

Charity Registration No. 310952 (England and Wales)

Charity Registration No. SC038722 (Scotland)



*Scotland's Armed Forces
Children's Charity*

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

THE ROYAL CALEDONIAN EDUCATION TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Patron	Her Majesty the Queen	
Honorary Vice Presidents	Brigadier R Lindsay Air Vice Marshal R Paterson CB, OBE, ADC, DL	Rear Admiral J Weale CB, OBE
Vice Presidents	Lt Gen Sir Alistair Irwin KCB CBE 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 DL
Chairman	Mr M Noble	
Deputy Chairman	Mr G Gray	
Committee Of Directors And Sole Trustees	Mrs D Strickland Mr J Robertson Mr M Noble Mr G Gray Mrs C Butler Ms V Peay Mr N McLennan Ms S Wilson Mr C Cook Ms I Campbell Lupton	(Resigned 20 May 2019) (Resigned 20 May 2019) (Appointed 5 December 2018) (Appointed 5 December 2018) (Appointed 5 December 2018) (Appointed 20 May 2019)
Chief Executive	Mr C M Flinn	
Charity number (England and Wales)	310952	
Charity number (Scotland)	SC038722	
Principal address	15 Hill Street Edinburgh EH2 3JP	
Auditor	Myers Clark Egale 1 80 St Albans Road Watford Hertfordshire WD17 1DL	
Bankers	Royal Bank of Scotland 142/144 Princes Street Edinburgh EH2 4EQ	
Investment advisors	Adam & Company 25 St Andrews Square Edinburgh EH2 1AF	

THE ROYAL CALEDONIAN EDUCATION TRUST

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THE ROYAL CALEDONIAN EDUCATION TRUST

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The committee of directors and sole trustees and trustees present their report and accounts for the year ended 31 March 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the requirements of the trust's governing document, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011 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 Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The Royal Caledonian Education Trust is a charity whose aim is to promote, support and encourage the education, training and well-being of (a) the offspring of Scottish members of Her Majesty's Armed Forces; and (b) the Scottish offspring of members of Her Majesty's Armed Forces. For these purposes, a person shall be considered 'Scottish' if the Trustees of RCET, in their absolute discretion, determine that he, she or they have a sufficient connection to or with Scotland, or who demonstrate to the Trustees' sole satisfaction links with Scotland, including those who may be considered to be of Scottish formation, regardless of their place of birth or residence.

We provide life-changing support to hundreds of children and young people a year. We are absolutely committed to giving them every opportunity to achieve, thrive and reach their full potential.

We do this by

- providing financial assistance, especially in times of crisis,
- providing resources, advice and training for education staff and other professionals
- proactively listening to the views and opinions of Armed Forces children and young people,
- using our experience and knowledge to be a strong and effective voice to positively influence public policy and service development.

RCET has three major areas of service delivery activity

1. An Education programme providing support in relation to the education of Armed Forces children and young people through five strategic priorities – an Advisory Service, a Training Programme, Research, Pupil Participation and Further/Higher Education initiatives.
2. A Children and Family Support Service providing direct financial grants including school support and crisis intervention.
3. A Youth Participation Project. This works with Armed Forces children and young people to allow their voices to be heard, providing a platform for them to share their experiences and inform improved services, beneficial to themselves and their peers.

Vision

We seek a world where Scottish Armed Forces children are enabled to reach their full potential.

Mission

We will pursue our vision by working in partnership with individuals, groups, government, educational and other institutions to respond to the education, training and well-being needs of children of the Scottish Armed Forces community by:

- Providing financial assistance
- Providing training and resources
- Listening and advocating on behalf of children and young people
- Gathering information and commissioning research
- Raising awareness
- Influencing policy

Public Benefit

The Trustees 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 Trustees have given due regard to public benefit when awarding grants.

THE ROYAL CALEDONIAN EDUCATION TRUST

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Achievements and performance

Education Programme

During 2018 / 2019 the Education Programme continued to expand its activities – most notably in the FE / HE sector. Resources and Partnerships continued to play a large part in the Education Programme. For example our Early Years Resource boxes continued to be well received and during this year we distributed 12 boxes to Highland, Moray and most recently Fife.

In addition, a wide range of positive and sustainable working partnerships were maintained with amongst others:

- Highland, Moray, Argyll and Bute Armed Forces Covenant Groups
- SCiP Alliance - University of Winchester
- Skills Development Scotland

Advisory

Advisory requests continued to come in during the year and approximately 20 % of the Education Programme time is spent on providing an Advisory service.

We received a wide number of requests and some examples of the range of advice provided by our Education Programme Manager are;

- Advice re strategies for pupil support
- Funding for a potential college placement
- Advice on content for training packs.

Further and Higher Education

The continuing partnership with the SCiP Alliance is proving to be a very productive asset to the work of the Education Programme. Establishing and chairing the SCiP Scotland Hub has been a huge success and is placing RCET at the heart of FE/HE developments in Scotland. The Hub which is attended by senior representatives from Scottish Colleges and Universities along with Skills Development Scotland created an Action Plan this year. This aims to ensure a clear focus on the progression of young people from school to FE/HE by highlighting:

- The need for better identification of AF students
- Better data collection and sharing
- Raising awareness of potential barriers
- Improving support strategies
- Facilitating bespoke outreach events
- The development of CPD materials
- The translation of research into practice

The encouragement and support to two universities to host Creative Forces Outreach Events by our Education Programme Manager has been particularly rewarding as this is a 'first' in Scotland. Creative Forces Events provide bespoke outreach opportunities for pupils from Armed Forces families to experience campus life and have a taster of what HE can offer them in the hope that they will understand that University can be an option for them if that is what they aspire to. These events will ensure that Scotland is well represented at the SCiP Alliance Creative Forces evaluation document.

