



The State Hospitals Board for Scotland

**Annual Audit Report to the Board and the Auditor General
for Scotland**

June 2025

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Introduction

To the Audit Committee of The State Hospitals Board for Scotland

We are pleased to have the opportunity to meet with you on 19 June 2025 to discuss the results of our audit of the financial statements of The State Hospitals Board for Scotland (the 'Board') as at and for the year ended 31 March 2025.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan and strategy report, presented on 27 March 2025. We will be pleased to elaborate on the matters covered in this report when we meet.

Our audit is now complete.

There have been no significant changes to our audit plan and strategy.

We have issued an unmodified Auditor's Report on the financial statements and from our work over Wider Scope we haven't identified any weaknesses in the Board's arrangements.

We draw your attention to the important notice on page 4 of this report, which explains:

- The purpose of this report;
- Limitations on work performed; and
- Restrictions on distribution of this report.

Yours sincerely,

Michael Wilkie

June 2025

How we have delivered audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- **Executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls** and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.

Audit Scotland (AS) has issued a document entitled Code of Audit Practice (the Code). This summarises where the responsibilities of auditors begin and end and what is expected from the Board.

External auditors do not act as a substitute for the Board's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Important notice

Purpose of this report

This report has been prepared in connection with our audit of the financial statements of The State Hospitals Board for Scotland (the 'Board'), prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted by the Annual Accounts Manual, as at and for the year ended 31 March 2025. This report summarises the key issues identified during our audit but does not repeat matters we have previously communicated to you.

Limitations on work performed

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's Code of Audit Practice ("the auditing Code").

This report is for the benefit of The State Hospitals Board and is made available to Audit Scotland and the Controller of Audit (together "the Beneficiaries"). This report has not been designed to be of benefit to anyone except the Beneficiaries. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Beneficiaries, even though we may have been aware that others might read this report. We have prepared this report for the benefit of the Beneficiaries alone.

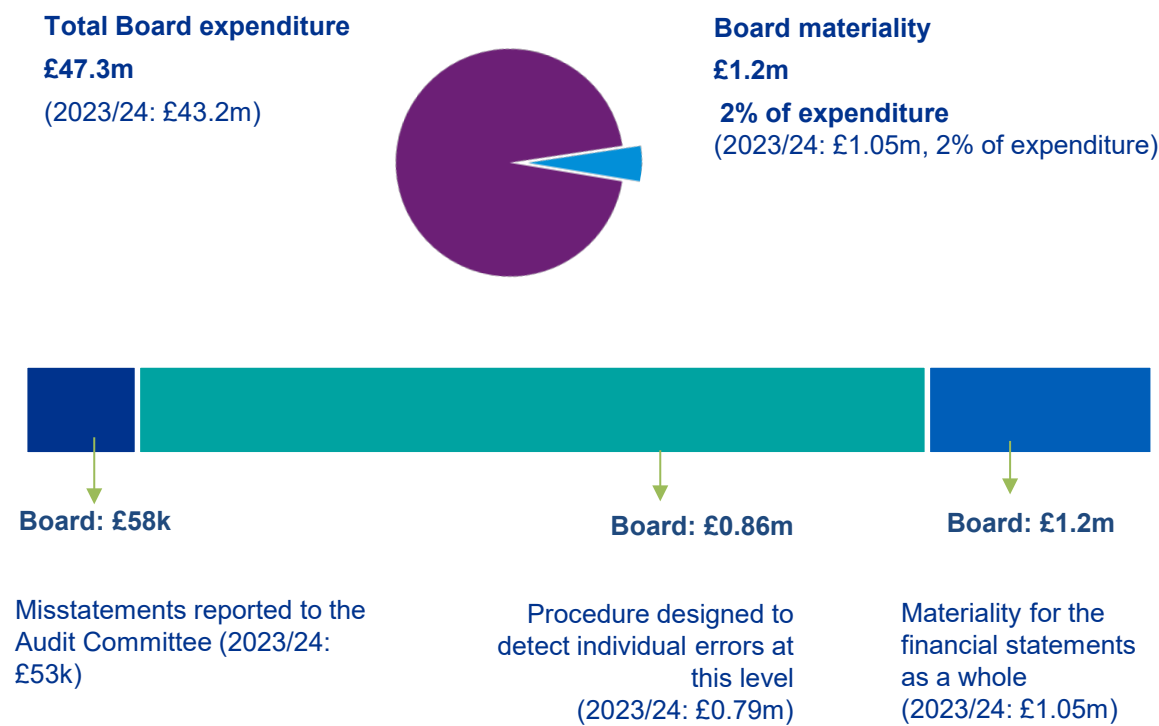
Nothing in this report constitutes an opinion on a valuation or legal advice. We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scoping and purpose section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Beneficiaries) for any purpose or in any context. Any party other than the Beneficiaries that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Beneficiary's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Beneficiaries.

Status of our audit

Our audit is now complete.

Materiality Board



Our materiality levels

We determined materiality for the Board financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate as it reflects the scale of the Trust’s services and we consider this most clearly reflects the interests of users of the Trust’s accounts. To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of performance materiality (£0.86m). We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons, such as directors’ salary information in the remuneration report (£5k).

Materiality vs other metrics	
2024/25	
Total Revenue	2.5%
Total assets	1.2%

Our audit findings

Significant audit risks	Risk Change	Findings (Page 8 to 12)
Valuation of Land & Buildings (Key audit matter)	No change	We critically assessed the key underlying assumptions underpinning the valuation on which the carrying value of land and buildings is based. We have concluded that the assumptions used in the valuation of land and buildings are balanced.
Fraud risk – expenditure recognition	No change	We identified a misstatement within accruals, this was below performance materiality and will be an unadjusted audit difference. We consider the amount of expenditure recognised to be acceptable. See page 11.
Management override of controls	No Change	We have not identified any instances of management override of controls.
Key accounting estimates	Judgement	Findings (Page 13)
Property Plant and Equipment Valuation	Neutral	We assessed the assumptions as reasonable underpinning the valuation.

