

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



**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

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## **ROYAL CALEDONIAN EDUCATION TRUST DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2016**

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The Directors and Trustees of the Royal Caledonian Education Trust present the following annual report and accounts for the year ended 31 July 2016. 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 published 16 July 2015.

### **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**

### **Grants to Individuals**

The Trust has a grant making policy which is available to download from the Trust's website ([www.rcet.org.uk](http://www.rcet.org.uk)). The aim of that policy 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 individual. Grants cover items such as school clothing, after-school activities, extra tuition support where home 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 might otherwise prevent them from doing so. In all grants cases the Trust aims to help those families who are facing particular and challenging financial circumstances, health problems and other difficulties at home.

During 15/16 we assisted 123 families, which related to 184 children and young people. During the year we received the majority of our applications through client self-referral, although we did see a small increase in referrals from other partners. We received a small number of applications (3 applications for 8 children) from Poor Scots in London (PSIL), although it is likely that this number will drop off over the forthcoming years. A large number of families that we received applications from (39%) were suffering from multiple issues that make their cases complex including debt, bankruptcy, benefit entitlement, mental and physical health issues, unemployment, bereavement, family breakdown, domestic violence with a number also being victims of crime or offenders. 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.

During the year, we secured a working agreement with SSAFA to casework the majority of our clients, with the remainder of the schoolchildren coming on line after suitable appointments were made in SSAFA Glasgow. This has sped up the grants application process, as we now receive these requests electronically via the Casework Management System (CMS). This will enable further almonisation between ourselves and other military charities allowing for potential further partnership working.

We made a number of improvements to our processes including introduction of tighter financial governance, improvement to provision of supporting documentation and insistence on the exhausting of statutory funding prior to applications being received.

The Trust undertook an initial review of its grant making in Autumn 2014. The grants review is continuing, including consideration of early years' support, with anticipated resulting changes being implemented during the 2016/2017 academic year.

### **Education Programme**

The Education Programme has 4 main strands – Resources; Presentations and Training; Partnerships and Community Engagement; Research.

#### **Resources**

Our core activity the '*Forces Kids – This is My Life*' DVD and Support Pack continued to be well received and highly relevant to audiences. We made available the 2015 revised DVD and Support Pack at conferences, presentations and in response to e mail and on line requests with over 50 copies distributed.

In Autumn 2015, RCET commissioned Hopscotch Theatre Company to perform the drama '*Forces Kids live*':- targeted at six to eight year olds in 28 schools in Highland, Moray, Edinburgh, Midlothian and Argyll and Bute. The production focussed on key messages from the original DVD including loss, separation, anxiety, friendships and pride. The resources also emphasise the importance of Emotional Literacy and Active Listening in raising standards of attainment and improving personal achievement and life chances for Scotland's potentially vulnerable children and young people. As a result, approximately 400 staff and 4200 pupils in schools had the opportunity to be better informed about the issues facing Armed Forces youngsters. A '*Forces Kids Drama*' DVD was jointly produced showing a live performance and containing a teacher section with suggested follow up activities. These have been distributed to the original 28 schools.

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

Following a grant of £3000 from the New Park Trust a range of resources for early years children were produced and 8 resource boxes were compiled. Launches in Fife (Leuchars) and Moray (Lossiemouth) both received good coverage in the local press. Boxes were also placed in locations in Midlothian, Argyll and Bute, Edinburgh and Inverness giving a wide range of staff, families and children access to them.

An account was established with Education Scotland's GLOW - The Scottish Schools National Intranet which can be accessed by all schools. This website has a link to the RCET website giving potentially all of Scotland's teacher's access to RCET information.

### **Presentations and Training**

*Forces Kids – This is My Life* was used as a key resource by our Education Officer at a range of events where issues arising from the film as well as the work of the RCET were highlighted. The main audience was a mix of school staff, parents, military and wider education professionals and included: the SCISS Conference, Harrogate; Leuchars, Fife; the MacRobert Arts Centre, University of Stirling (subsequently the film was shown by their teachers to pupils in schools in Clackmannan, Stirling and Falkirk); Glencorse Scout and AWS, Penicuik, Midlothian; Ben Wyvis Primary School, Highland, Pupil Inclusion Network Scotland, Glasgow (as a result of which the RCET entered into an agreement with Scottish Carers).

