Appendix 3

RENFREWSHIRE COUNCIL

COATS OBSERVATORY TRUST FUND
SC019454

TRUSTEES' REPORT
AND FINANCIAL STATEMENTS
1 APRIL 2025 to 31 MARCH 2026

Renfrewshire Council

Contents

Trustees' Report.....1

Independent auditor's report 4

Trust Accounts Financial Statements Overview 8

Statement of Financial Activities for the year ended 31 March 2026.....9

Statement of Balances as at 31 March 2026.....10

Notes to the Financial Statements 11

Trustees' Report

1. Introduction

Renfrewshire Council acts as sole trustee for the Coats Observatory Trust Fund which has charitable status and is registered with the Office of the Scottish Charity Regulator (OSCR): The financial statements of the Trust are included in this report:

The principal address of the Trust Fund is:

Renfrewshire Council
Finance and Resources
Renfrewshire House
Cotton Street
Paisley
PA1 1JB

Renfrewshire Council administers the Trust Fund and separately accounts for it. Renfrewshire Council was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. The Council provides a wide range of public services such as education, children's social services, environmental services, council housing and economic regeneration.

The Trust Accounts do not form part of Renfrewshire Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Trust "vest[s] in" the relevant local authority. However, the Trust Fund accounts are included within the group accounts of the Council. A copy of the group accounts can be obtained from the address above, or on the Council's website at www.renfrewshire.gov.uk.

Independent Auditors: Azets
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Trustees

Guidance provided by OSCR indicates that those who have "general control and management" of the charity are the charity trustees. Decisions regarding the general control and management of the Trust Fund are made by the Finance, Resources and Customer Services Policy Board (FRCSPB), which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members. We have therefore interpreted the above guidance as meaning that all elected members of Renfrewshire Council are charity trustees.

The following individuals were the Trustees of the Trust Fund in their capacity as elected members of Renfrewshire Council during the 2025/26 financial year:

Jennifer Adam	Neill Graham	Jamie McGuire
Fiona Airlie-Nicolson	John Gray	Marie McGurk
Stephen Burns	Anne Hannigan	Iain McMillan
Jacqueline Cameron	John Hood	John McNaughtan
Lorraine Cameron	Lisa-Marie Hughes	Kevin Montgomery
Michelle Campbell	Robert Innes	Sam Mullin
Graeme Clark	Alec Leishman	Will Mylet
Carolann Davidson	Bruce MacFarlane	Iain Nicolson
Eddie Devine	James MacLaren	Jim Paterson
Andy Doig	Kenny MacLaren	Emma Rodden
Audrey Doig	Mags MacLaren	John Shaw
Alison Ann-Dowling	Colin McCulloch	Ben Smith
Chris Gilmour	Janis McDonald	Andy Steel
Edward Grady	Cathy McEwan	
Gillian Graham	David McGonigle	

Day to day management of the Trust Fund is delegated to the Director of Finance and Resources of Renfrewshire Council. All of these trustees are normally elected or re-elected at local government elections. By-elections are held to elect new members in the event of existing members vacating their position. New members automatically become trustees of this fund.

2. Structure, Governance and Management

The Coats Observatory Fund was inherited by the local authority in early 1963 from the Paisley Philosophical Society. The Council, as trustees, owns the buildings comprising the Coats Observatory. These buildings are leased to OneRen at nil consideration.

History

The original purpose of the Trust when it was set up was: "for the upkeep of Coats Observatory equipment". This purpose was relevant while there were cash funds available; however these funds have been exhausted, and only the property assets remain.

Governance and Management

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given the Trust Fund is controlled by the Council, these specific provisions are supplemented by general provisions relating to the administration of local authority monies, i.e. the duty to obtain best value.

The Director of Finance and Resources has responsibility for ensuring an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are recorded and properly authorised, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a

framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability.

The Director of Finance and Resources is responsible for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006(as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16th July 2014.

Decisions regarding the operation, assets, processes or policies of the Trust Fund are delegated by the Council to the Finance, Resources and Customer Services Policy Board (FRCSPB).

Risk

The Trustees have overall responsibility for the Trust Funds' system of internal control. This system is designed by senior management to ensure effective and efficient operation, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

3. Financial Review

The Trust Fund has no explicit reserves policy. The Trust Fund is not in deficit and no donations to the Fund are solicited. Since 2021, the assets of the Trust have been under refurbishment as part of the Paisley Museum Reimagined project, funded by Renfrewshire Council. This is disclosed within the Statement of Financial Activities.