Key audit matters

We set out above those areas which we considered to be key audit matters, in this case, valuation of land & buildings. The reason, response and related disclosures are summarised within the detail of this report.

Wider scope (Page 15-25)

Under the Code of Audit Practice we are required to consider the areas defined in the Code of Audit Practice (2021) as wider-scope audit. We are required to provide clear judgements and conclusions on the effectiveness and appropriateness of the arrangements in place based on the work that we have done. Where significant risks are identified we will make recommendations for improvement. We have nothing to report in this respect.

Whole of Government Accounts (Page 14)

We intend to issue an unqualified Group Audit Assurance Certificate to Audit Scotland regarding the Whole of Government Accounts submission, made through the submission of the summarisation schedules to Scottish Government.

Our audit findings

Corrected Audit Misstatements		Page 34
Understatement/ (overstatement)	£000	%
Expenditure	1,978	0
Surplus/(deficit)*	0	0
Total Net Assets	0	0
Reserves	0	0

Uncorrected Audit Misstatements		Page 33
Understatement/ (overstatement)	£000	%
Expenditure	0	0
Surplus/(deficit)	0	0
Total Net Assets*	0	0
Reserves	0	0

*Note that the unadjusted and adjusted misstatements identified within capital accruals and release of the bad debt provision (see pages 32-33) had net nil impact on Net Assets and Expenditure respectively.

Number of Control deficiencies		Page 29
Significant control deficiencies		0
Other control deficiencies		1
Prior year control deficiencies remediated		4

Audit risks and our audit approach

Valuation of land and buildings

Significant audit risk and key audit matter

Risk: The carrying amount of revalued Land & Buildings differs materially from the fair value

Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'.

The value of the Board's land and buildings at 31 March 2024 was £80m, of which £79m are valued as specialised assets at depreciated replacement cost.

In accordance with its accounting policies, the Board measures its property assets at fair value through a 5-year programme of professional valuations which are adjusted in intervening years to take account of movements in prices since the last valuation. In line with its 5-year programme, a professional valuation was last completed at 31 March 2021.

Due to the specialised nature of the buildings, the carrying value of assets is based on a range of estimates. The level of estimation uncertainty and the material nature of the Board's asset base represents an increased risk of material misstatement in the financial statements.

The Board is also in the process of completing the security upgrade which involves transferring assets from under construction to operational. Associated judgements arise in respect of categorisation, asset lives and replaced components.

Audit risks and our audit approach

Valuation of land and buildings

Significant audit risk

Our procedures included

Control design:

- We assessed the adequacy and outcome of the Board's most recent assessment for impairment across its estate;
- We evaluated the design and implementation of associated controls

Assessing the valuer's credentials:

- We critically assessed the independence, objectivity and expertise of the Valuations Office Agency, the valuers used in developing the valuation of the Board's properties at 31 March 2025;
- We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they were appropriate to produce a valuation consistent with the requirements of the Government Financial Reporting Manual (FReM), the NHS Capital Accounting Manual and the Board's accounting policies;

Input assessment:

- We compared the accuracy of the data provided by the valuers for the development of the valuation to underlying information, challenging management where variances are identified;

Assessing methodology and benchmarking assumptions:

- We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation, including the use of relevant indices and assumptions of how a modern equivalent asset would be developed, as part of our judgement.
- We agreed the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the FReM;

Assessing transparency:

- We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Assessing treatment for Assets under Construction

We have confirmed that assets were transferred from asset under construction at year-end when completed to the appropriate asset class. Replaced assets were correctly treated as disposals.

Our findings

We have reviewed the data, assumptions and methodology involved in management's valuation of land and buildings and confirmed these were appropriate.

Audit risks and our audit approach

Fraud risk from expenditure recognition - completeness

Significant audit risk

Risk: Liabilities and related expenses for purchases of goods or services are not completely identified and recorded

As achieving a breakeven position against the Board's Core Revenue Resource Limit (RRL) is a key target, there is a risk that non-pay expenditure, may be manipulated in order to report that the breakeven position has been met.

- The setting of a breakeven target can create an incentive for management to understate the level of non-pay expenditure compared to that which has been incurred. We have based this on our planning inquiries to date.
- We consider this would be most likely to occur through understating accruals at the year end, for example to push back expenditure to 2025-26 to mitigate financial pressures.

Audit risks and our audit approach

Fraud risk from expenditure recognition - completeness

Significant audit risk

Our response

We performed the following procedures to address this risk:

- We evaluated the design and implementation of the controls in place for manual expenditure accruals;
- We inspected a sample of invoices of expenditure, in the period around 31 March 2025, to determine whether expenditure has been recognised in the correct accounting period;
- We selected a sample of year end accruals and inspected evidence of the actual amount paid (where possible) after year end in order to assess whether the accrual had been completely recorded;
- We inspected journals posted as part of the year end close procedures that decrease the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and agreed the value to supporting evidence; and
- We compared the items that were accrued at 31 March 2025 to those accrued at 31 March 2024 in order to assess whether any items of expenditure not accrued for as at 31 March 2025 had been done so appropriately.

Our findings

From our year on year comparison of accruals we did not identify any instances where further accruals should have been recorded. We therefore conclude that accruals have not been understated.

As part of our sample testing of accruals we did identify several capital accruals which had been incorrectly included in 24/25. The total value (£120k) was below performance materiality therefore recorded as an unadjusted misstatement. See page 31 for further details.

The State Hospitals Board for Scotland

Audit risks and our audit approach

Management override of controls

Significant audit risk

The risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.

Our response

- Our audit methodology incorporated the risk of management override as a default significant risk. In line with our methodology, we evaluated the design and implementation and, where appropriate, tested the operating effectiveness of the controls in place for the approval of manual journals posted to the general ledger to ensure that they were appropriate;
- We analysed all journals through the year and focused our testing on those with a higher risk, such as journals impacting expenditure recognition.
- We assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- We reviewed the appropriateness of the accounting for significant transactions that were outside the Board's normal course of business, or were otherwise unusual.
- We assessed the controls in place for the identification of related party relationships and tested the completeness of the related parties identified. We verified that these have been appropriately disclosed within the financial statements.

