

**Charity Registration No:**  
**England and Wales:** 310952  
**Scotland:** SC038722



**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 8 MONTH PERIOD ENDED 31 MARCH 2017**

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**ROYAL CALEDONIAN EDUCATION TRUST**  
**COMMITTEE OF DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2017**

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The Directors and Trustees of the Royal Caledonian Education Trust present the following annual report and accounts for the period ended 31 March 2017. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Trust's governing document, the Charities Act 2011, The Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The Trust changed its year end to 31 March and the annual report and accounts cover the 8 month period from 1 August 2016 to 31 March 2017. Throughout the annual report and accounts, comparative figures are for the 12 month period to 31 July 2016.

**OBJECTIVES AND ACTIVITIES**

The Royal Caledonian Education Trust is an education trust supporting the children of Scots who are serving, or who have served, in the Armed Forces. It is clearly understood that Armed Forces children who experience frequent moving of home, school and communities; mobility, deployment or absence of a serving parent, which can often be for long periods at a time, can often lead to under-achievement at school or college.

**Vision**

We seek a world where children of members of Scotland's Armed Forces are supported to overcome the educational barriers that may prevent them from reaching their full potential.

**Mission**

Our mission is to respond to the learning and development needs of Scotland's Armed Forces and Veteran children. We will do this by:

1. Providing financial assistance to the sons and daughters of Scots who have served or are serving in the British Armed Forces where financial difficulties, ill health and disability can hinder their learning and development;
2. Working in partnership with individuals, groups, educational and other institutions, effectively to respond to the needs of Armed Forces children in Scotland through a national Education Programme, ensuring equality of opportunity to learn and develop without disadvantage;
3. Researching and raising awareness of the unique challenges experienced by Armed Forces children, encouraging best practice and evidence based learning and development.

There are exceptions, but many of the families that we support are experiencing financial hardship. Many of those that the Trust helps are living in some of the most deprived communities in Scotland and /or living with members of the household who have post-traumatic stress disorder, disability or other health issues leaving family members unable to work following active service.

The Trust has two major areas of activity:

1. We currently make grants to the children of Scots who are serving or have served in the Armed Forces.
2. We also work through our Education Programme in Scotland with schools, local authorities, Armed Forces charities and the military and military communities on initiatives to support Armed Forces children, their teachers and their families in the school environment, especially in relation to children's emotional well-being.

**Public benefit**

The directors have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in the planning and operations of all its current and future activities. In particular, the directors have given due regard to public benefit when awarding grants.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Education Programme**

The Education Programme continued to maintain four main strands – Resources, Presentations and Training, Partnerships and Community Engagement, Research.

#### *Resources*

The "*Forces Kids – This is My Life*" DVD and Support Pack continued to be well received and highly relevant to audiences. Between August 2016 and March 2017 approximately 20 were distributed. In Autumn 2016, our "*Forces Kids*" drama production was renamed "*This is My Life*" and toured for six weeks visiting 67 schools in Glasgow, Dunbartonshire, Inverclyde, Angus, Stirling, Falkirk Fife, Dundee – reaching over 9000 pupils and staff. This was very well received and evaluations were extremely positive. Staff and pupils reported that they felt better informed about the issues facing some children and young people from Armed Forces families and better equipped to provide the appropriate support for them. All 60 schools received the "*Forces Kids Drama*" DVD and Support Pack along with promotional material about RCET.

Evaluations of our Early Years Resource Boxes was carried out and this will influence the production of future boxes.

Discussions started within the RCET team and with other partners to identify resources for children living in an environment where a family member may be experiencing mental health issues.

#### *Presentations and Training*

"*Forces Kids – This is My Life*" was used as a key resource at a range of events including Staff and Parent sessions at Seafield Primary School in Moray – representing around 300 staff and pupils. A new presentation was added to the existing presentation menu – "Living in a Veteran Family"

#### *Partnerships/ Community Engagement*

RCET continued to have a well- established seat on the Highland, Moray and Argyll & Bute Community Covenants being a signatory to the re-signing of the Moray Covenant in Autumn 2016. We are a member of Together (Scottish United Charities) and, as a direct result of our input, the 2016 State of the Children's Rights in Scotland Report acknowledged that children with parents or siblings in the Armed Forces are very often an overlooked group. This report included a recommendation to the Scottish Government that the views of these children should be collected and considered to ensure that their needs are met.

We continued to work with V1P Highland on an intergenerational Project and with V1P Lothian on identification of resources to support children to cope with living in a family with PTSD.

Much time was spent in writing the RCET submission to Governance Review 2016 – *Empowering Teachers, Parents and Communities To Achieve Excellence and Equity in Education*.

Initial discussions have taken place with Skills Development Scotland to investigate positive destinations for young people from Armed Forces families. This will link to the work being done in Winchester University.

Following on from previous work with Barnard Castle School the Education Programme has established a Student Network to listen to the voices and collect the views of pupils from Armed Forces families in Secondary schools. Feedback from the initial work has been extremely positive with students saying how much they value this opportunity. As part of this initiative a Transition Project has been carried out at Beeslack Community High School – this is being led by an RCET volunteer, the Education Manager and the Deputy Head from the school.