4. Future Plans

Given there are no cash funds remaining, nor are any anticipated, the Council will explore with OSCR the future of the charity, always considering the ongoing sustainability of the Observatory and ensuring appropriate governance arrangements remain in place. The £45m Paisley Museum Reimagined project will create a new, world-class museum space, shaped by and for the people of Paisley. As part of this project, expected to complete in 2025, the Observatory is currently under refurbishment and will open to the public with improved accessibility upon completion. A full revaluation of the Observatory will be carried out when it is reopened.

The Trustees wish to thank the Renfrewshire Council officers involved in producing the Report and Financial Statements.

Signed:	On behalf of the Trustees:
Alastair MacArthur	
Alastair MacArthur	Councillor John Shaw
Director of Finance and Resources	Convener – Finance, Resources and Customer Services Policy Board
Renfrewshire Council	Renfrewshire Council
Date: 30 September 2026	Date: 30 September 2026

Independent auditor's report to the trustees of Coats Observatory Trust Fund and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the statement of accounts of Coats Observatory Trust Fund for the year ended 31 March 2026 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, Statement of Balances 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 our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2026 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

We conducted our 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. 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 Financial Reporting Council'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 basis of accounting

We 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 we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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

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

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

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

- using our 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 management and those charged with governance as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charity;
- inquiring of management and those charged with governance concerning the charity's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our 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 our 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 our 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.

Our 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 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.

Our opinion on the financial statements does not cover the other information and we 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 our 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 we are required to report by exception

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Use of our 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, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Rebecca Lister

Rebecca Lister, (for and on behalf of Azets Audit Services),
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date: 30 September 2026

Azets Audit Services is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973

Trust Accounts Financial Statements Overview

1. Introduction

The following pages detail the Statement of Financial Activities, the Statement of Balances and relevant Notes to the Accounts, as required by the Charities Accounts (Scotland) Regulations 2006. A Cash Flow Statement is not required as the charity is classified as a small charity as defined in the Charities Statement of Recommended Practice (SORP) and therefore is exempt from producing a Cashflow Statement.

2. Statement of Financial Activities

The Statement of Financial Activities provides an analysis of the income and expenditure for the period. If applicable, the Statement would also show any movements in relation to fixed assets

3. Statement of Balances

The Statement of Balances reconciles the cash and bank balances at the beginning and end of the financial year with the surpluses or deposits shown in the Statement of Financial Activities. The Coats Observatory is classed as an Asset Under Construction, which means there is a pause in depreciation until the asset is back in use.

4. Notes to the Accounts

Notes to the accounts expand on or explain the information contained in the Statement of Financial Activities and the Statement of Balances.

Statement of Financial Activities for the year ended 31 March 2026

2024/25 (restated) Total £		Note	Unrestricted £	Restricted £	2025/26 Total £
	Income				
(352,221)	Donations from Renfrewshire Council	2	0	(529,930)	(529,930)
	Expenditure				
0	Governance Costs: External Audit Fee	2	0	6,760	6,760
(352,221)	**(Surplus) / Deficit for period**		**0**	**(523,170)**	**(523,170)**
	Reconciliation of Funds				
(1,493,273)	Total Funds brought forward		0	(1,845,494)	(1,845,494)
(1,845,494)	**Total Funds Carried Forward**		**0**	**(2,368,664)**	**(2,368,664)**

Statement of Balances as at 31 March 2026

As at 31 March 2025 Total £		Note	Unrestricted £	Restricted £	As at 31 March 2026 Total £
	Fixed Assets				
	Assets Under Construction				
	Buildings at Coats Observatory, Paisley				
1,421,073	Opening balance		0	1,773,294	1,773,294
352,221	Additions	1	0	523,170	523,170
1,773,294	**Closing balance**		**0**	**2,296,464**	**2,296,464**
	Other Assets				
	Land at Coats Observatory, Paisley				
72,200	Opening balance		0	72,200	72,200
0	Additions	1	0	0	0
72,200	Closing balance		0	72,200	72,200
1,845,494			**0**	**2,368,664**	**2,368,664**
	Represented By				
1,845,494	Restricted Funds		0	2,368,664	2,368,664
1,845,494			**0**	**2,368,664**	**2,368,664**

Signed

Alastair MacArthur

Alastair MacArthur
Director of Finance and Resources

Renfrewshire Council
Date 30 September 2026

Signed

Councillor John Shaw
Convenor – Finance, Resources and Customer Services Policy Board
Renfrewshire Council
Date 30 September 2026

Notes to the Financial Statements

1. Prior Year Restatement

During the year it has been identified that a donated asset of £352,221 received in the prior year and applied towards the expenditure on capital assets had been incorrectly presented within the Statement of Financial Activities (SOFA).