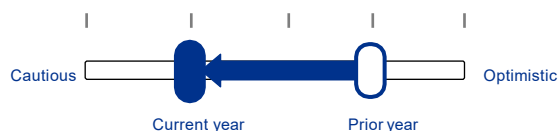
Our findings

- We identified 47 journal entries and other adjustments meeting our high-risk criteria – our examination did not identify any inappropriate entries.
- We evaluated accounting estimates and did not identify any indicators of management bias. See page 13 for further discussion.
- We did not identify any significant unusual transactions.

The State Hospitals Board for Scotland

Key accounting estimates – Overview

Our view of management judgement



Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions. Cautious means a smaller asset or bigger liability; optimistic is the reverse.

Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
Valuation of Land and Buildings		79.1	0.5		We have reviewed the data, assumptions and methodology involved in management's valuation of land and buildings and confirmed these were appropriate.

Other estimates

We have also reviewed the following non-significant estimates as part of our audit work

- Depreciation
- Accruals

No issues were identified from our testing.

Other matters

Annual report

We have read the contents of the Annual Report (including the Accountability Report, Directors Report, Performance Report and Annual Governance Statement (AGS)) and audited the relevant parts of the Remuneration Report. We have checked compliance with the Annual Accounting Manual. Based on the work performed:

- We have not identified any inconsistencies between the contents of the Accountability, Performance and Director's Reports and the financial statements.
- We have not identified any material inconsistencies between the knowledge acquired during our audit and the director's statements. As Directors you confirm that you consider that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the Board's performance, business model and strategy.
- The parts of the Remuneration Report that are required to be audited were all found to be materially accurate
- The AGS is consistent with the financial statements and complies with relevant guidance; and
- The report of the Audit Committee included in the Annual Report includes the content expected to be disclosed as set out in the Annual Accounting Manual and was consistent with our knowledge of the work of the Committee during the year.

Consolidation schedules

As required by the Audit Code of Practice we are required to provide a statement on your consolidation schedule. We comply with this by checking that your summarisation schedule is consistent with your annual accounts. We have completed that work and found no matters to report.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

Wider Scope

Appointed auditors are required to consider the areas defined in the Code of Audit Practice (2021) as wider-scope audit.

Auditors should consider these additional requirements when:

- identifying significant audit risks at the planning stage
- reporting the work done to form conclusions on those risks
- making recommendations for improvement and, where appropriate, setting out conclusions on the audited body's performance.
- governance and transparency dimension has been replaced with vision, leadership and governance area
- value for money dimension has been replaced with use of resources to improve outcomes.

Commentary on arrangements

We have prepared our commentary on the Board's Wider Scope arrangements within this report.

- Financial Management – Page 16;
- Financial Sustainability – Page 18;
- Vision, Leadership and Governance – Page 20;
- Use of Resources to Improve Outcomes – Page 22;

Summary of findings

We have not identified any significant weaknesses in the Board's arrangements in these areas.

Wider Scope arrangements

Financial Management

Scope

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Areas of Focus

- the arrangements to ensure effective systems of internal control, to ensure public money is applied within the relevant financial rules;
- the effectiveness of the budget control system to communicate accurate and timely financial performance to meet the needs of the user.
- the accuracy and embeddedness of financial forecasting within financial management and financial reporting arrangements, including achievement of financial targets;
- the arrangements taken to link budget setting, savings plans to the priorities and risks of the Board;
- the capacity and skills of the Board's finance team

Findings and Conclusion

The Board has effective arrangements in place for financial management and the use of resources.

The Board met its key financial targets in year, delivering an underspend against revenue resource limit (£103k) and its capital resource limit (£132k). The Board was set a savings target of £1,355k and achieved this with additional savings of £6k primarily through vacancy management.

The Board presents financial monitoring reports to all meetings of the Executive Management Team and the Board. Reports include a summary of the position, detail of key financial pressures, summary by directorate, delivery of the savings target and recommendations. The Board has faced significant cost pressures in year relating due to high levels of overtime required, particularly by ward nursing however it has continued to manage its position effectively.

We have evaluated the Board's key financial systems and internal financial controls to ensure internal controls are operating effectively to safeguard public assets. Whilst we did not identify any significant weaknesses in the Board's accounting and internal control systems during our audit, we have included in appendix 2 one new recommendation, and followed up on those raised in prior year, to improve the control environment.

Wider Scope arrangements

Financial Management

Scope

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Findings and Conclusion (continued)

In 23/24 we confirmed that the State Hospital had provided for an element of bad debts with other NHS boards, noting that these debt balances related to historical cases relating to some of the costs charged out where the Board had taken patients in exceptional circumstances. In 24/25, following confidential discussions with relevant Boards, State Hospital agreed to write-off these historic debts. In response to this issue management now routinely agree the charge for patient care with senior management at the corresponding board before any patient is accepted into the Hospital.

An effective internal audit service is an important element of a Board's overall governance arrangements. The Board's internal audit service is provided by RSM. We have reviewed internal audit reporting through the year to support our risk assessment work.

We found the Board's arrangements for the prevention and detection of fraud and other irregularities to be adequate. The Board has continued to operate an effective control environment to ensure that those controls and procedures which prevent fraud have been appropriately managed. Regular updates on fraud related matters (including Counter Fraud Services updates) are presented to the Audit Committee by the Director of Finance.

We reviewed the Board's participation in the National Fraud Initiative exercise, inspecting the NFI dashboard where potential issues are flagged for Boards to investigate. The NFI dashboard highlighted a small number of payroll and creditor matches for The State Hospital however we noted that there was limited progress on the processing of these matches as at March 2025.

Wider Scope arrangements

Financial sustainability

Scope

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Areas of Focus

- the arrangements in place to balance any short-term financial challenges and cashflow requirements and longer term financial sustainability
- the arrangements to ensure any recovery plan is fully integrated to deliver the Boards priorities.
- the appropriateness of the arrangements put in place to address any identified funding gaps / savings plans and organisational restructures, including clarity of the impact on services to the public
- the medium to longer term capital financial plans include clear links to how capital investment will be used to deliver organisational priorities, including revenue consequences of the capital expenditure.