## **ACHIEVEMENTS AND PERFORMANCE (continued)**

### *Research*

The period saw the start of the final year of our collaborative PhD research project with the University of Stirling. Progress to date has been extremely positive and all indications are that the initial findings will be made available to RCET in Autumn 2017.

Close collaboration continued with Highland Local Authority in researching the Highland Practice Model (Getting it Right for Every Child) and whether this model is fit for purpose in meeting the needs of children and young people from Armed Forces families in Highland.

The RCET Service Children's Research Group (SCRG) continued to extend its membership with more people expressing an interest in joining and sharing their research into aspects of Armed Forces life.

### **Grants to Individuals**

The Trust's aim is to provide financial assistance that will help disadvantaged children and young people fulfil their educational potential with the opportunity to progress with their studies in the same way as any non-Armed Forces individuals. Grants cover items such as school clothing, after-school activities, and extra tuition support where circumstances have impacted on progress at school; through to an assistance towards the living expenses for those going on to college or further and higher education whose financial circumstances are preventing them reaching their full potential. For some this pressure could ultimately prevent them from taking up further/higher education offers. In all grants cases the Trust aims to help children from Veteran, Reservists and Armed Forces families who are struggling to make ends meet, living with ill health and disability, or experiencing difficulties at school, we provide a vital lifeline of support. Living with these sorts of challenges at home can make school life extra difficult.

During the 8 months of 2016/17 we assisted 71 families, which related to 110 children and young people. During the period we received the majority of our applications through SSAFA with a small number still making self-referral (Glasgow City only). We received two applications from Poor Scots in London (PSIL), and whilst we continue to support those families currently in need of our assistance, we are seeking solutions on how we might better help them in future.

Two thirds of the children/young people we support through our grants programme are living with unemployment and debt problems; nearly half the children we support are living in households where there are complex mental and physical health issues; and some of the young people we help are carers for their parents or siblings. Other factors that families face can include bereavement, family breakdown and domestic violence with a number also being victims of crime. Looking at the wider veterans sector this picture is not unusual and we do not see this pattern changing in the near future; this makes partnership working with other relevant charities and agencies essential.

We have continued to make a number of improvements to our processes including refinements to our financial governance, especially in the light of new HMRC changes governing those charities whose work is largely supported by investment income. Our relationships with a number of established partners continue to develop providing greater support and assistance to all our clients. We have undertaken a number of training sessions to raise brand awareness and give greater understanding to those who casework on our behalf.

### **Fundraising**

The period saw particular success in generating income for RCET. The priorities of the Fundraising Manager has been, as in the previous two years, to sustain relationships with existing supporters, work to raise awareness of the charity in Scotland in order to generate new support and to work with the wider team so to develop opportunities to secure grant funding for the charities work in support of Armed Forces children and families.

## **ACHIEVEMENTS AND PERFORMANCE (continued)**

### **Fundraising (continued)**

£34,500 was raised between August 2016 and March 2017 compared to £81,600 the previous year. Apart from the fact that the period under review only consists of 8 months, much of the organisations income was due post March 2017 and will now fall in to the 2017-18 financial year.

This period also saw two new fundraising initiatives established which will generate growing income over the coming years; namely a programme of fundraising challenge events and the launch of RCET THRIVE, a membership group for donors who commit to a monthly or regular donation.

### *Donations received in 2016-17*

RCET received 160 donations from 45 Individuals and 13 Organisations between August 2016 and March 2017. The most significant source of income is from grant-making Trusts, followed by donations from groups & associations and individuals.

### *Donations from Organisations and Trusts*

RCET would like to acknowledge support and donations from the following Groups, Associations and grant-making Trusts:

- Armed Forces Covenant Fund
- ABF, The Soldier's Charity
- Poppyscotland
- The Christina Mary Hendrie Trust
- The Patron's Fund
- Iris & Alexander Walker Naddell Charitable Trust
- Cheltenham Scottish Society
- Caledonian Society of Holland Lincolnshire
- The Mary Moore Trust
- Caledonian Society of London
- London Scottish Regiment Benevolent Fund
- The Ann Jane Green Trust

In addition we would like to thank the young people from the Queen Victoria School MAD Group and Air Training Corps 287 (Stenhouse) SQN for volunteering to carry out public collections at Murrayfield Rugby Stadium and Waverly Train Station raising over a thousand pounds for RCET.

### *Donations from individuals*

A special thank you must go to a number of individuals who, once again, have made significant individual donations towards the work of the charity. In addition we would offer our very grateful thanks to our committed and cherished group of donors who continue to make monthly or regular donations to RCET.

## **ACHIEVEMENTS AND PERFORMANCE (continued)**

### **Marketing, Communications and Public Relations**

The period has seen RCET consolidate and 'bed in' to the Scottish market place following the move North to Edinburgh in April 2016.

