Canal House
1 Applecross St
Glasgow G4 9SP
www.scottishcanals.co.uk

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

Dear Rachel,

LETTER OF REPRESENTATION (ISA(UK)580)
SCOTTISH CANALS ANNUAL REPORT AND ACCOUNTS 2024/25

1.This representation letter is provided in connection with your audit of the annual report and accounts of Scottish Canals for the year ended 31 March 2025 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 and accounts for the year ended 31 March 2025.

General

3.I have fulfilled my responsibilities for the preparation of the 2024/25 annual report and accounts as set out in your 2024/25 Annual Audit Plan. All the accounting records, documentation, and other matters which I am aware are relevant to the preparation of the annual report and 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 Income and Expenditure

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

Financial Reporting Framework

6.The annual report and 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 Scottish Canals at 31 March 2025 and the transactions for 2024/25.

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 2024/25 Government Financial Reporting Manual (FReM), where applicable. All accounting policies applied are appropriate to Scottish Canals' circumstances and have been consistently applied.

9.The methodology, significant assumptions, and data used in making accounting estimates are reasonable, and have been properly reflected and disclosed in the financial statements in accordance with the 2024/25 FReM. Judgements made in making estimates have been based on the latest available and 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. All assets at 31 March 2025 of which I am aware have been reported in the financial statements.

12.I carried out an assessment at 31 March 2025 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified in the financial statements.

13. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2025.

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

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

Liabilities

16. All liabilities at 31 March 2025 of which I am aware have been reported in the financial statements.

17.Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2025 of which I am aware where the conditions specified in IAS 37, as adapted by the 2024/25 FReM, have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2025. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.

18. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2025, or to reflect material changes in the assumptions underlying the calculations of the provisions.

19. The accrual recognised in the financial statements for annual leave untaken by 31 March 2025 has been estimated on a reasonable basis.

20. 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

21. 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 financial statements. All known contingent liabilities have been fully and properly disclosed in accordance with IAS 37, as adopted by the 2024/25 FReM.

Litigation and Claims

22. 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 2024/25 FReM.

Fraud

23. 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.

24. 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

25. 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

26. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with IAS 24, as adopted by the 2024/25 FReM. I have made available to you the identity of all of Scottish Canals' related parties and all the related party transactions of which I am aware.

Remuneration and Staff Report

27. 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

28. 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

29. 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.

30. 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 2025 which require to be reflected in the Governance Statement or annual report and accounts.

Group Accounts

31. I have identified all the other entities in which Scottish Canals has an interest and have classified and accounted for them in accordance with the 2024/25 FReM. Any significant issues, including those related to fraud and any qualified audit opinions, in relation to the financial statements of group entities, have been provided to you.

Events Subsequent to the Date of the Statement of Financial Position

32. All events subsequent to 31 March 2025 for which IAS 10, as adopted by the 2024/25 FReM, requires adjustment or disclosure have been adjusted or disclosed.

Other representations – material prior period restatement

33. I confirm that the prior period comparative information has been restated to correct the material misstatement identified in indexation of non-current assets. The restated comparative information is accurate, complete, and consistent with the underlying accounting records, and has been prepared in accordance with the FReM and IAS 8.

Yours sincerely,

John Paterson
Chief Executive and Accountable Officer