Findings and Conclusion

The Board has prepared its draft financial plan for 25/26 and a three year financial plan to 2027. We confirmed this had been submitted to Scottish Government in March 2025.

The financial plan for 25/26 is to break even and this is dependent on the Board achieving its savings target of £1,920k. In line with previous years, a high proportion of the savings identified (£1,289k) are nonrecurring. The Board highlights that it is becoming increasingly challenging to generate the same level of cash release savings in future years. Therefore, the Board is focusing on identifying improvements in operational efficiency, such as continued implementation of the new Clinical Care Model, to achieve savings whilst still maintaining the service delivery.

The most significant project in 2024/25 was the Perimeter Security and Enhanced Internal Security Systems Project which commenced in 2020/21. As at March 2025, the overspend of this project is approximately £966k which has increased by around £146k since December 2024. As at year end the project is still pending final site testing and completion is expected in early 25/26. The Board will hold retention on the project cost until all testing successfully completed.

As stated, the Board has developed its three year plan to 2028. The Board is planning on a balanced outturn for the years 26/27 and 27/28. This is dependent on the Board achieving similar savings to 25/26.

Wider Scope arrangements

Financial sustainability

Scope

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Findings and Conclusion (continued)

The Board was also required to submit a three year workforce plan to Scottish Government in July 22. The plan clearly identifies the risks and challenges in relation to workforce in the coming years and outlines how the Board is taking action to mitigate these. Key actions will be the implementation of the new Clinical Model to boost efficiency and to prepare for the implementation of the Health and Care (Staffing) (Scotland) Act 2019 in 2024-25, with changes overseen by Workforce Governance Group.

To support delivery of the new model, the finance team have developed a costing dashboard for Ward Nursing and this was implemented through the majority of 24/25. This helps management to identify the appropriate staffing levels and staff mix to ensure efficiency in the staff budget. This was a new approach in 24/25 and training was provided to facilitate effective use of the dashboard.

Wider Scope arrangements

Vision, Leadership and Governance

Scope

Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Areas of Focus

- the vision and strategy of the Board, to ensure it includes a clear set of priorities which reflects the pace and depth of improvement that is need to realise the Boards priorities and long term sustainability of services to meet the needs of the citizens
- the governance arrangements are appropriate and operating .
- assess the level of involvement of the local communities, including seldom heard groups, and health inequalities in identifying and agreeing the Boards priorities.
- assess the evidence that demonstrates leaders are adaptive to the changing environment
- the culture of the Board and how it operates with partners to understand their roles and responsibilities to help deliver the priorities of all partners, including where delivered through ALEO's

Findings and Conclusion

Governance arrangements at the Board are appropriate.

Board and Committee meetings have continued to be held virtually rather than in person, to date, and the preferred mechanism is now through MS Teams, in line with other NHS Boards.

Through our review of committee papers we are satisfied that there continues to be effective scrutiny, challenge and informed decision making through the financial period.

The Board continues to review its effectiveness and seeks to improve through a range of activities, including Board Development Sessions, and further training and development sessions delivered in 2024/25. Topics covered in these sessions include Realistic Medicine, Equalities Outcomes, and key planning workstreams: Annual Delivery Plan, Medium Term Plan, Financial and Workforce Planning. The Board has reviewed its Governance structure, including Model Code of Conduct, and monitored progress against the Corporate Governance Improvement Action Plan. We have evidenced this review through audit committee and Board.

Wider Scope arrangements

Vision, Leadership and Governance

Scope

Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Findings and Conclusion (continued)

The Board was also required to submit the Annual Operating Plan (AOP) 2024/25 to Scottish Government. We have reviewed the AOP which details the actions the Board is taking to deliver core services effectively. The new Clinical Care Model is a key element of this work. This is driven by the Clinical Model project team which meets weekly and the Clinical Model Short Life Working Group which meets monthly. The Board has also employed a full time Organisational Development manager to assist in the delivery of the required changes. Progress on workstreams are reported regularly to Committee and Board.

The NHS Scotland Blueprint for Good Governance outlines a model for effective corporate governance to deliver good governance in healthcare and in April 2024 the Board approved the Board Improvement Plan to deliver the applicable recommendations. Updates against the plan workstreams are reported to Board every 6 months and progress was noted across several areas including review of risk management, engagement of stakeholders, workforce culture around whistleblowing and succession planning.

Previously we reported that the Independent Review of Mental Health Services had recommended a high secure services for women should be opened in the State Hospital. The Board is in the process planning for the changes required to the site and day to day operations to deliver this additional service. There is an expectation of some female patients being accepted in 2025 to the modified Mull ward, with estimated timing for the establishment of a tailored provision in a permanent facility by 2027.

In relation to IT Infrastructure and Cybersecurity, the Board continues to monitor quarterly reports from the Director of Finance and e-Health into any current incidents on a national level. It is clear from Board meetings and the risk register that this risk is taken very seriously, particularly in light of the Board's implantation of key systems such as e-Roster, HEPMA and the push for digital patient records. This is in line with both National and Board objectives.

The Board is committed to equality, diversity and human rights and will ensure that arrangements are in place to support staff who have equality, diversity and human rights issues. The Equality Impact Assessment Screening Tool is completed by all policy authors as part of the submission process relating to the policy implementation governance processes. Equality is included as part of all Board paper reports.

Wider Scope arrangements

Use of Resources to Improve Outcomes

Scope

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.

Areas of Focus

- the arrangements in place to demonstrate that there is a clear link between money spent and outputs and the outcomes delivered
- the arrangements in place to assess whether outcomes are improving based on the trend and relative to pace of change in comparable organisations, and appropriate to the risk and challenges facing the Board
- the arrangements in place to consider cost of delivery of current services and whether alternative models of service delivery been considered.
- the arrangements to evaluate service delivery and quality and whether the user needs and views are included in any such evaluation.

Findings and Conclusion

The Board has appropriate performance management processes in place that support the use of resources to improve outcomes.