Bespoke training sessions took place in Kinloss Primary School, Moray on "Developing an Emotionally Literate School"; in Charleston Academy, Inverness as part of a Youth Philanthropy Initiative (YPI) event; at Barnard Castle, County Durham to share the work of the Education Programme and also to lead and work with staff and senior students on how to improve their buddying and support of younger boarders; at the University of Winchester's National Innovation Conference focussing on the work of the Trust and the current educational issues in Scotland; at a Partnerships in Practice session during the Trusts Practitioners Conference, 6<sup>th</sup> October 2015. Feedback from practitioners through emails, evaluation questionnaires, telephone and face to face interview indicated that they felt better equipped to appropriately support youngsters from Armed forces families as a result of these presentations.

### **Partnerships / Community Engagement**

The Trust continued to have a well establish seat on the Highland, Moray and Argyll & Bute Community Covenants and the Education Manager organised several focus groups to advance the work of the Trust.

The Service Children's Support Group is now more of a professional advisory group with representation from Primary, Secondary and Independent Schools, ADES, Education Scotland, Enquire, Higher Education and Scottish Government. The introduction of guest speakers continued to stimulate discussion and reflection on our work. The Service Children's Practitioners Group continued to be an invaluable forum for professional

dialogue and personal support for practitioners who had previously reported feeling professionally isolated in their support of youngsters from Armed Forces families.

The Highland Military Action Group has Education, Social Work, Health, Military and 3<sup>rd</sup> Sector organisations. During a period of interruption due to staff changes the Trust was instrumental in ensuring the continuity of the work. Feedback from the Highland Community Covenant and the Military Action Group indicated that the Trust is a main partner in staff training in the Highlands e.g. in the organisation of a series of Highland conferences.

We worked with the MacRobert Centre, Stirling by supplying DVDs, Support Packs and information in preparation for the 5 Soldiers Dance performance. As a result, a new partnership was established with the Stirling Artlink project – an arts project for Military Families to explore and display aspects of their lives.

As part of maintaining close links with the North Yorkshire Senior Adviser and its 2 Service Pupils Champions we facilitated access to Scottish schools for a one week viewing of the drama production "*Wherever Home Is*".

The Trust continued to be a member of Together (Scottish United Charities) taking the opportunity whenever possible and appropriate to submit responses to their consultations. We are also a member of the Pupil

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

Inclusion Network Scotland. We made written responses to the Scottish Government's "Creating a Smarter Scotland. A Draft National Framework for Scottish Education" and the General Teaching Council for Scotland's "Revised Registration and Standards Rules"

This year saw the second year of our collaborative PhD research project with the University of Stirling. The three year research project will seek to identify helpful strategies and interventions used by schools in Scotland to support children from Armed Forces families who may be facing barriers to reaching their full potential.

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

The Bicentenary Year presented a significant opportunity for the Trust to raise awareness of the Trust and further strengthen relationships with existing and potential stakeholders. As such there was a considerable increase in marketing activities and event organisation and planning carried out during the 2015/16 financial year.

The 'Forces Kids' tour generated considerable press coverage with articles and picture stories appearing in a variety of regional and national Scottish newspapers, as well as charity, education and military magazines. The launch of the Early Years Resource Boxes and other education programme initiatives as well as fundraising success stories has also generated positive media coverage during the year, as well as news clips and features on British Forces Broadcasting News.

There have been several events during the year that have required months of planning, meticulous preparation and hefty contributions from what is a small but very dedicated team. The Practitioner's Conferences, Scots in London events, the Royal Edinburgh Military Tattoo dinner, the Patron's Lunch weekend, the move North to Edinburgh have all either been project managed by the marketing manager or required significant involvement. The formal as well as informal feedback, evaluations and outcomes from these events have all been extremely positive and there is no doubt that the RCET's networks and profile are growing as a result of these events.