The move North was celebrated by two events in Scotland's capital, an invitation for guests to join us at the Royal Edinburgh Military Tattoo in August and a RCET reception at the Royal Botanical Gardens in November. Both events were considered to be a great success judging by feedback, connections made and the many offers of support subsequently received.

Plans are already underway to host similar events in London in 2018 to commemorate the end of the Great War, to continue our deep rooted connections with the London Scottish Societies and to endanger continued and enhanced support for the RCET from existing as well as new donors, supporters and guardians.

There has also been an undertaking during the year, at the request of the Chairman, to build on the archive that has been meticulously maintained since records started in 1815, extending it beyond 1985 (when current records end) to the present time. This project is already well advanced with the next stage being to appoint a professional archivist to document the records, hopefully with financial support from a Trust or Foundation which regularly contribute to archive projects of this nature.

With the appointment of RCET's Chief Executive, Colin Flinn in June 2016, our mission & vision statement; charity objectives/future direction; positioning statements; messaging; and branding have come under renewed focus. The timing for this is good for RCET and can only inspire and encourage the work that is being done by the wider team both individually and as a group.

RCET has continued to benefit from some excellent press coverage and broadcast coverage during 2016/17. We continue to make good progress in raising our profile with the media in Scotland, particularly with the charity, and military publications /broadcast outlets. Being able to provide evidence and research that supports our position statements is essential and this continues to be an area where we need to invest more time and resources.

We are starting to make inroads in our strategic communications. A political stakeholder programme is underway and this needs to be expanded to other spheres of influence. Furthermore, in an increasingly competitive and crowded sector we need to be confident and decisive about who we are and what we stand for as a charity. This requires further work and there will become key decisions required in order to really make our desired impact in Scotland in the year ahead.

## **FINANCIAL REVIEW**

### *Financial Year*

Due to operational reasons the Trust changed its year end to 31 March and these accounts cover the 8 month period from 1 August 2016 to 31 March 2017. Throughout this report comparative figures are for the 12 month period to 31 July 2016.

### *Financial Policies*

The Trust's finance and investment policies aim to provide long term stability and liquidity sufficient to finance the Trust's on-going programmes to balance the needs of current and future beneficiaries.

## **FINANCIAL REVIEW (continued)**

### *Review of income*

The Trust is not financially dependent on any specific individual or corporation as its income is primarily derived from its investment portfolios. The balance of income comes from donations and grants from a wide range of individuals, Scottish clubs and societies and trusts and foundations. During the period the Trust was also reimbursed by the Association of Directors of Education in Scotland (ADES) for the salary and expenses of the Trust's Education Programme Manager who was seconded to that organisation in the year.

### *Review of Expenditure*

During the period the Trust spent £203,060 (2016: £131,175) on grant making and other charitable activities as detailed in note 6 of which £73,805 was spent on support costs (2016: £89,917) as detailed in note 7.

### *Reserves Policy*

The aim of the trustees is to hold sufficient unrestricted free reserves to fund operating expenses for one year. At 31 March 2017 this amounted to required reserves of approximately £220,000 (2016: £220,000) compared to actual free reserves of £165,085 (2016: £256,893). In addition, funds of £9,369 (2016: £19,369) were designated as described in note 14.

### *Other Funds*

The Trust holds two endowment funds

- (a) The Royal Caledonian Schools Endowment Fund is a permanent endowment fund to provide income for carrying out the objects of the Trust. This fund represents the capital sum realised on the sale of the School premises and the capital must be retained and cannot be converted to income.
- (b) The Legacy Fund is an expendable endowment fund invested to provide income for carrying out the objects of the Trust but whose capital funds may be used at the discretion of the Trustees in the furtherance of the aforementioned objectives.

### *Investments*

The Trustees' investment powers are governed by the Act of Parliament dated 14 June 1815 which "requires that it shall be lawful to and for the Treasurers for the time being of the said hereby elected Corporation and they are hereby authorised and required from Time to Time by and with the Consent and Approbation of the Committee of Trustees for the time being, or the major part of such Committee present at any of their meetings, to lay out and invest all or any such sum or sums of money as have or hath been given, devised or bequeathed by any charitable or well-disposed person or persons, to and for the said End, Intents and Purposes in this Act mentioned, or any part thereof as the Exigencies of the said Corporation shall call for the immediate Application of Expenditure of any of the Public Funds in the name of the said hereby elected Corporation".

The Trustees' policy is reviewed regularly and the current policy is to invest the funds for long term capital and income growth with a short-term emphasis on both growing the annual income and continue utilising some of the capital growth in the current exceptionally challenging times. The annual income target was £145,000 and during the period, the income from investments was £96,927 (2016: £159,224).

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Trust was incorporated by an Act of Parliament dated 14 June 1815.

Since its incorporation the Trust has continued to review the methods under which it fulfils its functions. Since November 2012 the Trust has facility to appoint 9 Directors (sole Trustees) to the Committee of Directors (CoD).