Presentations and Training

Our Education Programme Manager continues to offer bespoke presentations and training events for educators, community groups, military personnel, parents, children and young people - anyone whose role it is to support the education and wellbeing of Armed Forces children and young people. The workshops, which can include showing the RCET Forces Kids DVD Forces Kids - This is My Life, include

- Listening to Children's Voices
- Towards an Emotionally Literate School
- Dealing with separation
- Living in a Veteran Family
- Emotional Cycles of Deployment

THE ROYAL CALEDONIAN EDUCATION TRUST

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Achievements and performance (continued)

Education Programme (continued)

Whilst still maintaining involvement with individual schools, there is an increasing trend towards training for organisations and local authorities to upskill their internal staff to cascade within their own organisations. Some examples are:

- Highland's Promoting Positive Relationships, Primary Mental Health and Educational Psychology teams
- Army Welfare Service
- The Army, Navy and RAF Family Federations

In total, 220 participants took part in our Training events who represented over 50,000 school pupils.

In terms of presentations a total of 16 days were spent undertaking these with over 1000 participants. Some examples are:

- Highland ASN Principal Teachers
- HELOA Conference Dundee
- Scottish Funding Council Conference Perth
- SCiP Conference London
- Kinloss Deployment Briefing
- Kinloss Primary (2 events)
- Fife School Support Staff
- SDS Training

Pupil Participation

In 2017/18, we received a £20,000 grant from the Covenant Fund to develop a new initiative, 'Teen Talks'. This initiative was aimed at listening to the voices and views of Armed Forces children and Young people. In 2018/19, we continued with the initiative and produced five mini film clips. These clips focused on the key issues identified in the conferences and subsequently in our inaugural Teen Talks leaflet. The clips were filmed in Beeslack Community High School and last about 90 seconds each and focus on: Moving School, Not being able to concentrate, Saying Goodbye, Feeling Alone, Stress and Anxiety. In addition, a second leaflet was produced and this took the form of a glossary highlighting a key issue raised by the pupils at the Teen Talks conferences - that they sometimes use words and phrases which can be misunderstood or indeed not understood at all by school staff and their civilian friends. Although not a comprehensive glossary it is hoped that it will provide a starting point for discussion of this issue. This Teen Talks leaflet is used by Skills Development Scotland Advisors and distributed to all secondary schools in Scotland.

Research

Over the past three years we have part-funded, alongside ESRC, a PhD student and this year she completed her research entitled 'Researching the experiences of children and young people from armed forces families'. The research addressed an important gap in existing research that directly solicits the views of children and young people from armed forces families. It employed a suite of qualitative methods to explore how children expressed their experiences. A total of 41 children and young people aged 8 to 14 years, from 3 primary and 2 secondary schools across Scotland, participated in the research.

Discussions began at the end of the year to decide the next steps regarding dissemination of the findings and their translation into practice.

THE ROYAL CALEDONIAN EDUCATION TRUST

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Achievements and performance (continued)

Children and Family Support

As a result of the changes to the Byelaws in December 2018, the range of clients we now support widened. We are now able to assist those children and parents who have made Scotland their home, as well as those who are Scottish by birth. Routine financial support this year covered such items as school clothing, after-school and extra tuition support, where circumstances impacted progress at school. Additionally we supported those moving into further/higher (FE/HE) education with living expenses and equipment costs. Our financial assistance packages supported regular, reservist and veterans families who were struggling to make ends meet, living with ill health and disability or having challenges at school.

We opened this year our Crisis Intervention Fund for those families in the greatest of need, providing food, general clothing, children's equipment (beds, wardrobes, bedding, carpets etc). This expansion in service has provided a lifeline for many and received positive feedback from our clients and partners alike. 19 children from 8 families were supported. As part of this initiative we allocated £6,000 to launch a Christmas element to that fund, distributing monies to SSAFA branches across Scotland. This was used mainly for basic living costs including food and utilities; as well as family cohesion activities over the Christmas period. This initiative supported 40 plus families.

We saw a 60% increase in supported applications over the year for school children support (162 children/85 families) and a 10% increase at FE/HE level (33 students/25 families). Declined applications totaled less than 1% of all applications. The trend that had emerged over the last few years continues, with children and families facing similar but consistent issues. Some examples are as follows:

- Addiction issues (9%)
- Having additional Support Needs (11%)
- Undertaking a caring role (8%)
- Debt (78%)
- Family Breakdown (56%)
- Homelessness (21%)
- Mental Health (92%)
- Poverty (41%)
- Social Isolation (54%)
- Unemployment (69%)

The total direct spend on clients was just over £108,000. This was split into the following areas:

- After School and uniform support £26,000
- College and University support £41,000
- Family Support and Crisis intervention £26,000
- Fulneck School £14,000

New strands to our work included introduction of our Respite breaks service, which will pilot in spring 2019, within the intention to further expand that service in autumn 2019 to include a family breaks element.

Youth Participation

Using our experience from the successful Teen Talks initiative as noted above, in March 2018 the Trustees approved the creation of a Youth Participation Project and the appointment of a Youth Participation Manager. In September 2018, Nina Collins was appointed to that role. Nina was previously the Manger of Fife Young Carers and brought not only a wealth of experience in working with children and young people, but a commitment to ensuring that their voices are not only heard, but acted upon. Jointly funded by the Army Benevolent Fund, the Officers Association Scotland and RCET itself, the project commenced in September 2018. The project's aim is to establish a network of youth forums, providing a platform for Armed Forces children and Young People to share their experiences and inform improved services, beneficial to themselves and their peers.

THE ROYAL CALEDONIAN EDUCATION TRUST

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Achievements and performance (continued)

Youth Participation (continued)

The project has three key outcomes;

1. Development of skills and knowledge so young people can enact change in their own communities and nationally, and they themselves have increased confidence and improved skills such as communication, resilience and leadership helping them to achieve better outcomes such as employment, moving into further and higher education
2. Improved wellbeing so that young people feel less isolated, less worried and more understood.
3. Improved services for Forces young people locally and nationally as a result of identifying what is needed and how it should be delivered so it really meets their needs

From September 18 to March 19, work was concentrated on the following key objectives

- Establishing the infrastructure, processes and systems needed for an effective Armed Forces Children and Young People's Participation Project.
- Identifying and understanding existing youth groups to allow future engagement with young people to begin their involvement in the participation project.
- Establishing relationships with partner organisations, stakeholders and key influencers across relevant sectors and fields
- Developing an action plan for the development and implementation of the participation project for years 2 and 3

Establishing connections with key stakeholders and delivering initial consultation workshops with children and young people took place in this year. Working in partnership with community development workers from Armed Forces welfare teams, a Tri-Service, Youth Participation Coordinators working group was established. The group committed to meet 6 weekly and aims to ensure young people who are accessing Ministry of Defence Community Support Services will be included in the work of the project.