We also now as a result, have an excellent photo library to draw on for marketing and PR purposes. This means we are also now routinely producing consistently high quality marketing literature including newsletters, pamphlets, posters, conference and exhibition materials, as well as merchandising.

Spreading the Trust's message through social media channels has been another focus area for marketing during 2015/16. Working in conjunction with the fundraising manager, a content management strategy was developed and we now have a dedicated RCET Facebook page. As well as gaining followers, it is important that we engage with our audience in different ways and keep the content fresh and relevant using a variety of photographs, videos, commentary and news updates. It is early days but already we have found that Facebook has become increasingly valuable as a means of promoting our services, growing our network, and generating new supporters.

## **Fundraising**

2015/16 was the Trust's first full financial year with a dedicated Fundraising and Development Manager. It was a successful inaugural full year with Voluntary Income achieving £81,600, compared to £42,700 in 14/15. The main sources of income this year have been from individual giving and grant making trusts and organisations. The 2015 Bicentenary Appeal led to a record level of donations from individuals and organisations of over £25,000. The Trust also benefited from Gift Aid income as a result of these individual donations. Although the Appeal boosted the Trusts income in 2015 it was almost entirely made up of single donations which may not be repeated in the coming years. The next step is to engage the Trust's new supporters in making a regular gift.

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

A comprehensive programme of research and applications to new funding bodies resulted in significant additional project funding this year – in particular, from the MOD Covenant Fund, ABF – The Solders Charity, Poppyscotland and the New Park Educational Trust. Relationships have also been maintained with funding bodies who support the Trust each year and as a result the Trust received a very healthy £47,325 in Trust income in 2015/16.

A number of military funding bodies declined applications for support in relation to the Trust's Education and Grants Programs this year, citing high competition for funds and other charities expressing a greater need for support. It will therefore be beneficial for the Trust to continue to develop our case for support and to develop the range of ways we can show the positive impact that is made to Forces children's lives through our work.

2015/16 saw an investment in time and funds to expand the Trusts digital media presence. The launch of our Facebook page in October 2015 has been a success with 331 people following the page. January 2016 saw the launch of our first interactive e-newsletter which now goes out to 89 people across the UK, however the print newsletter is still popular and rose to 263 subscribers this year.

### **General**

#### **RCET Bicentenary Celebrations.**

The Bicentenary year ended with two key events, the Royal Edinburgh Military Tattoo and the Trusts Practitioners Conference. The Trust were fortunate to be donated 12 VIP seats and we invited key Trust stakeholders and influencers to dinner kindly sponsored by Adam and Co. at their offices prior to the Tattoo performance.

#### **The Practitioner's Conference**

Gaining a better understanding of the challenges facing children and young people from Armed Forces families in Scotland was one of the themes of the Trusts biannual Practitioner's Conference, which took place in Edinburgh's Dynamic Earth in October 2015. More than one hundred education professionals, military personnel, local authority, Government and voluntary sector partners joined us for the day, hearing from keynote speaker John Carnochan CBE QPM, and an impressive and informative panel of speakers. We were delighted that Dr Alasdair Allan MSP, Minister for Learning, Science and Scotland's Languages also addressed the Conference, outlining the Scottish Government's education priorities, particularly on closing the attainment gap.

#### **Patron's Lunch**

We ended the financial year on yet another high note celebrating our Patron, Her Majesty The Queen, at the 'Patron's Lunch', a giant street party on the Mall on the occasion of The Queen's 90th Birthday. Thanks to a small group of very generous donors, the Trust was able to invite three of our beneficiary families to attend this once in a lifetime event. Sharing in the excitement of the occasion with these families and those present was the icing on the cake of a very memorable and rewarding year.

## **FINANCIAL REVIEW**

### *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.

### *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 2016 the Trust was also re-imbursed 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.

## **FINANCIAL REVIEW (continued)**

### *Review of Expenditure*

During the year the Trust spent £131,175 (2015: £182,794) on grant making and operations as detailed in note 6 of which £89,917 was spent on support costs (2015: £112,548) as detailed in note 7. The estimated commitment for grants awarded reduced from £258,521 at 31 July 2015 to £39,490 at 31 July 2016 which resulted in a credit to the Statement of Financial Activities in the year. Estimated commitment can change from year to year and the Trustees take this in to account when reviewing the Trust's expenditure.