The CoD meets 4 times a year with responsibility for broad strategy, financial and risk management, investments, grant making policy and measuring the Trust's overall performance. The Chief Executive, who reports to the Chairman, is responsible for the day-to-day running of the Trust.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

The CoD reviews the skills needed both amongst its Directors and for any relevant Sub-Committees. CoD operates a process of skills identification, accountable and open Director recruitment and induction in line with Charity Commission requirements for the appointment of new Directors.

The Trust is a member of two relevant national umbrella bodies: the Association of Charity Officers (ACO) and the National Council of Voluntary Organisations (NCVO) both of which provide information on good practice and changes in the law affecting charities and act as an authoritative lobby on behalf of the charitable foundations with the government and regulators. The Trust is registered with the Office of Scottish Charity Regulator, registration number SC038722 and is complying with their requirements.

The Trust looks to achieve its strategic aims and carry out its operational objectives through partnerships with other charities, in particular, SSAFA branches throughout the UK, Poppyscotland and other services and education charities.

The Trust's ability to continue its work is dependent on sound management of its invested funds and an active fundraising programme.

When making grants and setting grant policy, the Trustees have considered the guidance issued by the Charity Commission in respect of public benefit and believe that they meet the criteria set for achieving this.

### **PLANS FOR THE FUTURE**

The Trustees at their meeting of the 3<sup>rd</sup> March 2017 agreed to the following;

1. CoD authorises the CEO to lead a period of research and analysis, beginning immediately, in relation to the future direction of RCET.
2. To approve an updated 2017/18 Business Plan on the basis that 2017/2018 is regarded as a transition year.

As a result, the trustee plans for the next financial year are:

- To consider the results of the period of research and analysis.
- Continue to offer CPD to educational establishments and community groups
- Investigate the possibility of commissioning a DVD exploring the issues youngsters from Armed Forces families face when a family member has mental health issues
- Extend existing CPD programme to include training on impact of youngsters from Veterans' families especially when a family member has mental health issues.
- Continue support and supervision of Evelyn Cook in her final year.
- Cement the formalised relationship with SSAFA Caseworkers and increase almonisation and signposting of cases through the SSAFA Case Management System database.
- Manage existing relationships with individual and organisation supporters across the country, raising at least £32,575 by year end.
- Run a programme of Trust and Foundation applications throughout the year, securing £14,250 new income.
- Recruit atleast 125 challenge event participants.
- Run a programme of engagement with companies to secure sponsorship of the Kiltwalk and Edinburgh Tattoo evening, raising at least £2,750.
- Run a programme of engagement with existing regular givers. Encourage other supporters to become a regular giver throughout the year raising at least £250 in new annual pledges.
- Identify where improvements can be made to our online and digital communications. Introduce a digital Annual Review for download from the website; introduce a digital newsletter/e-zine to replace the twice yearly *Caledonian Postings*.

**ROYAL CALEDONIAN EDUCATION TRUST  
COMMITTEE OF DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2017**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Patron</b>	Her Majesty The Queen	
<b>Honorary Vice Presidents</b>	Brigadier G Deakin CBE Rear Admiral J Weale OBE	
<b>Vice Presidents</b>	Lt Gen Sir Alistair Irwin Mr I C Stewart Hunter Mr D Keith Robertson Miss M Holmes	Mrs J A D Anderson Mr A R Macdonald Miss M Harvey Lt Col A Middlemiss
<b>Chairman</b>	Mr M Noble	
<b>Deputy Chairman</b>	Mrs C Butler	
<b>Committee of Directors and Sole Trustees</b>	Mrs C Butler Mrs D Strickland Mr J Robertson	Mr M Noble Mr G Gray Ms V Peay
<b>Chief Executive</b>	Mr C Flinn	
<b>Charity Number</b>	England and Wales: 310952 Scotland: SC038722	
<b>Principal Address</b>	121 George Street Edinburgh EH2 4YN	
<b>Auditors</b>	Myers Clark Egale 1, 80 St Albans Road, Watford WD17 1DL	
<b>Bankers</b>	Royal Bank of Scotland 142/144 Princes Street Edinburgh EH2 4EQ	
<b>Investment Advisors</b>	Adam & Company 25 St Andrews Square, Edinburgh EH2 1AF	

**STATEMENT OF COMMITTEE OF DIRECTORS' RESPONSIBILITIES**

The Committee of Directors and sole trustees is responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Law applicable to charities in England and Wales and Scotland requires the Committee of Directors and sole trustees to prepare accounts for each financial period which give a true and fair view of the Trust's financial activities during the period and of its financial position at the end of the period.

In preparing these accounts giving a true and fair view, the Committee of Directors and sole trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Committee of Directors and sole trustees are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the Trust and which enable them to ascertain the financial position of the Trust and to ensure that the accounts comply with the Trust's governing document, the Charities Act 2011, The Charities and Investment (Scotland) Act 2005; the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

It is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board of Committee of Directors and sole trustees.