In December, Nina and RCET's Policy and Research Officer, Sarah Rogers, developed an online survey based on the Health Behaviours in School-aged Children Survey. 162 young people undertook the survey, answering questions about their general wellbeing and their experiences of being part of an armed forces family. We included specific questions about young people's caring roles to examine the extent and nature of caring roles in armed forces families.

Of those young people who identified themselves as young carers (29%), 34% had a very high caring role. Unsurprisingly the majority of respondents had a father who was serving in the Army, with only 13% having a mother who was the serving parent. 56% of respondents had had more than 4 moves to new areas and 53% stated being part of an armed forces family meant it was more difficult to keep friendships. Whilst further analysis of all the data is ongoing and will allow RCET to compare the experience of military young people to their non-military peers, the initial findings have already informed the direction of the project.

10 workshops were delivered with 107 armed forces young people attending, who live in, Highland, Moray, Fife, Argyll and Bute, Edinburgh & the Lothians and Stirling. Sessions included a bespoke session offered to armed forces young carers in Helensburgh. The sessions gave young people an opportunity to share their views on the impact of living in an armed forces family in respect of their; health and wellbeing, relationships with their peers, relationships with families and education. They have also been asked to share their ideas about the types of support they feel would be valuable.

Feedback from young people has shown they value the opportunity to talk about their feelings and they feel listened to. They have all asked to have more sessions and enjoyed sharing their experiences with each other.

"I really enjoyed today because I was able to speak openly and honestly and not get judged. Thank you so much this has made me realise how much an experience being in the armed forces is."

"come more often, this lesson was awesome, we got to show our feelings and I now feel better"

"it was a good experience and I had a great time . PLEASE COME AGAIN"

THE ROYAL CALEDONIAN EDUCATION TRUST

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Achievements and performance (continued)

Policy

The 2018-19 period saw the appointment of Sarah Rogers as RCET's first Policy Officer in to take forward the goal set forth in our current strategic plan to be a strong and effective voice for Armed Forces children and young people to positively influence public policy. Sarah who was appointed in August 2018 had previously been employed by Enquire, the Scottish advice service for additional support for learning.

On coming into post Sarah spent a significant amount of time developing a knowledge base of the Armed Forces community, in particular the issues facing Armed Forces children and young people, and considering our policy priorities. Identification of our policy priorities was informed by a range of sources including discussions with RCET colleagues, organisations from across both the children's and Armed Forces sectors, and detailed consideration of the existing research evidence and the legal, policy and practice contexts. Importantly, through our Youth Participation Project, in addition to an online survey we conducted with Armed Forces children and young people, the direct views and experiences of children and young people have helped shape our policy priorities. Based on the above, the following issues were identified as our policy priorities for the coming year and beyond: children's rights, mental health and wellbeing, data, education, and research.

Substantive work began on the first of these priorities, children's rights, in the 2018-19 period and included drafting principles of a children's rights approach to underpin all aspects of our work, and beginning to plan for mechanisms such as a Children and Young People's Advisory Group to ensure meaningful engagement with children and young people in our future policy work.

In addition to identifying our policy priorities, a further key focus of our policy work over the 2018-19 period was ensuring timely responses to relevant consultations, inquiries and calls for evidence. We submitted responses to the following:

- Progressing children's rights in Scotland: an action plan 2018 to 2021 – Scottish Government consultation paper
- Armed Forces Covenant Annual Report 2018 – Defence Committee inquiry
- Strategy for our veterans - UK Government consultation paper
- Independent report on service families being led by Andrew Selous, MP – Call for evidence

All of the above responses were informed by the views of Armed Forces children and young people who had responded to our online survey or taken part in our youth participation work.

Finally, over this period there has also been a focus on building upon existing links and identifying and developing new links with key stakeholders including policy-makers, politicians, and practitioners across both the children's and Armed Forces sectors.

THE ROYAL CALEDONIAN EDUCATION TRUST

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Achievements and performance (continued)

National Transitions Officer

This has been a year of transitions. Until 31st July 2018, the NTO post was funded by the MOD Education Support Fund (ESF), through the Association of Directors of Education in Scotland (ADES). From 1st August 2018 to 31st March 2019 the NTO post was fully funded by RCET, with the NTO still seconded to ADES. A Memorandum of Understanding was created between all 3 parties. The continuation of this NTO post had been reliant upon the commitment, dedication and support of RCET to maintain this work financially and to engage in a more substantive partnership of cooperation with ADES.

The NTO work continued to focus on six key areas:

- Data collection
- National networks
- Development of resources & materials
- Dissemination of information
- Engagement with families, and
- National guidance

Key aspects of the NTO work in the year included;

Data Collection

There is currently no comprehensive nor rigorously collected data on the armed forces children in the education system in Scotland. 'The Case for National Data Collection for Armed Forces Children' was an ADES report prepared this year to review the position on national data and to propose a case for a more comprehensive and rigorous approach. This was drafted following discussions with the RCET Policy and Research Officer and submitted to the Defence Policy Unit (DPU) as part of the SG Veterans Consultation. The NTO and ADES continued to promote the use of the Armed Forces Families indicator and to encourage schools and authorities to improve the present position on the availability, utility and analysis of data.