The Board has developed a performance management framework which comprises quarterly updates on key performance indicators (KPIs), an annual overview of performance and year-on-year comparison each June. Under the new management structure, strategic performance is managed by the Corporate Management Team and the Strategic Planning and Performance Group, and operational performance is monitored through the Organisational Management Team and the Hospital Management Team.

The national standards directly relevant to the Board are: Psychological Therapies Waiting Times and Sickness Absence. In addition, the Board identified 12 local key performance indicators (KPIs) in 2024/25.

Of the 14 KPIs, the Board met target on 6 by the end of March 2025.

Wider Scope arrangements

Use of Resources to Improve Outcomes

Scope

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.

Findings and Conclusion (continued)

The five KPIs that were predominantly off the target (>5%) during 2024/25 are as follows;

- Patients will have a healthier BMI
- Patients will engage in 150 mins physical activity every week
- Patients have their clinical risk assessment reviewed annually
- Patients have their care and treatment plans reviewed at 6 monthly intervals
- Attendance by all clinical staff at case reviews (performance varies by profession)

We note that in some areas performance has worsened compared to 23/24, for example for Patients engaging in Physical activity. However there has been improvement on patients with a healthy BMI and 6 monthly review of care and treatment plans. Through reporting the Board is aware of these challenges and both Operational and Workforce plans detail actions address these issues, in particular Staff sickness absence.

Of the internal audit reports issued in 2024/25, there are four areas where a positive assurance opinion was issued (Complaints Management, Implementation of the New Clinical Model, Statutory and Mandatory Training, and Physical Health – Supporting Healthy Choices) and two on which partial assurance (Consultant Discretionary Points, Roster Compliance) was issued.

Overall no significant issues or control weaknesses were identified by Internal Audit and only one high priority recommendation was made where management should review the calculation methodology for the Consultant Discretionary Points metrics, and consider whether the metrics used are necessary and fit for purpose.



Appendices

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Mandatory communications

Type	Statement	
Our draft management representation letter		We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2025.
Adjusted audit differences		We identified one adjusted audit differences with an impact of (£0k) on the reported surplus. See page 33.
Unadjusted audit differences	 	There was one unadjusted audit differences with an impact of (£0k) on the reported surplus. See page 32.
Related parties		There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Audit Committee		There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies		We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts		No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements was identified during the audit.

Mandatory communications

Type	Statement	
Significant difficulties		No significant difficulties were encountered during the audit.
Modifications to auditor's report		None.
Disagreements with management or scope limitations		The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
Other information		No material inconsistencies were identified relating to other information in the annual report, Strategic and Directors' reports. The Annual report is fair, balanced and comprehensive, and complies with the Annual Reporting Manual.
Breaches of independence		No matters to report. The engagement team have complied with relevant ethical requirements regarding independence.
Accounting practices		Over the course of our audit, we have evaluated the appropriateness of the Board's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Significant matters discussed or subject to correspondence with management		There were no significant matters arising from the audit that were discussed, or subject to correspondence, with management.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.
Provide a statement to AS on your consolidation schedule		We will issue our report to Audit Scotland following the signing of the annual report and accounts.

Appendix two

Recommendations raised and followed up

The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations			
1	Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.
3	Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.		

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
1	3	Over the course of a number of years the Board has provided for and written off debts with other boards, primarily related to transferred patient care where the associated charges could not ultimately be agreed. We recommend that going forward management ensure all charges for patients are formally agreed with senior management at corresponding Boards before the patients are transferred and that this is formally documented/evidenced.	Processes are now in place and are being enforced to ensure charges are agreed and authorised appropriately. Director of Finance & eHealth - 30 June 2025

Appendix two

Recommendations raised and followed up(cont.)

We have also follow up the recommendations from the previous years audit, in summary:

Total number of recommendations		Number of recommendations implemented	Number outstanding (repeated below):
6		4	2

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current Status (June 2025)
1	3	As part of our testing of Fixed Assets we requested a the year-end Fixed Asset reconciliation. Whilst this had been completed by NSS and approved, there were small differences between the trial balance and the Fixed asset register that had not been reconciled. There is a risk that the fixed asset register is not complete and this could impact on valuation and depreciation postings to the ledger. We recommend that the Fixed Asset register is fully reconciled to the final TB before the accounts are prepared in order to capture capital expenditure.	Noted and will be taken forward in partnership with NSS. Director of Finance & eHealth - 30 September 2024	Management have worked closely with NSS during the 24/25 accounts preparation. No issues were noted in the fixed asset register reconciliation in 24/25. We therefore consider this remediated.

Appendix two

Recommendations raised and followed up (cont.)

We have also follow up the recommendations from the previous years audit, in summary:

Total number of recommendations	Number of recommendations implemented	Number outstanding (repeated below):
6	4	2

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current Status (June 2025)
2	2	Journals segregation of duties From inquiry of management and journals walkthrough we identified that users of the General ledger have the ability to post and approve their own journals within their own authorisation limits. This means there is no segregation of duties. Whilst senior members of the finance team may perform review of journals, this is not fully documented.	Going forward management will formally sign-off a monthly review of journals. Director of Finance & eHealth July 2024	Outstanding This recommendation has not yet been fully implemented. Management response: This was delayed due to staffing changes in the finance team and, while in place informally, will have formal sign-off now applied Director of Finance & eHealth – 30 September 2025
3	2	Management review of accruals. From inquiry of management and accruals walkthrough we have established that accruals are not reviewed before being posted to the ledger. There is a risk that incorrect or inappropriate accruals are posted to the ledger, leading to an overstatement of expenditure. We identified several accruals within our testing that were overstated.	Going forward management will formally sign-off a quarterly review of accruals. Director of Finance & eHealth July 2024	Outstanding We identified further misstatements in year in relation to accruals. Management response: This was delayed due to staffing changes in the finance team and, while in place informally, will have formal sign-off now applied Director of Finance & eHealth – 30 September 2025

Appendix two

Recommendations raised and followed up (cont.)