**Mr M N Noble**  
Chairman

23 August 2017

**INDEPENDENT AUDITORS' REPORT  
TO THE COMMITTEE OF DIRECTORS OF THE ROYAL CALEDONIAN EDUCATION TRUST**

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***Opinion***

We have audited the financial statements of The Royal Caledonian Education Trust (the 'charity') for the period ended 31 March 2017 which comprise the statement of financial activities, balance sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 March 2017 and of its incoming resources and application of resources, for the period then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Conclusions relating to going concern***

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Committee of Directors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Committee of Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

***Other information***

The other information comprises the information included in the report of the Committee of Directors, other than the financial statements and our auditor's report thereon. The Committee of Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT (Continued)**  
**TO THE COMMITTEE OF DIRECTORS OF THE ROYAL CALEDONIAN EDUCATION TRUST**

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***Matters on which we are required to report by exception***

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- The information given in the report of the Committee of Directors is inconsistent in any material respect with the financial statements;
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit

***Responsibilities of Committee of Directors***

As explained more fully in the Statement of Responsibilities of the Committee of Directors set out on page 9, the Committee of Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee of Directors are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Directors either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

***Auditor's responsibilities for the audit of the financial statements***

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Myers Clark** (Statutory Auditor)

Dated: 23 August 2017

Egale 1, 80 St Albans Road  
Watford  
Hertfordshire  
WD17 1DL

**ROYAL CALEDONIAN EDUCATION TRUST  
STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE PERIOD ENDED 31 MARCH 2017**

	note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2016 £
<b>Income from:</b>									
Donations and legacies	2	24,943	9,585	-	34,528	43,088	38,525	-	81,613
Other charitable activities	3	29,952	-	-	29,952	45,183	-	-	45,183
Investments	4	96,927	-	-	96,927	159,224	-	-	159,224
<b>Total income</b>		<b>151,822</b>	<b>9,585</b>	<b>-</b>	<b>161,407</b>	<b>247,495</b>	<b>38,525</b>	<b>-</b>	<b>286,020</b>
<b>Expenditure on:</b>									
Raising funds	5	(95,421)	-	-	(95,421)	(188,219)	-	-	(188,219)
Charitable activities	6	(173,995)	(29,065)	-	(203,060)	(112,130)	(19,045)	-	(131,175)
<b>Total expenditure</b>		<b>(269,416)</b>	<b>(29,065)</b>	<b>-</b>	<b>(298,481)</b>	<b>(300,349)</b>	<b>(19,045)</b>	<b>-</b>	<b>(319,394)</b>
<b>Net gains/(losses) on investments</b>	10	<b>15,786</b>	<b>-</b>	<b>258,094</b>	<b>273,880</b>	<b>37,593</b>		<b>336,916</b>	<b>374,509</b>
<b>Net income/(expenditure)</b>		<b>(101,808)</b>	<b>(19,480)</b>	<b>258,094</b>	<b>136,806</b>	<b>(15,261)</b>	<b>19,480</b>	<b>336,916</b>	<b>341,135</b>
<b>Reconciliation of funds:</b>									
Total funds brought forward		276,262	19,805	4,337,761	4,633,828	291,523	325	4,000,845	4,292,693
<b>Total funds carried forward</b>		<b>174,454</b>	<b>325</b>	<b>4,595,855</b>	<b>4,770,634</b>	<b>276,262</b>	<b>19,805</b>	<b>4,337,761</b>	<b>4,633,828</b>

The notes on pages 14 to 23 form part of these accounts.

**ROYAL CALEDONIAN EDUCATION TRUST**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2017**

	Notes		2017		2016
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		309		805
Investments	10		4,764,167		4,603,070
			<b>4,764,476</b>		<b>4,603,875</b>
<b>Current assets</b>					
Debtors	11	69,620		34,507	
Cash at bank and in hand		1,653		100,928	
		<b>71,273</b>		<b>135,435</b>	
<b>Creditors: amounts falling due within one year</b>	12	(65,115)		(95,882)	
Net current assets/(liabilities)			6,158		39,553
<b>Total assets less current liabilities</b>			<b>4,770,634</b>		<b>4,643,428</b>
<b>Creditors: amounts falling due after more than one year</b>	13		-		(9,600)
<b>Net assets</b>			<b>4,770,634</b>		<b>4,633,828</b>
<b>Funds of the charity</b>	14				
<b>Capital funds</b>					
Endowment funds			4,595,855		4,337,761
<b>Income funds</b>					
Restricted funds			325		19,805
Designated funds			9,369		19,369
Other charitable funds			165,085		256,893
			<b>4,770,634</b>		<b>4,633,828</b>

The notes on pages 14 to 23 form part of these accounts.

The accounts were approved by the Directors on 23 August 2017.

Mr M Noble  
**Chairman**

**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (SORP FRS 102), the Financial Reporting Standard applicable in the UK (FRS 102) and the Republic of Ireland, the Charities Act 2011 and the Charities and Trustee Investment Act (Scotland) Act 2005.

The Trust comprises a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

**Income recognition**

Income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that income will be received and the amount can be measured and is not deferred.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by investment managers of the receipt of the dividend.