National Networks

Numerous meetings, discussions and presentations took place to promote partnership and knowledge exchange. Some examples were;

- The Armed Forces Working Group
- The Headteachers Forum.
- Scottish Government National Parent Engagement Group.
- SCiP Alliance, Scotland Hub
- Getting it Right for Forces Families (GIRFFF) group chair of meetings – Edinburgh & Midlothian

The NTO continued to be a key member of the Scottish Service Children Strategic Group (SSCSG). Much of the development work undertaken by the NTO in the year appeared as Action Items on the delivery plan identified by the group. For example, the National Parent Forum Scotland (NFPS) Nutshell 'Transitions for Armed Forces Families', and Guidance for teachers, local authorities and parents on supporting early stages transitions. UK-Wide liaison included for example discussion and meetings with the All Wales Project Officer for Service Children in Education and resulted in a proposal for partnership projects around 'transitions' and 'ASN/SEN' support needs.

Development of resources & materials

A wide number of resources were created and are available on the Forces Children's Education website (FCE) www.forceschildrenseducation.scot Analytics indicate that 1,913 users visited the site in the year. These included films, booklets and comics for young people.

PR and Comms

Early in the year, our PR and Communications Manager left to take up a position with a global company, based abroad. Jen had worked for RCET for many years and had been instrumental in developing and implementing a successful PR and Comms strategy for the Charity. She initiated and managed our 200 year anniversary celebrations and as she departed left the profile of RCET at arguably the highest point it had been at over the recent past. A review of our Communications activity was undertaken during the year with plans created for 2019/20.

THE ROYAL CALEDONIAN EDUCATION TRUST

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Achievements and performance (continued)

Fundraising

2018-19 was RCET's most successful year to date breaking the £100,000 fundraised income barrier to raise a wonderful £118,000 in support of the charity's work.

This is a 20% increase in income from the year prior which is particularly significant when you note that the organisation was without a Fundraising Development Manager in post for a period of 3 months. In June, Matthew Middler our Fundraising Manager left to join Waverly Care but we were successful in appointing a replacement, Natasha MacKinnon, in November of 2018. Natasha brings with her a wealth of experience as a qualified teacher as well as experience as a fundraiser for national charities such as Breast Cancer Care, Alzheimer Scotland and Samaritans.

This year saw a particularly significant increase in donations from Trusts & Foundations - a near doubling of income when compared to last year. This reflected the development of project-based programmes such as our Youth Participation Programme which are very attractive to grant-based funders. 60% of all of our fundraised income came from various Trusts & Foundations this year reflecting the increased potential the organisation has to generate funds from these sources. This funding has allowed us to go forward with the recruitment of our Youth Participation Manager, Nina, in September of 2018 and continue to embed the Youth Participation Programme into our offering of services and support. Work in 2019/20 will be undertaken to develop similar outcome-based models for our other programmes in Education & Children & Family Support to increase the viability of their funding from restricted grants going forward.

The year was also a successful one in terms of large gifts from individual donors through major donations and legacies. RCET was grateful to receive part of a legacy from the estate of Mr Imrie in 2018/19 totalling £15,000 which was unexpected income towards our core activities in grant-making and education. We are always immensely grateful to any individual who chooses to support our work through their will, leaving a true legacy which will help us to improve the lives of Armed Forces children going forward

The year also saw an increase in donations from Major Donors – which we define as donors who are able to give £500 or more per annum in personal donations – with over £3,000 of additional funds coming from this source this year, many of whom have supported the Trust in some shape or form for over a decade.

Donations and Grants from organisations:

2018/19 as mentioned above was RCET's most successful year to date in securing funds from charitable trusts and foundations. Restricted grants were secured from:

ABF – The Soldiers' Charity approved a grant of £40,000 towards the set-up of our Youth Participation Programme. One of our largest grants from a Trust or Foundation to date.

Poppyscotland – supported our work for another year by approving a grant of £3,715 towards payments of support to specific families through our School Children's Fund.

Officers Association Scotland approved a grant for £25,000 towards our Youth Participation Programme together with ABF becoming lead funders of this project.

We were grateful for the continued support of a number of organisations who have supported us over a number of years such as: The Caledonian Society of London, The London Scottish Regiment Benevolent Fund & The Burns Club of London.

Donations from Individuals:

During the period, RCET received donations from 92 individuals; 36 of those who gave, gave regularly as part of our regular giving group, THRIVE. The majority of our THRIVE members donate between £5 and £20 per month, however some do donate more than this. The amount of funds raised from regular donors has fallen by over £3,000 which in part is reflected by our re-categorisation of some of our donors as Major Donors as well as an aging donor base.

Challenge events also saw a substantial decrease in income on the previous year which is in part due to staff shortage but is also reflective of the volatility of this type of fundraising, particularly with a smaller donor database, when in its infancy.

THE ROYAL CALEDONIAN EDUCATION TRUST

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Achievements and performance (continued)

Fundraising (continued)

Fundraising Standards & Transparency:

We do not engage the services of professional fundraisers who take commission from donations to fundraise on our behalf. We strive for the highest possible standards in our fundraising, are registered with the Fundraising Regulator and are committed to complying with its Fundraising Promise and the Code of Fundraising Practice. We are also a member of the Institute of Fundraising. We have complied with all the rules and regulations and to date not received any notification of breach. As the bulk of our fundraising takes place in Scotland we also registered with the Scottish Fundraising Standards Panel upholding our commitment to good fundraising practice across the UK.

In 2018/19 we received no complaints in relation to any of our fundraising and marketing work. Any complaint we receive is investigated thoroughly in a timely and sensitive manner and acted upon as necessary.

We are especially careful and sensitive when engaging with vulnerable people, including the elderly and those affected by mental health issues. Our procedures and practice reflect this. Each supporter is given a genuine choice to donate and we are always respectful of the wishes of our supporters.

Financial review

Financial Policies

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

Review of income

RCET 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 and other military charities. During the period RCET was also re-imbursed by the Association of Directors of Education in Scotland (ADES) for the salary and expenses of the RCET's Education Programme Manager who was seconded to that organisation in the year.

Review of Expenditure

During the period RCET spent £370,137 (2018: £311,254) on grant making and other charitable activities as detailed in note 6 of which £92,227 was spent on support costs (2018: £85,665) as detailed in note 8.

