

SC 022113

**ROYAL HIGH SCHOOL  
CLUB TRUST LIMITED**

**REPORT**

**AND**

**FINANCIAL STATEMENTS**

**for the year ended 31 August 2019**



# **ROYAL HIGH SCHOOL CLUB TRUST LIMITED**

## **REFERENCE AND ADMINISTRATIVE INFORMATION**

<b>Directors</b>	: A C Allanach N A Arthur Sheriff A M Bell C W Blaikie M A Bryden R C B Forman R M Graham D F Rutherford L Stevenson V T Tudball D A Williamson
<b>Secretary and Solicitors</b>	: Blackadders LLP 40 Torphichen Street Edinburgh EH3 8JB
<b>Independent Examiner</b>	: Emma Marshall CA Geoghegans Chartered Accountants 6 St Colme Street Edinburgh EH3 6AD
<b>Investment Managers</b>	: Brewin Dolphin Sixth Floor Atria One 144 Morrison Street Edinburgh EH3 8EX
<b>Registered Office</b>	: 40 Torphichen Street Edinburgh EH3 8JB
<b>Company Number</b>	: SC022113
<b>Charity Number</b>	: SC005875

## **ROYAL HIGH SCHOOL CLUB TRUST LIMITED**

### **DIRECTORS' REPORT**

**for the year ended 31 August 2019**

The directors hereby submit their report and financial statements for the year ended 31 August 2019.

### **OBJECTIVES AND ACTIVITIES OF THE CHARITY**

The charitable company's aim is to promote the education of the pupils of the Royal High School of Edinburgh in such ways as the directors see fit. The charitable company also manages the endowment fund transferred from the City of Edinburgh Council in August 2009. The income generated by the endowment fund's investments finances prizes, bursaries and grants to pupils, organisations and projects within the school. The directors work closely with the Rector to identify projects that best utilise the available funds.

### **ACHIEVEMENTS AND PERFORMANCE**

The charitable company continued to gather investment income and deposit interest for the purposes of awarding grants and prizes in line with the charitable company's objectives.

### **FINANCIAL REVIEW**

Net income for the year before investment gains amounted to £11,364 (2018: net expenditure of £1,056). The investment losses in the year amounted to £6,515 (2018: investment losses of £17,887) leaving total reserves held at 31 August 2019 of £651,095 (2018: £646,246).

#### **Investment policy**

Under the Memorandum and Articles of Association, the charitable company has the power to make any investment that the directors see fit. The directors engage Brewin Dolphin as investment managers. The policy is to adopt a medium risk investment strategy based on maximising the overall rate of return.

The directors have agreed with the investment managers an investment strategy with the aim to produce an annual income of approximately £18,000 which will enable the charitable company to maintain a reasonable level of support to the school while at the same time maintaining and hopefully increasing the value of the underlying investments.

#### **Reserves policy**

There were unrestricted "free" reserves of £269,793 (2018: £267,612) held at the end of the year. The level of free reserves is reviewed regularly by the directors taking account of future expenditure commitments and income forecasts with the intention being to continue to hold a positive level of free reserves including investment assets to generate ongoing income streams.

### **STRUCTURE GOVERNANCE & MANAGEMENT**

The limited company was incorporated in June 1942 and is governed by its Memorandum and Articles of Association. The current directors acted throughout the year and are listed on page 1. They meet annually to determine how the available funds should be disbursed, and in this matter they are guided by the Rector of the Royal High School of Edinburgh. The directors are trustees for the purposes of charity law and are appointed from former pupils who have a genuine interest in the well being of the Royal High School and its' pupils. The charitable company solicitors brief new directors in the workings of the charitable company and their responsibilities as both directors and trustees.

**ROYAL HIGH SCHOOL CLUB TRUST LIMITED**

**DIRECTORS' REPORT (Continued)**  
**for the year ended 31 August 2019**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors, who are trustees of the charitable company for the purposes of charity law, are responsible for the preparing the Director's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.



**R C B Forman**  
Director

31 May 2020



## ROYAL HIGH SCHOOL CLUB TRUST LIMITED

### INDEPENDENT EXAMINERS' REPORT TO THE MEMBERS AND DIRECTORS

I report on the financial statements of the charitable company for the year ended 31 August 2019 which are set out on pages 5 to 13.