Income received in advance of recognition criteria being met is deferred until the criteria for recognition are met.

**Expenditure recognition**

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the trust. Single or multi-year grants are accounted for when the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside the control of the trust.

**Allocation of costs**

Expenditure is allocated to a particular activity where the costs relate directly to that activity. Direct expenditure has been allocated on the basis indicated below:

Cost of generating funds: These include all expenditure spent in generating the voluntary income.

Charitable activities: These include all expenditure directly related to the objects of the charity.

Support costs comprise costs incurred in support of the above activities. Included in support costs are costs incurred in the governance of the charity which are primarily associated with the constitutional and statutory requirements. Support costs are allocated to activities based on an estimate of staff time spent on each activity during the financial period.

**1 Accounting policies (continued)**

**Irrecoverable value added tax**

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

**Grants**

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant. Grants awarded that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to the grant is outside the control of the charity.

**Capitalisation and depreciation of tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. All items of capital expenditure over £500 are capitalised. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	over 4 years
Fixtures, fittings and equipment	over 5 years

**Pension contributions**

The charity makes payments to a defined contribution pension scheme for its employees. Contributions are charged to the Statement of Financial Activities in the period they are payable.

**Investments**

Listed investments are a form of basic financial interest and are initially recognised at their transaction value and subsequently measured at their fair value at the balance sheet date using the mid- market value.

**Funds structure**

Permanent endowment funds are funds which have been given to the charity to be held as capital with no power to convert the funds to income.

Expendable endowment funds are funds given to the charity to be held as capital. The Trustees may convert the funds to income if no other income funds are available.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other income received or generated for the objects of the charity without further specified purpose and are available as general funds. Designated funds are unrestricted funds earmarked by the Directors for particular applications.

ROYAL CALEDONIAN EDUCATION TRUST  
NOTES TO THE ACCOUNTS (continued)  
FOR THE PERIOD ENDED 31 MARCH 2017

<b>2</b>	<b>Donations and legacies</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Donations and gifts: individuals</b>		
	Friends	16,143	27,414
	Societies	5,300	6,874
		<b>21,443</b>	<b>34,288</b>
	<b>Donations and gifts: trusts and corporations</b>		
	Earl Haig Fund Scotland (Poppyscotland)	3,585	9,045
	The Christina Mary Hendrie Trust	6,000	-
	Mary Moore Trust	2,000	2,000
	London Scottish Regiment Benevolent Fund	1,500	-
	Armed Forces Covenant	-	19,480
	ABF The Soldiers Charity	-	10,000
	New Park Educational Trust	-	3,000
	Craigmyle Charitable Trust	-	2,500
	Others under £1,000	-	1,300
		<b>13,085</b>	<b>47,325</b>
	<b>Total</b>	<b>34,528</b>	<b>81,613</b>
<b>3</b>	<b>Other charitable activities</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Fees	29,952	45,183
		<b>29,952</b>	<b>45,183</b>
<b>4</b>	<b>Investment income</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Income from listed investments	96,333	159,184
	Interest receivable	594	40
		<b>96,927</b>	<b>159,224</b>
<b>5</b>	<b>Expenditure on raising funds</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Cost of generating voluntary income</b>		
	Direct costs	46,742	102,786
	Support and governance costs	26,690	40,100
		<b>73,432</b>	<b>142,886</b>
	<b>Cost of generating investment income</b>		
	Investment management fees	13,997	32,611
	Support and governance costs	7,992	12,722
		<b>21,989</b>	<b>45,333</b>
	<b>Total</b>	<b>95,421</b>	<b>188,219</b>

ROYAL CALEDONIAN EDUCATION TRUST  
NOTES TO THE ACCOUNTS (continued)  
FOR THE PERIOD ENDED 31 MARCH 2017

6. Charitable activities

	Direct costs	Grants to individuals	Grants to institutions	Support & Govn costs	Total
<i>Current period</i>	£	£	£	£	£
Education (grants to individuals)	15,395	13,874	-	16,713	45,982
Education Programme (Scotland)	99,986	-	-	57,092	157,078
<b>Total 2017</b>	<b>115,381</b>	<b>13,874</b>	<b>-</b>	<b>73,805</b>	<b>203,060</b>
<i>Prior year</i>	£	£	£	£	£
Education (grants to individuals)	41,320	(119,103)	-	43,476	(34,307)
Education Programme (Scotland)	119,041	-	-	46,441	165,482
<b>Total 2016</b>	<b>160,361</b>	<b>(119,103)</b>	<b>-</b>	<b>89,917</b>	<b>131,175</b>

The decreases in grants awarded to individuals in the prior year arises from decreasing the provision for future commitments (see note 13).