Reserves Policy

The aim of the trustees is to hold sufficient unrestricted free reserves to fund operating expenses for one year. At 31 March 2018 this amounted to required reserves of approximately £220,000 (2018: £220,000) compared to actual free reserves of £227,666 (2018: £364,835).

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.

THE ROYAL CALEDONIAN EDUCATION TRUST

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Financial review (continued)

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 £150,000 and during the period, the income from investments was £137,035 (2018: £147,020).

THE ROYAL CALEDONIAN EDUCATION TRUST

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Structure, governance and management

RCET was incorporated by an Act of Parliament dated 14 June 1815. On the 5th December 2018, the then Committee of Directors adopted a set of Bye-laws which were subsequently approved by the Annual General Meeting on the same date. The following is an excerpt of the key elements.

1. Recognising the wide discretion which is afforded in relation to the Purposes for which RCET's funds will be applied, it is hereby recorded that for the duration of these Bye-Laws or until otherwise determined, the Purposes which will be fulfilled by RCET shall be as follows:
'To promote, support and encourage the education, training and well-being of (a) the offspring of Scottish members of Her Majesty's Armed Forces; and (b) the Scottish offspring of members of Her Majesty's Armed Forces. For these purposes, a person shall be considered 'Scottish' if the Trustees of RCET, in their absolute discretion, determine that he, she or they have a sufficient connection to or with Scotland, or who demonstrate to the Trustees' sole satisfaction links with Scotland, including those who may be considered to be of Scottish formation, regardless of their place of birth or residence.'
2. From the date of these Bye-Laws, the Guardians shall be known and referred to as Members of RCET. It is no longer necessary for the payment of annual sums to be made to the Trustees for a person to be admitted as a Member of RCET.
3. The provisions contained in Section II of the Charter of Incorporation relating to the binding of Apprentices are declared to have no further practical effect.
4. RCET no longer appoints a President, and the Charter of Incorporation is to be read accordingly.
5. The Committee of Directors (who are also referred to by RCET as the Trustees, to recognise their role as charity trustees of RCET) appoint one of their number to serve as Treasurer from time to time, and the Charter of Incorporation is to be read accordingly.
6. The number of Trustees shall at no time fall below three, and the maximum shall at no time exceed twelve. The Trustees may determine their own regulations for their appointment, rotation and retiral. A quorum for the conduct of business shall be four Trustees present in person. For practical purposes, present in person shall include present by means of video or telephone conferencing facilities. The power of appointment of Trustees shall from the date of these Bye-Laws be reserved to the Trustees then in office.
7. The pattern of General Court meetings has for practical purposes changed over many years. Formal General Court meetings and annual general meetings of General Court are now dispensed with. In future, a meeting of the Members will only be required in order to amend these Bye-Laws. The quorum for the conduct of business at such a meeting will be four Members present in person or by proxy.
8. It is recorded that the Trustees possess full delegated authority to carry out and perform the day to day administration of RCET, in fulfilment of their role of control and management set down under charity law.
9. The power of investment set down under the Charter of Incorporation is now performed by the Trustees. The normal mandated signing authority of the Trustees shall include the Chairman plus one other Trustee, unless agreed otherwise from time to time by the Trustees and recorded in their minutes of proceedings.
10. Financial reporting by the Treasurer or by accountants or auditors appointed by RCET shall be made in such manner as the Trustees may determine, having regard to the normal accounting procedures applicable to charities under the laws of England & Wales and Scotland.
11. The Members of RCET retain the power to amend these Bye-Laws from time to time by a simple majority decision of the Members attending a meeting convened for that purpose. Such amendments will normally arise through recommendations made by the Trustees for the Members to consider. The Trustees will review these Bye-Laws at least once every fourth year in the light of changes or developments in charity law and regulation, in order to ensure that they remain fit for purpose and broadly in line with what is considered to be good practice in the governance of charities.

THE ROYAL CALEDONIAN EDUCATION TRUST

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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

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

Valerie Peay

Valerie retired from the Board of Trustees June 2019. She had brought skills and experience from business, in particular from her time with British Telecom. She participated fully in the decision-making process that led to the move of Trust operations to Edinburgh.

Catriona Butler

Catriona retired from the Board in June 2019. She had served on the Board for many years and had also been a member of the Grants Awards Committee. Catriona had been a member of the Chairman's Support Group (CSG) until it was closed down in January 2012.

As a barrister, Catriona was able to make use of her legal skills for the benefit of the charity. She handled all relevant Human Resources issues, including the appointment and appraisals for the Chief Executive Officer.

Catriona was Deputy Chairman up to the point of her retirement. Her contribution as Deputy and Trustee will be greatly missed by her colleagues.

The Board of Trustees report was approved by the Board of Trustees.

Plans for the future

Amongst the Trustee plans for the next financial year are:

- Secure £169k of fundraising income.
- Develop and implement a 3 year Fundraising Strategy
- Increase our direct expenditure within our Children and Family Support Service (C&FSS) by 19%.
- Introduce a break service for children and their families.
- Increase the number of children and families supported by the C&FSS by 10%
- Develop and implement a 3 year organizational Forward Financial Plan.
- Relocate our Head Office.
- Run a Practitioners Conference.
- Increase the reach of our Education project through the 5 strategic priorities.
- Undertake 2 residentials with Armed Forces Children and Young people.
- Develop a Young people's Advisory Group.
- Develop a number of position statements in relation to key Armed Forces children policy agendas.

The committee of directors and sole trustees' report was approved by the Board of Committee Of Directors And Sole Trustees.

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Mr M Noble

Chairman

Dated:

THE ROYAL CALEDONIAN EDUCATION TRUST

STATEMENT OF COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2019

The committee of directors and sole trustees are responsible for preparing the Committee Of Directors And Sole Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland and in England and Wales requires the committee of directors and sole trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the trust and of the incoming resources and application of resources of the trust for that year.

In preparing these accounts, the committee of directors and sole trustees are required to:

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

The committee of directors and sole trustees is responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the trust and enable them to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are 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.