### *Reserves Policy*

The aim of the trustees is to hold sufficient unrestricted free reserves to fund operating expenses for one year. At 31 July 2016 this amounted to required reserves of approximately £220,000 (2015: £270,000) compared to actual reserves of £256,893 (2015: £262,154). In addition, funds of £19,369 (2015: £29,369) 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 year, the income from investments was £159,225 (2015: £156,128).

## **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.

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.

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

The Trust looks to achieve its strategic aims and carry out its operational objectives of the year 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 trustee plans for the next financial year are:

- Further work on the Grants review and implementation, including consideration of Modern Apprenticeships and Early Years support. Extending the reach of our grants programme through increased publicity.
- Operate a donor recruitment appeal to new supporters.
- Investigate the benefit of sponsored challenges to engage new supporters.
- Continue to develop appropriate additional income streams.
- Helping the Trust and our new Chief Executive develop key relationships and capitalize on the opportunities presented by the move to Scotland will be a major part of the communications and marketing priorities in the year ahead. We will continue to maintain our links with Scots in London and all those who support the Trust now and in the future.
- Developing strategies to expand our networks and the breadth of education support we provide to children of Scottish serving personnel, veterans, reservists and their families.

**REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Patron</b>	Her Majesty The Queen
<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 Lt Col H Cowan (to 12 November 2015) Mrs D Strickland Mr J Robertson Mr M Noble Mr G Gray Ms V Peay
<b>Chief Executive</b>	Mr J MacBain (to 31 July 2016) Mr C Flinn (from 1 August 2016)

**ROYAL CALEDONIAN EDUCATION TRUST  
DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2016**

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**REFERENCE AND ADMINISTRATIVE DETAILS (continued)**

**Charity Number** England and Wales: 310952  
Scotland: SC038722

**Principal Address** 121 George Street  
Edinburgh  
EH2 4YN

**Auditors**  
Myers Clark  
Egale 1, 80 St Albans Road,  
Watford WD17 1DL

**Bankers**  
Clydesdale Bank  
2nd Floor, 35 Regent Street  
Piccadilly, London SW1Y 4ND

**Investment Advisors**  
Adam & Company  
25 St Andrews Square,  
Edinburgh EH2 1AF

**STATEMENT 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 year which give a true and fair view of the Trust's financial activities during the year and of its financial position at the end of the year.

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 published 16 July 2015.

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

5 October 2016

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE ROYAL CALEDONIAN EDUCATION TRUST**

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We have audited the accounts of Royal Caledonian Education Trust for the year ended 31 July 2016 which comprise the Statement of Financial Activities, Balances Sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of trustees and auditors**

As explained more fully on page 9, the Committee of Directors and sole trustees are responsible for preparing financial statements which give a true and fair view.

We have been appointed as auditor under s 144 of the Charities Act 2011 and s 44(1) of the Charities and Trustee Investment Act (Scotland) Act 2005 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements and the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the charity's affairs at 31 July 2016 and of its incoming resources and application of resources in the year then ended;
- the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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).

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

We have nothing to report in respect of the following matters where the Charities Act 2011 or the Charity Accounts (Scotland) Regulation 2006 (as amended) require us to report to you if, in our opinion

- the information given in the Directors' Report is inconsistent in any material respect with the financial statements; or
- 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.