7. Support and governance costs

	2017 £	2016 £
<b><i>Support Costs</i></b>		
Wages & salaries	39,505	40,369
Recruitment and staff development	3,902	14,138
Premises expenses	6,978	10,141
Bicentenary events	-	22,009
PR, marketing and Annual Review	17,421	-
Printing, stationery, postage and phone	4,646	5,516
Travelling	5,467	9,813
Legal & professional	576	3,444
Accountancy	8,418	13,272
Computer & office equipment costs	2,644	2,984
Subscriptions	476	1,488
Sundry	298	1,362
Bank charges	564	705
Depreciation	496	682
	<b>91,391</b>	<b>125,923</b>
<b><i>Governance</i></b>		
Salaries	4,616	-
Meeting and Travel	3,240	5,227
Audit fee	9,240	11,589
	<b>17,096</b>	<b>16,816</b>
<b>Total</b>	<b>108,487</b>	<b>142,739</b>

ROYAL CALEDONIAN EDUCATION TRUST  
 NOTES TO THE ACCOUNTS (continued)  
 FOR THE PERIOD ENDED 31 MARCH 2017

7. Support and governance costs (continued)

	2017	2016
	£	£
<i>Allocation</i>		
Education Grants	16,713	43,476
Education Programme	57,092	46,441
Cost of generating voluntary income	26,690	40,100
Cost of generation investment income	7,992	12,722
	<b>108,487</b>	<b>142,739</b>

8. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

*Staff costs were as follows:*

	2017	2016
	£	£
Wages and salaries	115,220	153,238
Redundancy	-	10,000
Social security costs	11,397	13,670
Pension Contributions	1,576	-
	<b>128,193</b>	<b>176,908</b>

There were no employees whose annual emoluments were £60,000 or more. One full time employee was on secondment in both periods in furtherance of the education programme.

Total employee benefits of key management personnel, including redundancy payments, employers NI and employers pension contributions was £44,963 (2016: £79,130).

*Staff numbers*

The average number of employees (head count based on number of staff employed) during the period was:

	2017	2016
	No.	No.
Raising funds	1.2	1.2
Charitable Activities	2.2	2.4
Support and Governance	1.4	0.4
	<b>4.8</b>	<b>4.0</b>

**ROYAL CALEDONIAN EDUCATION TRUST**  
**NOTES TO THE ACCOUNTS (continued)**  
**FOR THE PERIOD ENDED 31 MARCH 2017**

**8. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (continued)**

***Trustee remuneration and expenses***

The charity trustees were not paid nor did they receive any other benefits from employment in the period (2016: none)

1 Trustee (2016: 2) were reimbursed travel expenses totalling £263 (2016: £425).

The charity paid for insurance premiums to indemnify the Directors and other officers against claims for losses arising from the neglects or defaults of Directors, employees or their agents and any consequent loss. The cost of the insurance is included as part of the charity's general insurance policy, the total premium paid in the period was £nil (2016: £813).

**9. Tangible fixed assets**

	<b>Computer Equipment</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 August 2016	2,976	869	3,845
Additions	-	-	-
Disposals	-	-	-
	<b>2,976</b>	<b>869</b>	<b>3,845</b>
<b>At 31 July 2017</b>			
<b>Depreciation</b>			
At 1 August 2016	2,171	869	3,040
Charge for the period	496	-	496
Disposals	-	-	-
	<b>2,667</b>	<b>869</b>	<b>3,536</b>
<b>At 31 March 2017</b>			
<b>Net book value</b>			
<b>At 31 March 2017</b>	<b>309</b>	-	<b>309</b>
At 31 July 2016	805	-	805

**ROYAL CALEDONIAN EDUCATION TRUST**  
**NOTES TO THE ACCOUNTS (continued)**  
**FOR THE PERIOD ENDED 31 MARCH 2017**

<b>10. Fixed asset investments</b>		
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Market value at 1 August 2016	4,603,070	4,447,253
Net capital withdrawn	(112,783)	(218,692)
Change in value in the period	273,880	374,509
Market value at 31 March 2017	<b>4,764,167</b>	<b>4,603,070</b>
The investment assets are held:		
In the UK	3,749,930	4,072,501
Outside the UK	1,014,237	530,569
	<b>4,764,167</b>	<b>4,603,070</b>
Historical cost:	3,292,438	3,628,141
Fixed asset investments include cash held awaiting investment	351,809	17,397
Investments representing over 5% by value of the portfolio comprise:		
JPMorgan Fund ICVC Shares Class C	407,826	380,064
<b>11. Debtors</b>		
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Other debtors	-	11,207
Accrued income	69,620	23,300
	<b>69,620</b>	<b>34,507</b>
<b>12. Creditors: amounts falling due within one year</b>		
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Taxes and social security costs	4,512	4,685
Grants payable	11,129	29,890
Accruals	49,474	61,307
	<b>65,115</b>	<b>95,882</b>
<b>13. Creditors: amounts falling due after more than one year</b>		
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Grant commitments:		
As at 31 March 2017	-	39,490
Payable within one year	-	(29,890)
Payable after one year	-	<b>9,600</b>

ROYAL CALEDONIAN EDUCATION TRUST  
NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2017