#### Respective responsibilities of directors and Independent Examiner

The charitable company's directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The directors consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsible to examine the financial statements as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

#### Basis of Independent Examiner's statement

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charitable company and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the directors concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

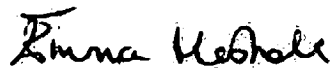
#### Independent Examiner's statement

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
  - to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
  - to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations;

have not been met; or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Emma Marshall, CA  
Geoghegans  
Chartered Accountants  
6 St Colme Street  
Edinburgh  
EH3 6AD

31 May 2020

**ROYAL HIGH SCHOOL CLUB TRUST LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES  
(Including Income and Expenditure Account)  
for the year ended 31 August 2019**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
<b>Income from:</b>						
Donations and legacies	2	-	-	-	-	220
Investments	3	<u>8,480</u>	<u>-</u>	<u>10,528</u>	<u>19,008</u>	<u>18,319</u>
<b>Total income</b>		<u>8,480</u>	<u>-</u>	<u>10,528</u>	<u>19,008</u>	<u>18,539</u>
<b>Expenditure on:</b>						
Raising funds	4	<u>2,288</u>	<u>-</u>	<u>3,166</u>	<u>5,454</u>	<u>5,471</u>
Charitable activities	5	<u>1,095</u>	<u>-</u>	<u>1,095</u>	<u>2,190</u>	<u>14,124</u>
<b>Total expenditure</b>		<u>3,383</u>	<u>-</u>	<u>4,261</u>	<u>7,644</u>	<u>19,595</u>
<b>Net income/(expenditure) before (losses)/gains on investments</b>		5,097	-	6,267	11,364	(1,056)
Net (losses)/gains on investments	8	<u>(1,822)</u>	<u>-</u>	<u>(4,693)</u>	<u>(6,515)</u>	<u>17,887</u>
<b>Net income and net movement in funds</b>		3,275	-	1,574	4,849	16,831
Fund balances at 1 September 2018	11	<u>267,612</u>	<u>985</u>	<u>377,649</u>	<u>646,246</u>	<u>629,415</u>
<b>Total funds at 31 August 2019</b>	11	<u>270,887</u>	<u>985</u>	<u>379,223</u>	<u>651,095</u>	<u>646,246</u>

**ROYAL HIGH SCHOOL CLUB TRUST LIMITED**

**BALANCE SHEET**

**as at 31 August 2019**

	Notes	2019 £	2018 £
<b>Fixed Assets</b>			
Investments	8	<u>641,648</u>	<u>627,192</u>
<b>Current Assets</b>			
Debtors		1,937	1,549
Broker – deposit accounts		12,987	20,794
Cash on deposit		<u>58</u>	<u>58</u>
		14,982	22,401
<b>Creditors: Amounts falling due within one year</b>			
Accruals	9	<u>(5,532)</u>	<u>(3,344)</u>
<b>Net current assets</b>		<u>9,450</u>	<u>19,057</u>
<b>Net assets</b>		<u>651,098</u>	<u>646,249</u>
<b>Capital and reserves</b>			
Called up share capital	10,12	<u>3</u>	<u>3</u>
<b>Unrestricted funds</b>			
General reserve		232,873	223,656
Revaluation reserve		<u>38,014</u>	<u>43,956</u>
	11,12	270,887	267,615
<b>Restricted funds</b>			
Prize Fund	11,12	985	985
<b>Endowment funds</b>			
Capital		285,278	256,307
Income		905	758
Revaluation reserve		<u>94,135</u>	<u>120,584</u>
	11,12	379,223	377,649
		<u>651,095</u>	<u>646,246</u>
	11,12	<u>651,098</u>	<u>646,249</u>

For the year ended 31 August 2019 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

**Directors' responsibilities:**

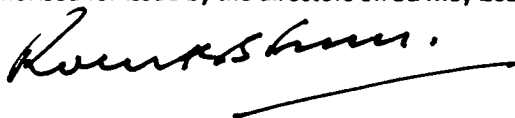
- The members have not requested the charitable company to obtain an audit of its financial statements for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved and authorised for issue by the directors on 31 May 2020 signed on their behalf by:

R C B Forman  
Director

Company Registered No: SC022113



## ROYAL HIGH SCHOOL CLUB TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2019

#### 1 Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

##### (a) *Basis of accounting*

The financial statements are prepared on a going concern basis under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to the financial statements. The financial statements are presented in sterling which is the functional currency of the charitable company and rounded to the nearest £.

The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

The Royal High School Club Trust Limited meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared on a going concern basis which assumes that the charitable company will continue its operations for period of at least twelve months from the date of approval of the financial statements.

##### (b) *Income*

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

Donations, legacies and similar income are included in the period in which they are receivable, which is when the charitable company becomes entitled to the resource.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company. This is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividends have been declared and notification has been received of the dividend due.

##### *Expenditure*

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

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

Expenditure on raising funds include costs associated with generating income for the charitable company through its investment portfolio. Expenditure on charitable activities includes costs incurred by the charitable company in the delivery of its activities and services. It includes both the direct costs of grant making and more costs of an indirect nature necessary to support them.