**MYERS CLARK**  
**CHARTERED ACCOUNTANTS and STATUTORY AUDITOR**  
Egale 1, 80 St Albans Road, Watford, WD17 1DL

Date: 9 November 2016

**ROYAL CALEDONIAN EDUCATION TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 JULY 2016**

	note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2016 £	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2015 £
<b>Income from:</b>									
Donations and legacies	2	43,088	38,525	-	81,613	42,705	-	-	42,705
Other charitable activities	3	45,183	-	-	45,183	52,871	-	-	52,871
Investments	4	159,224	-	-	159,224	156,128	-	-	156,128
<b>Total income</b>		<b>247,495</b>	<b>38,525</b>	<b>-</b>	<b>286,020</b>	<b>251,704</b>	<b>-</b>	<b>-</b>	<b>251,704</b>
<b>Expenditure on:</b>									
Raising funds	5	(188,219)	-	-	(188,219)	(132,653)	-	-	(132,653)
Charitable activities	6	(112,130)	(19,045)	-	(131,175)	(182,794)	-	-	(182,794)
<b>Total expenditure</b>		<b>(300,349)</b>	<b>(19,045)</b>	<b>-</b>	<b>(319,394)</b>	<b>(315,447)</b>	<b>-</b>	<b>-</b>	<b>(315,447)</b>
<b>Net gains/ (losses) on investments</b>		<b>37,593</b>		<b>336,916</b>	<b>374,509</b>	<b>(7,276)</b>	<b>-</b>	<b>(81,864)</b>	<b>(89,140)</b>
<b>Net income/(expenditure)</b>		<b>(15,261)</b>	<b>19,480</b>	<b>336,916</b>	<b>341,135</b>	<b>(71,019)</b>	<b>-</b>	<b>(81,864)</b>	<b>(152,883)</b>
<b>Reconciliation of funds:</b>									
Total funds brought forward		291,523	325	4,000,845	4,292,693	362,542	325	4,082,709	4,445,576
<b>Total funds carried forward</b>		<b>276,262</b>	<b>19,805</b>	<b>4,337,761</b>	<b>4,633,828</b>	<b>291,523</b>	<b>325</b>	<b>4,000,845</b>	<b>4,292,693</b>

The notes on pages 12 to 20 form part of these accounts.

**ROYAL CALEDONIAN EDUCATION TRUST**  
**BALANCE SHEET**  
**AS AT 31 JULY 2016**

	Notes		2016		2015
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		805		1,487
Investments	10		4,603,070		4,447,253
			<b>4,603,875</b>		<b>4,448,740</b>
<b>Current assets</b>					
Debtors	11	11,207		58,773	
Cash at bank and in hand		124,228		93,766	
		<b>135,435</b>		<b>152,539</b>	
<b>Creditors: amounts falling due within one year</b>	12	(95,882)		(117,254)	
Net current assets/(liabilities)			39,553		35,285
<b>Total assets less current liabilities</b>			<b>4,643,428</b>		<b>4,484,025</b>
<b>Creditors: amounts falling due after more than one year</b>	13		(9,600)		(191,332)
<b>Net assets</b>			<b>4,633,828</b>		<b>4,292,693</b>
<b>Funds of the charity</b>	14				
<b>Capital funds</b>					
Endowment funds			4,337,761		4,000,845
<b>Income funds</b>					
Restricted funds			19,805		325
Designated funds			19,369		29,369
<b>Other charitable funds</b>			256,893		262,154
			<b>4,633,828</b>		<b>4,292,693</b>

The notes on pages 12 to 20 form part of these accounts.

The accounts were approved by the Directors on 5 October 2016.

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 published 16 July 2014 (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.

### **Reconciliation with previous Generally Accepted Accounting Practice**

These accounts are the first to be prepared in accordance with SORP FRS 102. The transition date was 1 August 2014. In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the SORP FRS 102 a restatement of comparative items was needed.

In accordance with the requirements of FRS 102, a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of net investment gains/(losses) as a component of reported income. This is provided in note 16.

### **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. If 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 the 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.

**1 Accounting policies (continued)**

**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 year.

**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 conditions 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 year 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 YEAR ENDED 31 JULY 2016