The donation was correctly recognised but the subsequent expenditure was presented as revenue expenditure within the SOFA. Therefore, the original treatment resulted in £0 movement in reserves within the SOFA despite reserves increasing by £352,221 in the Statement of Balances for the increase in the capital asset.

The comparative figures have been restated to:

- Remove the £352,221 from expenditure relating to Trust Assets;
- Increase the surplus for the year by £352,221.

There is no impact on the value of funds as the transaction had been correctly presented within the Statement of Balances.

2. Accounting Policies

Introduction

The Financial Statements for the year ended 31 March 2026 have been prepared in accordance with the Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).They are designed to give a true and fair view of the financial performance and position of the Trust Fund and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of “materiality” and “going concern” have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accounts have been prepared on a going concern basis. The going concern concept assumes that the Trustees will not significantly curtail the scale of the charities’ operations, however it is anticipated that the Observatory Fund will not continue indefinitely. This has been no impact on the financial statements as the assets of the Fund comprise solely of the Observatory buildings which are independently valued.

The accounts have been prepared using the accruals basis whereby total income and expenditure have been recorded when they were earned or incurred.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of assets. The following accounting policies used in its

preparation have been reviewed following the introduction of Financial Reporting Standard 18 “Accounting Policies” (FRS18).

Fund Accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Incoming/Outgoing Resources

Recognition of incoming resources

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.

Recognition of expenditure

All expenditure is accounted for on an accruals basis.

Charitable Activities

Decisions regarding the way the Trust Funds’ income is spent are taken by the Finance, Resources and Customer Services Policy Board of Renfrewshire Council, whose membership comprises 15 of the trustees of the Trust Fund.

Costs of Generating Funds

The cost of administering the Trust Fund is borne entirely by Renfrewshire Council.

Governance Costs

Governance costs, where applicable, include the:

- costs of the preparation and examination of statutory accounts;
- cost of any legal advice to trustees on governance or constitutional matters; and
- cost of administering grants.

Assets

The Fund includes the land and buildings of Coats Observatory, Paisley. The latest valuations were carried out in 2021/22 for the office and 2020/21 for the observatory. Depreciation is paused due to the asset being categorised as an Asset Under Construction during the period of refurbishment (commenced in June 2021) currently underway as part of the Paisley Museum Reimagined project. Refurbishment spend is disclosed as asset additions in the Statement of Balances. The assets will be revalued when the refurbishment is complete, anticipated to be during 2026/27.

3. Analysis of income/expenditure

The refurbishment expenditure recorded as asset additions in the Statement of Balances is funded by Renfrewshire Council in the form of a grant within the Statement of Financial Activities. The value of the donation represents an estimate of in-year spend on the Paisley Museum Reimagined project

that relates directly to the refurbishment of the Coats Observatory and associated buildings. The spend was directly incurred by Renfrewshire Council and disclosed as a donation to the Trust.

Renfrewshire Council is responsible for paying any fees incurred by the Trust. The only fee incurred by the Trust in 2025/26 was the external audit fee. The external audit fee has been recognised as an expense to the Trust, with the payment made by Renfrewshire Council recognised as a donation to the Trust.

Donations from Renfrewshire Council	**2024/25 Total £**	**2025/26 Total £**
For the refurbishment of Trust assets	352,221	523,170
For the payment of external audit fee	0	6,760
Total Donated Income	**352,221**	**529,930**

4. Trustees' remuneration and expenses

Neither the trustees of the Trust Fund nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the trustees during the period (nil in 2025/26).

5. Related parties

During the period, the Council also acted as the banker for the Trust Fund and all transactions, incoming and outgoing, are made via the Council's bank accounts. There are no outstanding balances due to or from Renfrewshire Council nor were there any direct cash transactions during 2025/26.