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2 July 2007

Dear Lorna,

Historic Scotland
2006/2007 FINANCIAL STATEMENTS

I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Executive Directors and the Management Board, the following representations given to you in connection with your audit of Historic Scotland for the year ended 31 March 2007.

Regularity of Financial Transactions

1. The financial transactions of Historic Scotland are in accordance with the relevant legislation and regulations governing its activities.

Accounting Policies

2. All material accounting policies adopted are as shown in Note 1 to the accounts. The continuing appropriateness of these policies have been reviewed since the introduction of FRS 18 and on a regular basis thereafter, and take account of the requirements set out in the Financial Reporting Manual.
3. All material adjustments, including those required as a result of different accounting policies and timing differences, have been made.

Going Concern

4. The Directors have assessed Historic Scotland's ability to carry on as a going concern, as identified in the Statement of agency's and chief executive's responsibilities. There were no material uncertainties arising as a result of this which would require disclosure in the accounts.

Assets

General

5. The assets shown on the balance sheet at 31 March 2007 were owned by Historic Scotland other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Fixed Assets

6. All fixed assets are appropriately classified. The net book amount in the balance sheet was arrived at:
- (i) after taking into account all material capital expenditure on additions but not expenditure properly chargeable to revenue;
 - (ii) after the amounts at which the land and buildings were stated in the balance sheet were properly calculated in accordance with the approved bases of valuation;
 - (iii) after deducting the cost and accumulated depreciation relating to items sold or scrapped; and
 - (iv) after providing for depreciation and obsolescence on bases and at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its probable useful life.
7. At 31 March 2007, Historic Scotland had not contracted for or purchased assets either directly or under finance leases.

Investments

8. Historic Scotland had no investments at the year end.

Stocks

9. The stocks have been valued at the lower of cost and estimated net realisable value and all stocks are included in the financial statements.

Other Current Assets

10. On realisation in the ordinary course of Historic Scotland's business the other current assets in the balance sheet are expected, in our opinion, to produce at least the amounts at which they are stated. In particular adequate provision has, in our opinion, been made against all amounts owing to Historic Scotland which are known or may be expected to be irrecoverable.

Liabilities

General



11. All liabilities have been provided for in the books of account, including the liability for all purchases to which title has passed prior to 31 March 2007.

Provision for Losses

12. Provisions have been made in the accounts for all material liabilities which have resulted, or may be expected to result, by legal action or otherwise, from events which had occurred by the balance sheet date and of which Historic Scotland could reasonably be expected to be aware.

Commitments and Contingent Liabilities

13. There were no commitments for the purchase or sale of assets. Contractual commitments relating to grants payable and other contracts arising during the normal course of business are disclosed in the accounts. There were no other commitments (except as stated at paragraph 7) or obligations which might adversely affect Historic Scotland.
14. All significant liabilities arising either under formal agreements or through informal undertakings, have been provided for or noted in the accounts.
15. There were no purchase commitments in excess of normal requirements or at prices in excess of the prevailing market prices, or agreements to re-purchase the same item previously sold.

Income and Expenditure

16. Expenditure below £10,000 on the purchase of land and buildings, below £5,000 on the purchase of office equipment, motor vehicles, plant, antiques and works of art and below £1,000 on computer equipment and software has been charged to the income and expenditure account. Items costing more than the amounts stated above have been treated as fixed assets.
17. Except as disclosed in the financial statements, the results for the period were not materially affected by:
- (i) transactions of a sort not usually undertaken by Historic Scotland;
 - (ii) circumstances of an exceptional or non-recurrent nature;
 - (iii) charges or credits relating to prior periods; and
 - (iv) any change in the basis of accounting.

Related Party Transactions

18. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of FRS8, as interpreted by the Scottish Public Finance Manual.

General

19. I acknowledge my responsibility, and that of Historic Scotland, for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Historic



Scotland have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.

20. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of Historic Scotland for the year ended 31 March 2007.
21. The information given in the Annual report to the financial statements, including the Director's Report, Management Commentary and Remuneration Report, presents a balanced picture of Historic Scotland and is consistent with the financial statements.

Events Subsequent to the Date of the Balance Sheet

22. There have been no events since the date of the balance sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
23. Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should be brought to your notice.

Corporate Governance

24. I acknowledge as Accountable Officer my responsibility for the systems of internal controls. I confirm that I have reviewed the effectiveness of the systems for internal control and that the disclosures I have made are in accordance with the Scottish Executive guidance on Statements on Internal Control.

Yours sincerely

JOHN GRAHAM
Chief Executive
Accountable Officer