14 Funds of the charity

Current Period

	1 August 2016 £	Income £	Expenditure £	Gains/(Losses) £	Transfers £	31 March 2017 £
<b>Permanent endowment</b>						
Sale of the school	3,643,576	-	-	216,790	-	3,860,366
<b>Expendable endowment</b>						
Legacy	694,185	-	-	41,304	-	735,489
<b><i>Total endowment funds</i></b>	<b><i>4,337,761</i></b>	<b><i>-</i></b>	<b><i>-</i></b>	<b><i>258,094</i></b>	<b><i>-</i></b>	<b><i>4,595,855</i></b>
<b>Restricted Funds</b>						
Queen Mother Memorial Fund	325	-	-	-	-	325
Education grants	-	3,585	(3,585)	-	-	-
Forces Kids Live	19,480	6,000	(25,480)	-	-	-
<b><i>Total restricted funds</i></b>	<b><i>19,805</i></b>	<b><i>9,585</i></b>	<b><i>(29,065)</i></b>	<b><i>-</i></b>	<b><i>-</i></b>	<b><i>325</i></b>
<b>Unrestricted funds</b>						
<i>Designated funds</i>						
Monica Cran Legacy	19,369	-	-	-	(10,000)	9,369
<i>General funds</i>	256,893	151,822	(269,416)	15,786	10,000	165,085
<b><i>Total unrestricted funds</i></b>	<b><i>276,262</i></b>	<b><i>151,822</i></b>	<b><i>(269,416)</i></b>	<b><i>15,786</i></b>	<b><i>-</i></b>	<b><i>174,454</i></b>
<b>Total funds</b>	<b>4,633,828</b>	<b>161,407</b>	<b>(298,481)</b>	<b>273,880</b>	<b>-</b>	<b>4,770,634</b>

ROYAL CALEDONIAN EDUCATION TRUST  
NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2017

14 Funds of the charity (continued)

Prior year

	1 August 2015 £	Income £	Expenditure £	Gains/(Losses) £	Transfers £	31 July 2016 £
<b>Permanent endowment</b>						
Sale of the school	3,360,577	-	-	282,999	-	3,643,576
<b>Expendable endowment</b>						
Legacy	640,268	-	-	53,917	-	694,185
<b>Total endowment funds</b>	<b>4,000,845</b>	<b>-</b>	<b>-</b>	<b>336,916</b>	<b>-</b>	<b>4,337,761</b>
<b>Restricted Funds</b>						
Queen Mother Memorial Fund	325	-	-	-	-	325
Education Programme	-	10,000	(10,000)	-	-	-
Education grants	-	9,045	(9,045)	-	-	-
Forces Kids Live	-	19,480	-	-	-	19,480
<b>Total restricted funds</b>	<b>325</b>	<b>38,525</b>	<b>(19,045)</b>	<b>-</b>	<b>-</b>	<b>19,805</b>
<b>Unrestricted funds</b>						
<i>Designated funds</i>						
Monica Cran Legacy	29,369	-	-	-	(10,000)	19,369
<i>General funds</i>	262,154	247,495	(300,349)	37,593	10,000	256,893
<b>Total unrestricted funds</b>	<b>291,523</b>	<b>247,495</b>	<b>(300,349)</b>	<b>37,593</b>	<b>-</b>	<b>276,262</b>
<b>Total funds</b>	<b>4,292,693</b>	<b>286,020</b>	<b>(319,394)</b>	<b>374,509</b>	<b>-</b>	<b>4,633,828</b>

**ROYAL CALEDONIAN EDUCATION TRUST  
NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**14. Funds of the charity (continued)**

The Legacy Fund was created following the receipt of a substantial legacy in order to provide assistance for activities that lie outside of the Trust's three current grant-making schemes, such as the Schools project. Income from the investment is available to the charity to assist with day to day operations and is not added to the fund balance.

The Queen Mother Memorial Fund is to provide a permanent scholarship in memory of the Trust's late patroness.

"Forces Kids" was the name given to the drama production commissioned by the RCET as part of the bi centenary celebrations. Hopscotch Theatre Company was commissioned to produce a show based on the key messages from the original DVD "Forces Kids – This is My Life".

The Monica Cran Legacy Fund was created following the receipt of funds from the estate of Monica Cran. The fund will be used to support the education programme.

**15. Analysis of net assets by fund**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Endowment funds £</b>	<b>Total £</b>
<b>Fund balances at 31 March 2017 are represented by:</b>				
Tangible fixed assets	309	-	-	309
Investments	168,312	-	4,595,855	4,764,167
Net current assets	5,833	325	-	6,158
	<b>174,454</b>	<b>325</b>	<b>4,595,855</b>	<b>4,770,634</b>
<b>Fund balances at 31 July 2016 were represented by:</b>				
Tangible fixed assets	805	-	-	805
Investments	265,309	-	4,337,761	4,603,070
Net current assets	19,748	19,805	-	39,553
Creditors: amounts falling due after more than one year	(9,600)	-	-	(9,600)
	<b>276,262</b>	<b>19,805</b>	<b>4,337,761</b>	<b>4,633,828</b>