<b>2</b>	<b>Donations and legacies</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Donations and gifts: individuals</b>		
	Friends	27,414	23,980
	Societies	6,874	7,675
		<b>34,288</b>	<b>31,655</b>
	<b>Donations and gifts: trusts and corporations</b>		
	Armed Forces Covenant	19,480	-
	ABF The Soldiers Charity	10,000	-
	Earl Haig Fund Scotland (Poppyscotland)	9,045	-
	New Park Educational Trust	3,000	-
	Craigmyle Charitable Trust	2,500	2,500
	Mary Moore Trust	2,000	2,000
	Royal Edinburgh Military Tattoo	-	2,000
	Ian Fleming Charitable Trust	-	2,000
	Others under £1,000	1,300	2,550
		<b>47,325</b>	<b>11,050</b>
	<b>Total</b>	<b>81,613</b>	<b>42,705</b>
<b>3</b>	<b>Other charitable activities</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Fees	45,183	52,871
		<b>45,183</b>	<b>52,871</b>
<b>4</b>	<b>Investment income</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Income from listed investments	159,184	156,100
	Interest receivable	40	28
		<b>159,224</b>	<b>156,128</b>
<b>5</b>	<b>Expenditure on raising funds</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Cost of generating voluntary income</b>		
	Direct costs	102,786	74,803
	Support and governance costs	40,100	29,343
		<b>142,886</b>	<b>104,146</b>
	<b>Cost of generating investment income</b>		
	Investment management fees	32,611	20,475
	Support and governance costs	12,722	8,032
		<b>45,333</b>	<b>28,507</b>
	<b>Total</b>	<b>188,219</b>	<b>132,653</b>

ROYAL CALEDONIAN EDUCATION TRUST  
 NOTES TO THE ACCOUNTS (continued)  
 FOR THE YEAR ENDED 31 JULY 2016

6. Charitable activities

	Direct costs £	Grants to individuals £	Grants to institutions £	Support costs £	Total 2016 £	Total 2015 £
Education (grants to individuals)	41,320	(119,103)	-	43,476	(34,307)	13,046
Education Programme (Scotland)	119,041	-	-	46,441	165,482	169,748
<b>2016 Total</b>	<b>160,361</b>	<b>(119,103)</b>	<b>-</b>	<b>89,917</b>	<b>131,175</b>	
<b>2015 Total</b>	<b>162,728</b>	<b>(92,482)</b>	<b>-</b>	<b>112,548</b>		<b>182,794</b>

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

7. Support and governance costs

	2016 £	2015 £
<b><i>Support Costs</i></b>		
Wages & salaries	40,369	36,752
Recruitment and staff development	14,138	6,975
Premises expenses	10,141	14,623
Bicentenary events	22,009	30,167
Advertising and publicity	-	14,961
Printing and stationery	975	3,866
Telephone and postage	4,541	3,029
Travelling	9,813	6,238
Legal & professional	3,444	4,205
Accountancy	13,272	9,881
Computer & office equipment costs	2,984	4,429
Subscriptions	1,488	-
Sundry	1,362	1,002
Bank charges	705	630
Meetings and events	5,227	5,231
Depreciation	682	744
	<b>131,150</b>	<b>142,733</b>
<b><i>Governance</i></b>		
Audit fee	11,589	7,190
<b>Total</b>	<b>142,739</b>	<b>149,923</b>
<b>Allocation:</b>		
Cost of generating income	52,822	37,375
Education	89,917	112,548
	<b>142,739</b>	<b>149,923</b>

**ROYAL CALEDONIAN EDUCATION TRUST**  
**NOTES TO THE ACCOUNTS (continued)**  
**FOR THE YEAR ENDED 31 JULY 2016**

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

*Staff costs were as follows:*

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	153,238	160,599
Redundancy	10,000	-
Social security costs	13,670	14,309
	<b>176,908</b>	<b>174,908</b>

There were no employees whose annual emoluments were £60,000 or more. One full time employee was on secondment in 2016 and 2015.

Total employee benefits of key management personnel, including redundancy payments, were £71,749 (2015: £64,144).

*Staff numbers*

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Raising funds	1.2	0.5
Charitable Activities	2.4	2.8
Support and governance	0.4	0.9
	<b>4.0</b>	<b>4.2</b>

*Trustee remuneration and expenses*

The charity trustees were not paid nor did they receive any other benefits from employment in the year (2015: none)

2 Trustees (2015: 2) were reimbursed travel expenses totalling £425 (2015: £530).

Trustee donated a total of £2,700 (2015: £3,500) to the Trust in the year. There were no restrictions placed on the use of these funds.

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 being £813 (2015: £719).