## ROYAL HIGH SCHOOL CLUB TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 August 2019

#### 1 Accounting Policies

##### (c) *Expenditure (continued)*

Donations payable are payments made to third parties in the furtherance of the objectives of the charitable company. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the grant.

Support costs are allocated between governance costs and other support costs. Governance costs comprise those costs involving the public accountability of the charitable company and therefore include the cost of independent examination. Other support costs relate to the administration costs of running the charitable company.

##### (d) *Fixed asset investments*

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The main form of financial risk faced by the charitable company is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

##### (e) *Debtors*

Debtors are measured at their recoverable amount and included when reasonable certainty exists over their receipt.

##### (f) *Cash at bank*

Cash at bank includes cash and highly liquid short term investments with the maturity of three months or less from the date of opening of the deposit or similar account.

##### (g) *Creditors*

Creditors are recognised when the charitable company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured reliably.

##### (h) *Financial Instruments*

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

# ROYAL HIGH SCHOOL CLUB TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 August 2019

### 1 Accounting Policies (continued)

#### (i) Funds structure

Unrestricted funds are general funds that are available for use at the directors' discretion in furtherance of the objectives of the charitable company. Restricted funds are to be used for specific purposes as laid down by the donor.

The charitable company has a single permanent endowment. The Royal High School Endowment Trust Scheme 2009 provides for the directors to invest the capital in perpetuity, the free income from which is to be spent on the general purposes of the Scheme, namely the payment of prizes to pupils, support of school clubs, bursaries for secondary and higher education and grants to support subjects within the school curriculum. Further details of each fund are disclosed in note 11.

2 Donations and legacies			Unrestricted 2019 £	Unrestricted 2018 £
Legacies received			-	220
3 Investments	Unrestricted 2018 £	Endowment 2018 £	Total 2019 £	Total 2018 £
Dividends received	8,454	10,528	18,982	18,309
Bank interest	26	-	26	10
	<u>8,480</u>	<u>10,528</u>	<u>19,008</u>	<u>18,319</u>

Investment income includes £8,480 (2018: £8,002) of unrestricted income and £10,528 (2018: £10,317) of endowment fund income.

4 Raising funds	Unrestricted 2019 £	Endowment 2019 £	Total 2019 £	Total 2018 £
Investment management fees	<u>2,288</u>	<u>3,166</u>	<u>5,454</u>	<u>5,471</u>

Expenditure on raising funds includes £2,288 (2018: £2,267) of unrestricted expenditure and £3,166 (2018: £3,204) of endowment fund expenditure.

**ROYAL HIGH SCHOOL CLUB TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**for the year ended 31 August 2019**

<b>5 Charitable Activities</b>	<b>Unrestricted 2019 £</b>	<b>Endowment 2019 £</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Grants, prizes and bursaries	-	-	-	12,000
Support costs:				
Accounting fees	382	383	765	742
Secretaries fees	165	165	330	320
Governance costs (note 6)	548	547	1,095	1,062
	<u>1,095</u>	<u>1,095</u>	<u>2,190</u>	<u>14,124</u>

Expenditure on charitable activities includes £1,095 (2018: £14,124) of unrestricted expenditure and £1,095 (2018: £Nil) of endowment fund expenditure.

<b>6 Governance Costs</b>	<b>2019 £</b>	<b>2018 £</b>
Independent Examiner's fees	765	742
Secretaries fees	330	320
	<u>1,095</u>	<u>1,062</u>

**7 Directors' Remuneration and Expenses**

No director received remuneration or reimbursement of expenses in the current or previous years.

**ROYAL HIGH SCHOOL CLUB TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**for the year ended 31 August 2019**

<b>8</b>	<b>Fixed Assets – Investments</b>	Unrestricted Funds £	Endowment Fund £	Total 2019 £	Total 2018 £
	Opening market value	261,091	366,101	627,192	609,394
	Acquisitions at cost	39,355	77,594	116,949	19,323
	Disposals proceeds	(28,264)	(67,714)	(95,978)	(19,412)
	Net gains on revaluation	(1,822)	(4,693)	(6,515)	17,887
	<b>Market value at 31 August 2019</b>	<b>270,360</b>	<b>371,288</b>	<b>641,648</b>	<b>627,192</b>

Historical cost at 31 August 2019	<u>232,346</u>	<u>277,153</u>	<u>509,499</u>	<u>462,652</u>
-----------------------------------	----------------	----------------	----------------	----------------

Investments whose individual market value exceeds 5% of the total are as follows:

	2019 £	2018 £
JP Morgan AM UK Ltd US Equity Inc	36,776	46,246
SSGA SPDR ETFS	43,162	-
BNY Mellon Newton Asian Inc	35,185	-
Mercantile Inv Ord GBP 0.25	<u>-</u>	<u>33,527</u>

<b>9</b>	<b>Creditors – Amounts falling due within one year</b>	2019 £	2018 £
	Accruals – professional fees	<u>5,532</u>	<u>3,344</u>

<b>10</b>	<b>Called Up Share Capital</b>	2019 £	2018 £
	<i>Allotted, called up and fully paid</i>		
	13 Ordinary of 25p each	<u>3</u>	<u>3</u>

ROYAL HIGH SCHOOL CLUB TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 31 August 2019

11 Movement in funds	At 1 September 2018 £	Income £	Expenditure £	Gain/(loss) on investments £	Transfers £	At 31 August 2019 £
<b>2018/2019</b>						
<b>Unrestricted funds</b>						
General funds	223,656	8,480	(3,383)	4,120	-	232,873
Revaluation reserve	43,956	-	-	(5,942)	-	38,014
	<u>267,612</u>	<u>8,480</u>	<u>(3,383)</u>	<u>(1,822)</u>	<u>-</u>	<u>270,887</u>
<b>Restricted funds</b>						
Prize Fund	985	-	-	-	-	985
<b>Endowment funds</b>						
Capital	256,307	-	(4,261)	21,756	10,381	284,183
Income	758	10,528	-	-	(10,381)	905
Revaluation reserve	120,584	-	-	(26,449)	-	94,135
	<u>377,649</u>	<u>10,528</u>	<u>(4,261)</u>	<u>(4,693)</u>	<u>-</u>	<u>379,223</u>
<b>Total Funds</b>	<u>646,246</u>	<u>19,008</u>	<u>(7,644)</u>	<u>(6,515)</u>	<u>-</u>	<u>651,095</u>

Movement in funds	At 1 September 2017 £	Income £	Expenditure £	Gains on investments £	Transfers £	At 31 August 2018 £
<b>2017/2018</b>						
<b>Unrestricted funds</b>						
General funds	232,662	8,222	(16,391)	(837)	-	223,656
Revaluation reserve	37,771	-	-	6,185	-	43,956
	<u>270,433</u>	<u>8,222</u>	<u>(16,391)</u>	<u>5,348</u>	<u>-</u>	<u>267,612</u>
<b>Restricted funds</b>						
Prize Fund	985	-	-	-	-	985
<b>Endowment funds</b>						
Capital	250,443	-	(3,204)	(1,528)	10,596	256,307
Income	1,037	10,317	-	-	(10,596)	758
Revaluation reserve	106,517	-	-	14,067	-	120,584
	<u>357,997</u>	<u>10,317</u>	<u>(3,204)</u>	<u>12,539</u>	<u>-</u>	<u>377,649</u>
<b>Total Funds</b>	<u>629,415</u>	<u>18,539</u>	<u>(19,595)</u>	<u>17,887</u>	<u>-</u>	<u>646,246</u>

# ROYAL HIGH SCHOOL CLUB TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 August 2019

### 11 Reserves (continued)

The Revenue Fund represents the unrestricted monies held by the charitable company.

The Prize Fund represents the monies held to meet the obligations set for the Mouat Prize, a biannual four year bursary.

The Endowment Funds were transferred in August 2009 to the company by City of Edinburgh Council. The funds previously were administered by the Council under The Royal High School Endowment Trust Scheme 1980. After paying the necessary expenses of management and the burdens and taxes affecting the endowment, the free income of the Fund is to be used for the purposes set out in the Scheme. This covers the payment of prizes to pupils, support of school clubs, bursaries for secondary and higher education and grants to support subjects within the school curriculum. If there is an unexpected balance of income during a financial year, the directors are permitted to carry said balance forward to the following financial year, or to add the balance to the capital of the Fund.

### 12 Analysis of net assets between funds

	Share Capital £	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £
Investments	-	270,359	-	371,289	641,648
Net current assets	3	528	985	7,934	9,450
	<u>3</u>	<u>270,887</u>	<u>985</u>	<u>379,223</u>	<u>651,098</u>
	Share Capital £	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £
Investments	-	261,090	-	366,102	627,192
Net current assets	3	6,519	985	11,547	19,057
	<u>3</u>	<u>267,609</u>	<u>985</u>	<u>377,649</u>	<u>646,249</u>

### 13 Related Party Transaction

The firm of Blackadders LLP, of which RCB Forman was previously a partner, charged a fee of £660 including VAT (2018: £640 including VAT) in respect of administrative and secretarial services for the year. Creditors at the year end included £2,520 (2018: £1,860) in respect of Blackadder LLP fees.