THE ROYAL CALEDONIAN EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE COMMITTEE OF DIRECTORS AND SOLE TRUSTEES OF THE ROYAL CALEDONIAN EDUCATION TRUST

Opinion

We have audited the financial statements of The Royal Caledonian Education Trust (the 'trust') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet and the 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 2019 and of its incoming resources and application of resources, for the year then ended;
- 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 and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

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 accounts section of our report. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 and sole trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee of directors and sole trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the trust'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 committee of directors and sole trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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.

THE ROYAL CALEDONIAN EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE COMMITTEE OF DIRECTORS AND SOLE TRUSTEES OF THE ROYAL CALEDONIAN EDUCATION TRUST

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 Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the committee of directors and sole trustees' report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of committee of directors and sole trustees

As explained more fully in the statement of committee of directors and sole trustees' responsibilities, the committee of directors and sole trustees 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 and sole trustees 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 and sole trustees are responsible for assessing the trust'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 and sole trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matter

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "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 Republic of Ireland (FRS 102)" in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

THE ROYAL CALEDONIAN EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE COMMITTEE OF DIRECTORS AND SOLE TRUSTEES OF THE ROYAL CALEDONIAN EDUCATION TRUST

Use of our report

This report is made solely to the and to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, the charity's trustees as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Myers Clark

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**Chartered Accountants
Statutory Auditor**

Egale 1
80 St Albans Road
Watford
Hertfordshire
WD17 1DL

Myers Clark is eligible for appointment as auditor of the trust by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

THE ROYAL CALEDONIAN EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £	Total 2018 £
<u>Income and endowments from:</u>						
Donations and legacies	2	48,581	68,640	-	117,221	98,589
Investments	3	138,235	-	-	138,235	147,020
Other income	4	16,226	-	-	16,226	47,918
Total income		<u>203,042</u>	<u>68,640</u>	<u>-</u>	<u>271,682</u>	<u>293,527</u>
<u>Expenditure on:</u>						
Raising funds	5	131,930	-	-	131,930	132,504
Charitable activities	6	338,392	31,745	-	370,137	311,254
Total resources expended		<u>470,322</u>	<u>31,745</u>	<u>-</u>	<u>502,067</u>	<u>443,758</u>
Net gains/(loss) on investments	11	10,110	-	256,272	266,382	(63,610)
Net (outgoing)/incoming resources before transfers		<u>(257,170)</u>	<u>36,895</u>	<u>256,272</u>	<u>35,997</u>	<u>(213,841)</u>
Transfers between funds		120,000	-	(120,000)	-	-
Net movement in funds		<u>(137,170)</u>	<u>36,895</u>	<u>136,272</u>	<u>35,997</u>	<u>(213,841)</u>
Fund balances at 1 April 2018		<u>364,835</u>	<u>7,512</u>	<u>4,184,451</u>	<u>4,556,798</u>	<u>4,770,639</u>
Fund balances at 31 March 2019		<u><u>227,665</u></u>	<u><u>44,407</u></u>	<u><u>4,320,723</u></u>	<u><u>4,592,795</u></u>	<u><u>4,556,798</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

THE ROYAL CALEDONIAN EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Prior Year Comparative Detail

	Unrestricted funds	Restricted funds	Endowment funds	Total 2018
	£	£	£	£
<u>Income and endowments from:</u>				
Donations and legacies	65,459	33,130	-	98,589
Investments	147,020	-	-	147,020
Other income	47,918	-	-	47,918
Total income	<u>260,397</u>	<u>33,130</u>	<u>-</u>	<u>293,527</u>
<u>Expenditure on:</u>				
Raising funds	132,504	-	-	132,504
Charitable activities	285,311	25,943	-	311,254
Total resources expended	<u>417,815</u>	<u>25,943</u>	<u>-</u>	<u>443,758</u>
Net gains on investments	(2,206)	-	(61,404)	(63,610)
Net (outgoing)/incoming resources before transfers	<u>(159,624)</u>	<u>7,187</u>	<u>(61,404)</u>	<u>(213,841)</u>
Transfer between funds	350,000		(350,000)	-
Net movement in funds	<u>190,376</u>	<u>7,187</u>	<u>(411,404)</u>	<u>(213,841)</u>
Fund balances at 1 April 2017	<u>174,459</u>	<u>325</u>	<u>4,595,855</u>	<u>4,770,639</u>
Fund balances at 31 March 2018	<u><u>364,835</u></u>	<u><u>7,512</u></u>	<u><u>4,184,451</u></u>	<u><u>4,556,798</u></u>

THE ROYAL CALEDONIAN EDUCATION TRUST

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	12		-		309
Investments	13		4,453,967		4,331,156
			<u>4,453,967</u>		<u>4,331,465</u>
Current assets					
Debtors	15	7,893		220,335	
Cash at bank and in hand		201,031		73,206	
		<u>208,924</u>		<u>293,541</u>	
Creditors: amounts falling due within one year	16	(70,096)		(68,208)	
Net current assets			138,828		225,333
Total assets less current liabilities			<u>4,592,795</u>		<u>4,556,798</u>
Capital funds					
Endowment funds					
Permanent endowment		4,042,053		3,808,788	
Expendable endowment		278,670		375,663	
	17		<u>4,320,723</u>		<u>4,184,451</u>
Income funds					
Restricted funds			44,407		7,512
<u>Unrestricted funds</u>					
Designated funds	18	-		-	
General unrestricted funds		227,665		364,835	
		<u>227,665</u>		<u>364,835</u>	
			<u>4,592,795</u>		<u>4,556,798</u>

The accounts were approved by the Committee Of Directors And Sole Trustees on

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Mr M Noble
Chairman

THE ROYAL CALEDONIAN EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

1.1 Accounting convention

The accounts have been prepared in accordance with the trust's governing document, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice: Accounting and Reporting by Charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015.

The accounts have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved applying 'Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015' rather than the version of the Statement of Recommended Practice referred to in the regulation but has since been withdrawn.

The trust constitutes a Public Benefit Entity.

The trust has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the trust. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Going concern

At the time of approving the financial statements, the committee of directors and sole trustees have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. Thus the committee of directors and sole trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

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.