ROYAL CALEDONIAN EDUCATION TRUST  
NOTES TO THE ACCOUNTS (continued)  
FOR THE YEAR ENDED 31 JULY 2016

9. Tangible fixed assets

	Computer Equipment	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 August 2015	2,976	869	3,845
Additions	-	-	-
Disposals	-	-	-
	<b>2,976</b>	<b>869</b>	<b>3,845</b>
<b>At 31 July 2016</b>			
<b>Depreciation</b>			
At 1 August 2015	1,489	869	2,358
Charge for the year	682	-	682
Disposals	-	-	-
	<b>2,171</b>	<b>869</b>	<b>3,040</b>
<b>At 31 July 2016</b>			
<b>Net book value</b>			
<b>At 31 July 2016</b>	<b>805</b>	-	<b>805</b>
At 31 July 2015	1,487	-	1,487

10. Fixed asset investments

	2016 £	2015 £
Market value at 1 August 2015	4,447,253	4,905,964
Net capital withdrawn	(218,692)	(369,571)
Change in value in the year	374,509	(89,140)
Market value at 31 July 2016	<b>4,603,070</b>	<b>4,447,253</b>
The investment assets are held:		
In the UK	4,072,501	4,165,567
Outside the UK	530,569	281,686
	<b>4,603,070</b>	<b>4,447,253</b>
Historical cost:	3,628,141	3,627,790
Fixed asset investments include cash held awaiting investment	17,397	162,519
Investments representing over 5% by value of the portfolio comprise:		
JPMorgan Fund ICVC Shares Class C	380,064	444,570

**ROYAL CALEDONIAN EDUCATION TRUST**  
**NOTES TO THE ACCOUNTS (continued)**  
**FOR THE YEAR ENDED 31 JULY 2016**

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<b>11. Debtors</b>		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Income tax recoverable		-	-
Other debtors		11,207	26,429
Prepayments and accrued income		-	32,344
		<b>11,207</b>	<b>58,773</b>
<b>12. Creditors: amounts falling due within one year</b>		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Taxes and social security costs		4,685	-
Grants payable		29,890	67,189
Accruals		61,307	50,065
		<b>95,882</b>	<b>117,254</b>
<b>13. Creditors: amounts falling due after more than one year</b>		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Grant commitments:			
As at 31 July 2016		39,490	258,521
Payable within one year		(29,890)	(67,189)
Payable after one year		<b>9,600</b>	<b>191,332</b>

ROYAL CALEDONIAN EDUCATION TRUST  
NOTES TO THE ACCOUNTS (continued)  
FOR THE YEAR ENDED 31 JULY 2016

14 Funds of the charity	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><i>Total endowment funds</i></b>	<b><i>4,000,845</i></b>	<b><i>-</i></b>	<b><i>-</i></b>	<b><i>336,916</i></b>	<b><i>-</i></b>	<b><i>4,337,761</i></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><i>Total restricted funds</i></b>	<b><i>325</i></b>	<b><i>38,525</i></b>	<b><i>(19,045)</i></b>	<b><i>-</i></b>	<b><i>-</i></b>	<b><i>19,805</i></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><i>Total unrestricted funds</i></b>	<b><i>291,523</i></b>	<b><i>247,495</i></b>	<b><i>(300,349)</i></b>	<b><i>37,593</i></b>	<b><i>-</i></b>	<b><i>276,262</i></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 JULY 2016**

**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". This show toured for 3 weeks in Autumn 2015 and was shown to 28 primary schools.

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>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fund balances at 31 July 2016 are represented by:				
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>

**16. Impact of transition to FRS 102 and SORP 2015**

**Reserves position**

There is no impact on the funds at 1 August 2014 or 31 July 2015.

**Income and expenditure**

**Year ended 31 July 2015**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Endowment funds</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net (expenditure) as previously stated</b>	<b>(63,743)</b>	<b>-</b>	<b>-</b>	<b>(63,743)</b>
<b>Adjustment on transition:</b>				
Gains/(losses) on investments now a component of net income	(7,276)	-	(81,864)	(89,140)
<b>Net (expenditure) as restated</b>	<b>(71,019)</b>	<b>-</b>	<b>(81,864)</b>	<b>(152,833)</b>