We have also follow up the recommendations from the previous years audit, in summary:

Total number of recommendations	Number of recommendations implemented	Number outstanding (repeated below):
6	4	2

#	Ri sk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current Status (June 2025)
4	1	Assets under Construction From our audit work over fixed assets we established that the £10.2m balance within assets under construction is recorded as a single asset entry – the perimeter fence upgrade. However, this project entails work across a number of different security elements, some of which are new and some which will replace existing assets on the fixed asset register. The additions encompass many hundreds of individual entries and it will require work to allocate to individual assets on completion. When this project is complete, it is important that these different elements are accounted for correctly including: -Recording replaced assets in the asset register as disposed -Allocating indirect project costs (incl. SATs and FATs) to individual assets - Splitting out individual assets and assigning appropriate asset lives -Considering the need for any impairment or accelerated depreciation to reflect the extended period of the project.	This is a matter for implementation in 2023/24, of which management are already aware and will address on project completion. Director of Finance & eHealth, (Date subject to project completion)	The work on the project was substantively completed in 24/25 and management have transferred the cost of the assets under construction into the appropriate asset classes, correctly disposing of any replaced assets. We therefore consider this remediated.

Appendix two

Recommendations raised and followed up (cont.)

We have also follow up the recommendations from the previous years audit, in summary:

Total number of recommendations	Number of recommendations implemented	Number outstanding (repeated below):
6	4	2

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current Status (June 2025)
5	2	Receivables and SFR30 During our testing of receivables we identified balances with other NHS Boards where the Board had agreed the gross debt through the SFR30 exercise but had been partly provided for in the ledger. We recommend management follow the annual accounts guidance and inform Scottish Government in all cases where they are providing for NHS debt and that the provision is consistently applied.	Notification has been made in previous years and this will continue. Director of Finance & eHealth July 2024	Management have now agreed with corresponding NHS Boards to write off all Bad Debts. We therefore consider this remediated.
6	2	Accounts Preparation The Board utilises a service organisation, National Services Scotland (NSS), to help prepare sections of the accounts template and accounts. In the course of the audit we identified areas where management had limited knowledge and understanding of some areas of the accounts that NSS had prepared. It is managements responsibility to respond to audit requests queries and they should be able to explain all balances and disclosures within the accounts. It is recommended management fully review the draft accounts before submission to audit to ensure a clear understanding of all balances. This may form part of enhanced in-year review or as a year end process.	The TSH finance team had an absence in a key role within the team around the March 2023 year-end which impacted role responsibilities. Recruitment currently underway to fill the pending vacancy which will address this. Director of Finance & eHealth & Deputy Director of Finance Implement for application to September 2023 (mid-year) and March 2024 (year-end)	Management have worked closely with NSS during the 24/25 accounts preparation. No issues were noted in the areas of the accounts prepared by NSS in 24/25. We therefore consider this remediated.

Appendix three

Audit Differences

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit Committee with a summary of unadjusted audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are ‘clearly trivial’, which are not reflected in the financial statements. In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor’s report, individually or in aggregate. As communicated previously with the Audit Committee, details of all adjustments greater than £58K are shown below:

Unadjusted audit differences (£'000s)				
No	Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
1	Dr Accruals Cr AUC		120 (120)	We noted that management had recorded capital accruals at year-end in relation to work performed but not invoiced by contractors, however this work was completed post year-end and therefore should not have been recorded in 24/25.
Total		0	0	

Appendix three

Audit Differences (continued)

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit Committee with a summary of adjusted audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements.

Adjusted audit differences (£'000s)				
No	Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
1	Dr Other Income Cr Bad Debt Expense	1,978 (1,978)		Management were required to reverse the bad debt provision on historical debt when those debts were written off at year-end. We identified that in the I&E, the bad debt had been reversed through Income when this should have been done through expenditure where originally recorded.
Total		0	0	

Audit Differences

Intra-group error reporting

Further to the misstatements identified on page 28 we are required to report any identified errors in the reporting of intra-group balances with other NHS entities exceeding £200,000 as part of our reporting on the Consolidation Schedules to Audit Scotland. We have set out below intra-group errors identified as part of our procedures:

We have not identified any errors from the SFR30 exercise.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

To the Audit Committee members

Assessment of our objectivity and independence as auditor of The State Hospitals Board for Scotland

Professional ethical standards require us to provide to you with a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard.

As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

We have not provided any non-audit services in year.

Confirmation of Independence (continued)

We have considered the audit fees charged by Audit Scotland to the Board for professional services, including those provided by us during the reporting period. Total audit fees charged by Audit Scotland were £65,460 including VAT.

Application of the FRC Ethical Standard 2019

We communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Compliance Committee and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