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.

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.

1.4 Incoming resources

Income is recognised when the trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

THE ROYAL CALEDONIAN EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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.

1.5 Resources expended

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 spend on each activity during the financial period.

Irrecoverable value added tax

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

Grants

Grants payable 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.

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.

THE ROYAL CALEDONIAN EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. All items of capital expenditure over £500 are capitalised.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	over 5 years
Computers	over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Fixed asset 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.

1.8 Impairment of fixed assets

At each reporting end date, the trust reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the trust's balance sheet when the trust becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Derecognition of financial liabilities

Financial liabilities are derecognised when the trust's contractual obligations expire or are discharged or cancelled.

THE ROYAL CALEDONIAN EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	£	£	£	£
Donations and gifts	48,581	68,640	117,221	98,589
For the year ended 31 March 2018	65,459	33,130		98,589
Analysis donations and gifts				
Friends	44,381	-	44,381	56,709
Societies	2,200	-	2,200	4,250
Earl Haig Fund Scotland (Poppyscotland)	-	3,640	3,640	3,130
London Scottish Regiment Benevolent Fund	2,000	-	2,000	2,000
Teen Talks (Ministry of Defence)	-	-	-	20,000
The ABF Soldiers	-	40,000	40,000	10,000
Lady & Lord Craigmyle Charitable Trust	-	-	-	2,500
Officers Association Scotland	-	25,000	25,000	-
	<u>48,581</u>	<u>68,640</u>	<u>117,221</u>	<u>98,589</u>

3 Investments

	2019	2018
	£	£
Income from listed investments	137,035	146,881
Interest receivable	1,200	139
	<u>138,235</u>	<u>147,020</u>

THE ROYAL CALEDONIAN EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

4 Other income

	2019	2018
	£	£
Fees	16,226	47,918
	<u>16,226</u>	<u>47,918</u>

5 Raising funds

	2019	2018
	£	£
<u>Costs of generating voluntary income</u>		
Direct costs	74,272	68,585
Support & governance costs	32,873	36,469
	<u>107,145</u>	<u>105,054</u>
<u>Costs of generating investment income</u>		
Investment management fees	24,785	27,450
	<u>24,785</u>	<u>27,450</u>
	<u>131,930</u>	<u>132,504</u>

THE ROYAL CALEDONIAN EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

6 Charitable activities

	Family Support	Education programme (Scotland)	Participation	National Transition	Total 2019	Total 2018
	£	£	£	£	£	£
Direct costs	73,499	72,110	16,366	37,139	199,114	185,581
Grant funding of activities (see note 7)	78,796	-	-	-	78,796	40,008
Share of support & governance costs (see note 8)	43,240	23,930	12,732	12,325	92,227	85,665
	<u>195,535</u>	<u>96,040</u>	<u>29,098</u>	<u>49,464</u>	<u>370,137</u>	<u>311,254</u>

	Family Support	Education programme (Scotland)	Participation	National Transition	Total 2018
	£	£	£	£	£
Direct costs	47,072	138,509	-	-	185,581
Grant funding of activities (see note 7)	40,008	-	-	-	40,008
Share of support & governance costs (see note 8)	33,068	52,597	-	-	85,665
	<u>120,148</u>	<u>96,040</u>	<u>-</u>	<u>-</u>	<u>311,254</u>

7 Grants payable

	2019	2018
	£	£
Grants to individuals	78,796	40,008
	<u>78,796</u>	<u>40,008</u>

THE ROYAL CALEDONIAN EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

8 Support & governance costs

	2019	2018
	£	£
SUPPORT COSTS		
Staff costs	42,341	43,841
Recruitment and staff development	2,564	915
Premises expenses	11,340	9,788
PR, marketing and Annual Review	2,394	8,261
Printing, stationery, postage and phone	7,150	4,494
Travelling	9,481	8,462
Other	5,218	10,412
Accountancy	9,070	13,092
Computer & office equipment costs	7,057	4,259
GOVERNANCE COSTS	28,485	18,610
	<u>125,100</u>	<u>122,134</u>
	<u>125,100</u>	<u>122,134</u>
Analysed between		
Fundraising	32,873	36,469
Charitable activities	92,227	85,665
	<u>125,100</u>	<u>122,134</u>
	<u>125,100</u>	<u>122,134</u>

Governance costs includes payments to the auditors of £10,520 (2018 - £9,840) for audit fees, staff costs of £nil (2018 - £47,504) and meeting & travel costs of £nil (2018 - £1,266).

9 Committee Of Directors And Sole Trustees

Trustee remuneration and expenses

None of the committee of directors and sole trustees (or any persons connected with them) received any remuneration or benefits from the trust during the year.

1 Trustee (2018: 3) were reimbursed travel expenses totalling £101 (2018: £202).

THE ROYAL CALEDONIAN EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10 Employees

Number of employees

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

	2019	2018
	Number	Number
Raising funds	1	1
Charitable activities	2	2
Support and Governance	3	2
	<u>6</u>	<u>5</u>

Employment costs

	2019	2018
	£	£
Wages and salaries	181,363	159,983
Social security costs	15,138	13,543
Other pension costs	5,284	5,369
	<u>201,785</u>	<u>178,895</u>

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.

