

Rachel Browne, Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Dear Rachel

Scottish Canals Annual Report & Accounts 2023/24

1. This representation letter is provided in connection with your audit of the Annual Report & Accounts of Scottish Canals for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view and have been properly prepared, and for expressing other opinions on the regularity of income and expenditure, Remuneration and Staff Report, Performance Report, and Governance Statement.

2. I confirm to the best of my knowledge and belief, and having made such enquiries as I considered necessary, the following representations given to you in connection with your audit of Scottish Canals Annual Report & Accounts for the year ended 31 March 2024.

General

3. I have fulfilled my responsibilities for the preparation of the 2023/24 Annual Report & Accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the Annual Report & Accounts have been made available to you for the purposes of your audit. All transactions undertaken by Scottish Canals have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Regularity of Expenditure and Income

5. I confirm that, in all material respects, expenditure was incurred, and income applied in accordance with applicable enactments and guidance issued by the Scottish Ministers.

Financial Reporting Framework

6. The Annual Report & Accounts have been prepared in accordance with section 24 of the Transport Act 1962 and directions made thereunder by the Scottish Ministers.

7. I have ensured that the financial statements give a true and fair view of the financial position of the Scottish Canals at 31 March 2024 and the transactions for 2023/24.

Accounting Policies and Estimates

8. All material accounting policies applied are as shown in the note included in the financial statements. The accounting policies are determined by the 2023/24 Government Financial Reporting Manual (the FReM), where applicable. All accounting policies applied are appropriate to Scottish Canals circumstances and have been consistently applied.

9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or because of new information or experience.

Going Concern Basis of Accounting

10. I have assessed Scottish Canals ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Scottish Canals ability to continue to adopt the going concern basis of accounting.

Assets

11. I carried out an assessment at 31 March 2024 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2024.

13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

15. All liabilities at 31 March 2024 of which I am aware have been reported in the financial statements.

16. The accrual recognised in the financial statements for annual leave untaken by 31 March 2024 has been estimated on a reasonable basis.

17. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent Liabilities

18. There are no significant contingent liabilities, other than those disclosed in Note 20 to the financial statements, arising either under formal agreement or through formal undertakings

requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed in accordance with the 2023/24 FReM and IAS 37.

Litigation and Claims

19. All known actual or possible legal claims have been disclosed to you and have been accounted for and disclosed in the financial statements in accordance with the 2023/24 FReM.

Fraud

20. I understand my responsibilities for the design, implementation, and maintenance of internal control to prevent fraud and I believe I have appropriately fulfilled those responsibilities.

21. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated as a result of fraud,
- any allegations of fraud or suspected fraud affecting the financial statements, and
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

22. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

23. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with IAS 24 as interpreted by the FReM. I have made available to you the identity of all the Scottish Canals related parties and all the related party relationships and transactions of which I am aware.

Remuneration and Staff Report

24. The Remuneration and Staff Report has been prepared in accordance with the requirements of the FReM to the extent they apply in Scotland and all required information of which I am aware has been provided to you.

Performance Report

25. I confirm that the Performance Report has been prepared in accordance with the requirements of the FReM to the extent they apply in Scotland and the information is consistent with the financial statements.

Corporate Governance

26. I have fulfilled my responsibilities for Scottish Canals corporate governance arrangements. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

27. I confirm that the Governance Statement has been prepared in accordance with the Scottish Public Finance Manual and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified since 31 March 2024 which require to be reflected.

Group Accounts

28. I have identified all the other entities in which Scottish Canals has a material interest and have classified and accounted for them in accordance with the 2023/24 FReM. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

Events Subsequent to the Date of the Statement of Financial Position

29. All events subsequent to 31 March 2024 for which IAS 10 as interpreted by the FReM requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely,

John Paterson
Chief Executive and Accountable Officer