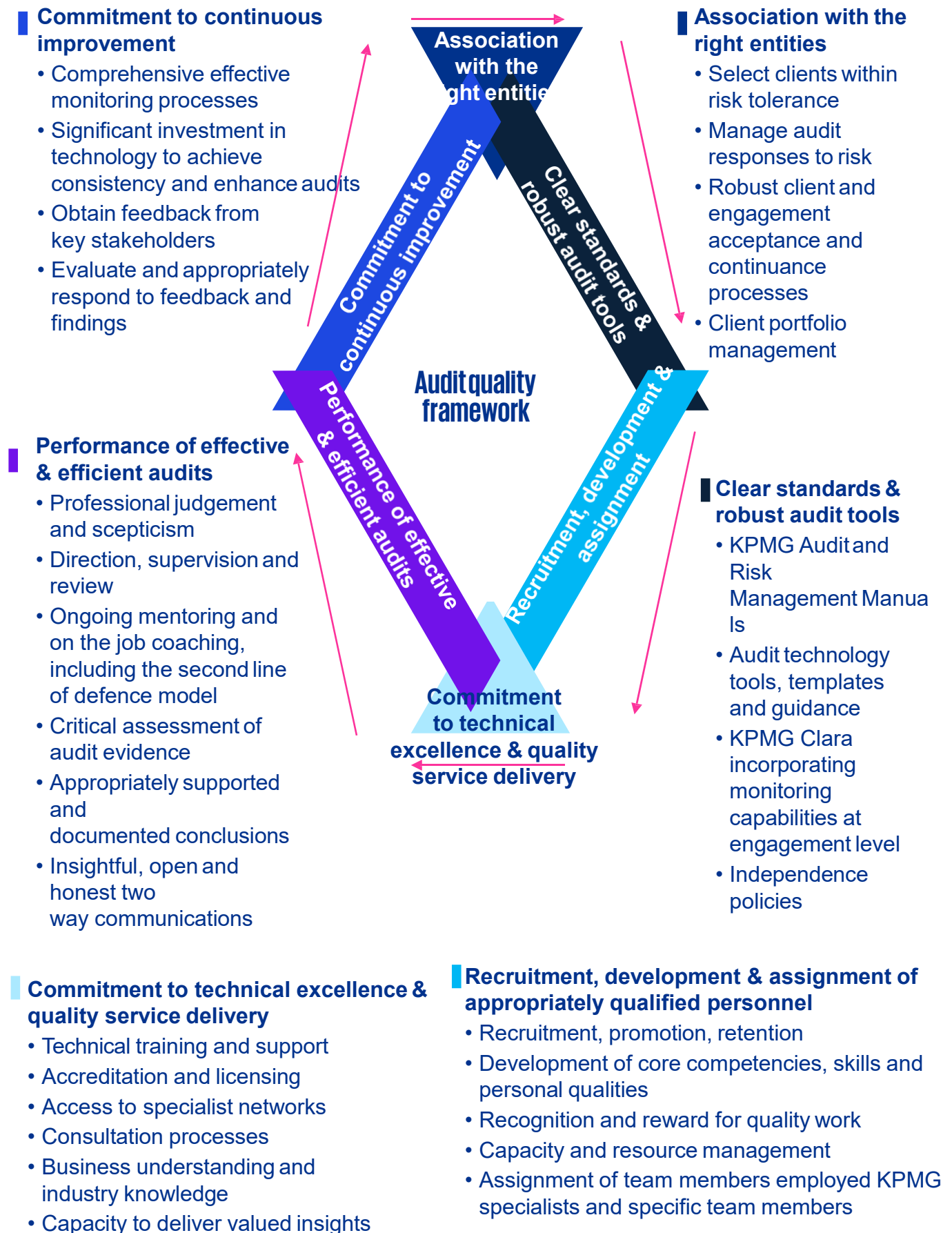
KPMG LLP

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

- To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.
- Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

Appendix five (continued)



FRC's areas of focus

The FRC released their [Annual Review of Corporate Reporting 2023/24](#) ('the Review') in September 2024 having already issued three thematic reviews during the year.

The Review and thematics identify where the FRC believes companies can improve their reporting. These slides give a high level summary of the key topics covered. We encourage management and those charged with governance to read further on those areas which are significant to their entity.

Overview

The Review identifies that the quality of reporting across FTSE 350 companies has been maintained this year, but there is a widening gap in standards between FTSE 350 and non-FTSE 350 companies. This is noticeable in the FRC's top two focus areas, 'Impairment of assets' and 'Cash Flow Statements'.

'Provisions and contingencies' has fallen out of the top ten issues for the first time in over five years. This issue is replaced by 'Taskforce for Climate-related Financial Disclosures (TCFD) and climate-related narrative reporting'.

The FRC re-iterates that companies should apply careful judgement to tell a consistent and coherent story whilst ensuring the annual report is clear, concise and company-specific.

Pre-issuance checks and restatements

The FRC expects companies to have in place a sufficiently robust self-review process to identify common technical compliance issues. The FRC continues to be frustrated by the increasing level of restatements affecting the presentation of primary statements. This indicates that thorough, 'step-back' reviews are not happening in all cases.

Risks and uncertainties

Geopolitical tensions continue and low growth remains a concern in many economies, particularly with respect to going concern, impairment and recognition/recoverability of tax assets and liabilities. The FRC continue to push for enhanced disclosures of risks and uncertainties. Disclosures should be sufficient to allow users to understand the position taken in the financial statements, and how this position has been impacted by the wider risks and uncertainties discussed elsewhere in the annual report.

FRC's areas of focus

Financial reporting framework

The FRC reminds preparers to consider the overarching requirements of the UK financial reporting framework in determining the information to be presented. In particular the requirements for a true and fair view, along with a fair, balanced, and comprehensive review of the company's development, position, performance, and future prospects.

The FRC does not expect companies to provide information that is not relevant and material to users, and companies should exercise judgement in determining what information to include.

Companies should also consider including disclosures beyond the specific requirements of the accounting standards where this is necessary to enable users to understand the impact of particular transactions or other events and conditions on the entities financial position, performance and cash flows.

FRC's areas of focus (cont.)

Impairment of assets

Impairment remains a key topic of concern, exacerbated in the current year by an increase in restatements of parent company investments in subsidiaries.

Disclosures should provide adequate information about key inputs and assumptions, which should be consistent with events, operations and risks noted elsewhere in the annual report and be supported by a reasonably possible sensitivity analysis as required.

Forecasts should reflect the asset in its current condition when using a value in use approach and should not extend beyond five years without explanation.

Preparers should consider whether there is an indicator of impairment in the parent when its net assets exceed the group's market capitalisation. They should also consider how intercompany loans are factored into these impairment assessments.

Cash flow statements

Cash flow statements remain the most common cause of prior year restatements.

Companies must carefully consider the classification of cash flows and whether cash and cash equivalents meet the definitions and criteria in the standard. The FRC encourage a clear disclosure of the rationale for the treatment of cash flows for key transactions.

Cash flow netting is a frequent cause of restatements and this was highlighted in the '[Offsetting in the financial statements](#)' thematic.

Preparers should ensure the descriptions and amounts of cash flows are consistent with those reported elsewhere and that non-cash transactions are excluded but reported elsewhere if material.

Climate

This is a top-ten issue for the first time this year, following the implementation of TCFD.

Companies should clearly state the extent of compliance with TCFD, the reasons for any non-compliance and the steps and timeframe for remedying that non-compliance. Where a company is also applying the Companies Act 2006 Climate-related Financial Disclosures, these are mandatory and cannot be 'explained', further the required location in the annual report differs.