11 Net gains/(losses) on investments

	Unrestricted funds	Endowment funds general	Total 2019	Total 2018
	£	£	£	£
Revaluation of investments	10,110	256,272	266,382	(63,610)
	<u>10,110</u>	<u>256,272</u>	<u>266,382</u>	<u>(63,610)</u>
For the year ended 31 March 2018	<u>(2,206)</u>	<u>(61,404)</u>		<u>(63,610)</u>

THE ROYAL CALEDONIAN EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12 Tangible fixed assets

	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 April 2018	869	2,976	3,845
At 31 March 2019	869	2,976	3,845
Depreciation and impairment			
At 1 April 2018	869	1,488	2,357
Depreciation charged in the year	-	1,488	1,488
At 31 March 2019	869	2,976	3,845
Carrying amount			
At 31 March 2019	-	-	-
At 31 March 2018	-	309	309

13 Fixed asset investments

	2019 £	2018 £
Cost or valuation		
At 31 March 2019	4,331,156	4,764,167
Withdrawn	(143,572)	(369,401)
Valuation changes	266,383	(63,610)
At 31 March 2019	4,453,967	4,331,156
Impairment		
At 31 March 2019	-	-
At 31 March 2019	-	-
Carrying amount		
At 31 March 2019	4,453,967	4,331,156
At 31 March 2018	4,331,156	4,764,167
	2019 £	2018 £
Investments at fair value comprise:		
Investment assets held in the UK	3,096,817	1,986,613
Investment assets held outside the UK	1,357,151	2,344,543
	4,453,968	4,331,156

THE ROYAL CALEDONIAN EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

13 Fixed asset investments	(Continued)	
	2019	2018
	£	£
Investments representing over 5% by value of portfolio comprise:		
JPMorgan Fund ICVC Shares Class C	442,298	385,725
Aberdeen Asian Income Fund Shares	234,780	230,308
	<u>677,078</u>	<u>616,033</u>
	<u><u>677,078</u></u>	<u><u>616,033</u></u>
Fixed asset investments revalued		
Fixed asset investment are valued at market value at the year end. The historical cost of the fixed asset investments is £3,088,620 (2018: £3,283,597). Fixed asset investments include cash held awaiting investment of £138,001 (2018: £22,348).		
14 Financial instruments	2019	2018
	£	£
Carrying amount of financial assets		
Equity instruments measured at cost less impairment	4,453,967	4,331,156
	<u>4,453,967</u>	<u>4,331,156</u>
Carrying amount of financial liabilities		
Measured at amortised cost	70,020	63,984
	<u>70,020</u>	<u>63,984</u>
	<u><u>70,020</u></u>	<u><u>63,984</u></u>
15 Debtors	2019	2018
	£	£
Amounts falling due within one year:		
Prepayments and accrued income	7,893	220,335
	<u>7,893</u>	<u>220,335</u>
	<u><u>7,893</u></u>	<u><u>220,335</u></u>
16 Creditors: amounts falling due within one year	2019	2018
	£	£
Other taxation and social security	76	4,224
Other creditors	568	11,350
Accruals and deferred income	69,452	52,634
	<u>70,096</u>	<u>68,208</u>
	<u><u>70,096</u></u>	<u><u>68,208</u></u>

THE ROYAL CALEDONIAN EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

17 Endowment funds

Endowment funds represent assets which must be held permanently by the trust. Income arising on the endowment funds can be used in accordance with the objects of the trust and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

	Movement in funds					
	Balance at 1 April 2018	Incoming resources	Resources expended	Revaluations gains and losses	Transfers	Balance at 31 March 2019
	£	£	£	£	£	£
Permanent endowments						
Sale of the school	3,808,788	-	-	233,265	-	4,042,053
Expendable endowments						
Legacy	375,663	-	-	23,007	(120,000)	278,670
	<u>4,184,451</u>	<u>-</u>	<u>-</u>	<u>256,272</u>	<u>(120,000)</u>	<u>4,320,723</u>

	Movement in funds prior period					
	Balance at 1 April 2017	Incoming resources	Resources expended	Revaluations gains and losses	Transfers	Balance at 31 March 2018
	£	£	£	£	£	£
Permanent endowments						
Sale of the school	3,860,366	-	-	233,265	-	3,808,788
Expendable endowments						
Legacy	735,489	-	-	(9,826)	(350,000)	375,663
	<u>4,595,855</u>	<u>-</u>	<u>-</u>	<u>256,272</u>	<u>(350,000)</u>	<u>4,184,451</u>

THE ROYAL CALEDONIAN EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

18 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2018	Incoming resources	Movement in funds		Balance at 31 March 2019
			Resources expended	Transfers Revaluations, gains and losses	
	£	£	£	£	£
Designated funds					
Monica Cran Legacy	-	-	-	-	-
General Unrestricted Funds	364,836	203,042	(470,322)	10,110	227,666
Total unrestricted funds	364,836	203,042	(470,322)	10,110	227,666
	Balance at 1 April 2017	Incoming resources	Movement in funds		Balance at 31 March 2018
	£	£	Resources expended	Transfers Revaluations, gains and losses	£
Designated funds					
Monica Cran Legacy	9,369	-	-	(9,369)	-
General Unrestricted Funds	165,090	260,397	(417,815)	(2,206)	364,835
Total unrestricted funds	174,459	260,397	(417,815)	(2,206)	364,835

THE ROYAL CALEDONIAN EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

19 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Endowment funds	Total
	£	£	£	£
Fund balances at 31 March 2019 are represented by:				
Investments	133,244	-	4,320,723	4,453,967
Current assets/(liabilities)	94,421	44,407	-	138,828
	<u>227,665</u>	<u>44,407</u>	<u>4,320,723</u>	<u>4,592,795</u>
	<u><u>227,665</u></u>	<u><u>44,407</u></u>	<u><u>4,320,723</u></u>	<u><u>4,592,795</u></u>
Fund balances at 31 March 2018 are represented by:				
Tangible assets	309	-	-	309
Investments	146,705	-	4,184,451	4,331,156
Current assets/(liabilities)	217,821	7,512	-	225,333
	<u>364,835</u>	<u>7,512</u>	<u>4,184,451</u>	<u>4,556,798</u>
	<u><u>364,835</u></u>	<u><u>7,512</u></u>	<u><u>4,184,451</u></u>	<u><u>4,556,798</u></u>

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including redundancy payments, employers NI and employers pension contributions is as follows:

	2019	2018
	£	£
Aggregate compensation	64,319	63,663
	<u>64,319</u>	<u>63,663</u>

Transactions with related parties

During the year the trust entered into the following transactions with related parties:

	2019	2018
	£	£
Donations made by Trustees	2,575	3,480
	<u>2,575</u>	<u>3,480</u>
	<u><u>2,575</u></u>	<u><u>3,480</u></u>