 and signed on their behalf by:-

Baillie Willie Sawers
Senior Councillor with responsibility for Finance
Dundee City Council

FLEMING TRUST

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Note	As at 31 March 2023 £	As at 31 March 2024 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities		159,096	181,848
Cash flows from investing activities:			
Dividends, interest and rents from investments		30,030	91,709
Purchase of property, plant and equipment		-	(1,910,295)
Net cash provided by (used in) investing activities		30,030	(1,818,586)
Cash flows from financing activities:			
Repayments of borrowing		-	-
Cash inflows from new borrowing		-	-
Net cash provided by (used in) financing activities		-	-
Change in cash and cash equivalents in the reporting period		189,126	(1,636,738)
Cash and cash equivalents at the beginning of the reporting period	8	2,162,913	2,352,039
Cash and cash equivalents at the end of the reporting period		2,352,039	715,301

The notes at pages 11 to 13 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

The following accounting policies set out the basis upon which the financial statements have been prepared and explain the accounting treatment of both general and specific items.

a) Basis of Preparation

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The 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) issued in October 2019 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 the Charities Accounts (Scotland) Regulations 2006 (as amended).

b) Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

c) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis.

d) Tangible fixed assets and depreciation

All assets costing more than £6,000 are capitalised and valued at historical cost. Depreciation is charged on a straight-line basis over their estimated useful lives, from the first full operational year following acquisition. Assets with a cost over £1m are componentised and depreciated as follows:

Component	% of cost	Useful life
Building structure	50	50
Building roof	10	35
Kitchens & Boilers	15	15
Bathrooms & Radiators	15	30
Building Externals	10	45
Total	100	

The cost of Land is not depreciated.

e) Investments

There are no external investments, rather all surplus funds are deposited with Dundee City Council's Loans Fund. All such deposits are valued at historical cost in the Balance Sheet.

f) Going Concern

The accounts are prepared on the going concern basis as it is considered by the trustees that the Fleming Trust is financially sustainable for the foreseeable future.

2 Assumptions made about the future and other major sources of estimation uncertainty

The Annual Accounts contain estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Because these balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Fleming Trust's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over estimated useful lives in accordance with Accounting Policy. The estimates are made taking into account historical experience.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £6,700 for every year that useful lives had to be reduced.

3 Analysis of Tangible Fixed Assets

	Land and buildings	Assets under construction	Total
	£	£	£
Cost			
At 1 April 2023	7,081,603	1,346,242	8,427,845
Additions			
Disposals	-	-	-
Adjustment	(54,550)	-	(54,550)
Transfers	1,346,242	(1,346,242)	-
At 31 March 2024	8,373,295	-	8,373,295
Depreciation			
At 1 April 2023	153,196	-	153,196
Charge for the year	171,256	-	171,256
Eliminated on disposals	-	-	-
At 31 March 2024	324,452	-	324,452
Net book value			
At 31 March 2024	8,048,843	-	8,048,843
At 31 March 2023	6,928,407	1,346,242	8,274,649

4 Debtors

Relates to rent receivable at year end.

5 Investments

Relates to amounts invested, and held by, Dundee City Council's Loans Fund.

6 Creditors

Relates to amount due to Dundee City Council to cover cost of the new dwellings at Derby Street £nil (2022/23: £1,965,845) and other reimbursements payable to Dundee City Council £79,613 (2022/23: £235,736) as well as the audit fee of £3,000 (2022/23: £1,732).

7 Investment Income

There are no external investments, rather all surplus funds are deposited with Dundee City Council's Loans Fund. Interest receivable is based on the Loans Fund interest on revenue balances (IORB) rate and is paid twice yearly. The average IORB rate during 2023/24 was 4.23% (2022/23: 1.59%).

8 Cashflow Statement: cash and cash equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2023	31 March 2024
	£	£
Investments held with Dundee City Council's Loans Fund	1,908,157	308,157
Cash at Bank and in hand	443,882	407,144
Total cash and cash equivalents	2,352,039	715,301

9 Related Party Transactions

During 2023/24, all surplus funds were deposited with Dundee City Council's Loans Fund. At 31 March 2024, a total balance of £308,157 (31 March 2023: £1,908,157) was held with Dundee City Council. Investment income of £91,709 (2022/23: £30,030) was received from Dundee City Council's Loans Fund during 2023/24. Refer also to Creditors note for balances payable to Dundee City Council.

10 Events After the Reporting Period

There were no events that occurred between 1 April 2024 and 25 September 2024 that would require adjustment to the 2023/24 financial statements. The latter date is the date on which the audited accounts were authorised for issue by the Senior Councillor with responsibility for Finance.

11 Parent Entity

The Fleming Trust is a subsidiary of Dundee City Council, a local authority established under the Local Government etc. (Scotland) Act 1994. Copies of the Group Accounts of Dundee City Council can be obtained from the contact listed on page 6.

12 Audit fees

The financial statements are subject to external audit. The total audit fee for the year was £2,750 (2022/23: £1,732).

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF FLEMING TRUST AND THE ACCOUNTS COMMISSION

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Fleming Trust for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow 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 the 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 my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of Fleming Trust as at 31 March 2024 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 regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees Responsibilities, the trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determines 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees intend to discontinue the charity's operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charity;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charity;
- inquiring of the Trustees concerning the charity's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on other requirements

Other information

The trustees are responsible for the other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Charities SORP (FRS 102).

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Rachel Browne CPFA
Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Rachel Browne is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.