Companies are reminded of the importance of focusing only on material climate-related information. Disclosures should be concise and company specific and provide sufficient detail without obscuring material information.

It is also important that there is consistency within the annual report, and that material climate related matters are addressed within the financial statements.

Financial instruments

The number of queries on this topic remains high, with Expected Credit Loss (ECL) provisions being a common topic outside of the FTSE 350 and for non-financial and parent companies.

Disclosures on ECL provisions should explain the significant assumptions applied, including concentrations of risk where material. These disclosures should be consistent with circumstances described elsewhere in the annual report.

Companies should ensure sufficient explanation is provided of material financial instruments, including company-specific accounting policies.

Lastly, the FRC reminds companies that cash and overdraft balances should be offset only when the qualifying criteria have been met.

Judgements and estimates

Disclosures over judgements and estimates are improving, however these remain vital to allow users to understand the position taken by the company. This is particularly important during periods of economic and geopolitical uncertainty.

These disclosures should describe the significant judgements and uncertainties with sufficient, appropriate detail and in simple language.

Estimation uncertainty with a significant risk of a material adjustment within one year should be distinguished from other estimates.

Further, sensitivities and the range of possible outcomes should be provided to allow users to understand the significant judgements and estimates.

FRC's areas of focus (cont.)

Revenue

Disclosures should be specific and, for each material revenue stream, give details of the timing and basis of revenue recognition, and the methodology applied. Where this results in a significant judgement, this should be clear.

Income taxes

Evidence supporting the recognition of deferred tax assets should be disclosed in sufficient detail and be consistent with information reported elsewhere in the annual report.

The effect of Pillar Two income taxes should be disclosed where applicable.

Strategic report and Companies Act

The strategic report must be 'fair, balanced and comprehensive'. Including covering all aspects of performance, economic uncertainty and significant movements in the primary statements.

Companies should ensure they comply with all the statutory requirements for making distributions and repurchasing shares.

Presentation

Disclosures should be consistent with information elsewhere in the annual report and cover company-specific material accounting policy information.

A thorough review should be performed for common non-compliance areas of IAS 1.

Fair value measurement

Explanations of the valuation techniques and assumptions used should be clear and specific to the company.

Significant unobservable inputs should be quantified and the sensitivity of the fair value to reasonably possible changes in these inputs should provide meaningful information to readers.

Thematic reviews

The FRC has issued three thematic reviews this year: 'Reporting by the UK's largest private companies' (see below), 'Offsetting in the financial statements', and 'IFRS 17 Insurance contracts –Disclosures in the first year of application'. The FRC have also performed Retail sector research (see below).

UK's largest private companies

The quality of reporting by these entities was found to be mixed, particularly in explaining complex or judgemental matters. The FRC would expect a critical review of the draft annual report to consider:

- internal consistency
- whether the report as a whole is clear, concise, and understandable; notably with respect to the strategic report
- whether it omits immaterial information, or
- whether additional information is necessary for the users understanding particularly with respect to revenue, judgments and estimates and provisions

Retail sector focus

Retail is a priority sector for the FRC and the research considered issues of particular relevance to the sector including:

- Impairment testing and the impact of online sales and related infrastructure
- Alternative performance measures including like for like (LFL) and adjusted e.g. pre-IFRS 16 measures
- Leased property and the disclosure of lease term judgements, particularly for expired leases.
- Supplier income arrangements and the clarity of accounting policies and significant judgements around measurement and presentation of these.

2024/25 review priorities

The FRC has indicated that its 2024/25 reviews will focus on the following sectors which are considered by the FRC to be higher risk by virtue of economic or other pressures:

 Industrial metals and mining

 Construction and materials

 Food producers

 Retail

 Gas, water and multi-utilities

 Financial Services

Changes to the FRC Ethical Standard

In early 2024, the FRC published an update to its Ethical Standard for auditors, effective from 15 December 2024 (“FRC ES 2024”).

The FRC stated that its update did three main things:

- “First, the FRC has simplified the existing ethical standard and provided additional clarity in a limited number of areas to respond to helpful feedback from auditors.
- Second, the new standard takes into account recent revisions made to the international IESBA Code of Ethics. This aligns the UK with international standards and helps to ensure high standards of independence and ethical behaviour are applied consistently by UK audit firms and their networks.
- Third, the FRC has added a new targeted restriction on fees from entities related by a single controlling party. This is in response to issues identified through FRC audit inspection and enforcement

In general, where the changes are for clarification or to align with the IESBA Code their impact is limited (KPMG already applies the IESBA Code (in addition to the FRC ES) in the conduct of the audit). We have, however, identified the following aspects of the changes in the FRC ES 2024 to draw to your attention:

Information technology services

The FRC ES 2024 introduces, from the IESBA Code of Ethics 2024, new guidance that storing or managing the hosting of data on behalf of an audited entity creates threats to integrity, objectivity and independence (this does not apply to data obtained in the course of an audit or a permissible non-audit service). The IESBA Code is clear that services such as acting as the only access to a financial or non-financial information system of the audited entity or providing electronic security or back-up services for the audited entity’s data or records would result in the auditor assuming a management responsibility, which is prohibited. We have reviewed the services provided by KPMG member firms to the Trust and no IT services have been identified which are no longer permissible.

Newly effective accounting standards and relevant IFRIC items

Standards	Expected impact				Effective for years beginning on or after			Early adoption permitted
	High	Moderate	Low	None	01 Jan 2025	01 Jan 2026	1 Jan 2027	
Lack of exchangeability (Amendments to IAS 21) <i>The Effects of Changes in Foreign Exchange Rates</i>				○	✓			✓
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> **			●			✓		✓
Annual Improvements to IFRS Accounting Standards – Amendments to: • IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> ; • IFRS 7 <i>Financial Instruments: Disclosures</i> and its accompanying <i>Guidance on implementing IFRS 7</i> ; • IFRS 9 <i>Financial Instruments</i> ; • IFRS 10 <i>Consolidated Financial Statements</i> ; and • IAS 7 <i>Statement of Cash flows</i>			●			✓		✓
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> **			●				✓	✓
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> **				○			✓	✓
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i>) *					TBD*			



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