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**ROYAL HIGH SCHOOL
CLUB TRUST LIMITED**

REPORT

AND

FINANCIAL STATEMENTS

for the year ended 31 August 2018

**COMPANIES HOUSE
EDINBURGH**

31 MAY 2019

FRONT DESK



ROYAL HIGH SCHOOL CLUB TRUST LIMITED

REFERENCE AND ADMINISTRATIVE INFORMATION

Directors	: A C Allanach N A Arthur Sheriff A M Bell C W Blaikie M A Bryden R C B Forman R M Graham R M Paul D F Rutherford L Stevenson V T Tudball D A Williamson
Secretary and Solicitors	: Blackadders LLP 5 Rutland Square Edinburgh EH1 2AX
Independent Examiner	: Emma Marshall CA Geoghegans Chartered Accountants 6 St Colme Street Edinburgh EH3 6AD
Investment Managers	: Brewin Dolphin Sixth Floor Atria One 144 Morrison Street Edinburgh EH3 8EX
Registered Office	: 5 Rutland Square Edinburgh EH1 2AX
Company Number	: SC022113
Charity Number	: SC005875

ROYAL HIGH SCHOOL CLUB TRUST LIMITED

DIRECTORS' REPORT

for the year ended 31 August 2018

The directors hereby submit their report and financial statements for the year ended 31 August 2018.

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 received the balance on a legacy of £220 and with this the directors also 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 expenditure for the year before investment gains amounted to £1,056 (2017: £4,039). The investment gains in the year amounted to £17,887 (2017: £46,667) leaving total reserves held at 31 August 2018 of £646,246 (2017: £629,415).

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 £267,612 (2017: £270,433) 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 2018

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 2019

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 2018 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 2019

ROYAL HIGH SCHOOL CLUB TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)
for the year ended 31 August 2018

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £	Total 2017 £
Income from:						
Donations and legacies	2	220	-	-	220	1,102
Investments	3	<u>8,002</u>	<u>-</u>	<u>10,317</u>	<u>18,319</u>	<u>15,747</u>
Total income		<u>8,222</u>	<u>-</u>	<u>10,317</u>	<u>18,539</u>	<u>16,849</u>
Expenditure on:						
Raising funds	4	2,267	-	3,204	5,471	4,250
Charitable activities	5	<u>14,124</u>	<u>-</u>	<u>-</u>	<u>14,124</u>	<u>16,638</u>
Total expenditure		<u>16,391</u>	<u>-</u>	<u>3,204</u>	<u>19,595</u>	<u>20,888</u>
Net (expenditure)/ income before gains on investments		(8,169)	-	7,113	(1,056)	(4,039)
Net gains on investments	8	<u>5,348</u>	<u>-</u>	<u>12,539</u>	<u>17,887</u>	<u>46,667</u>
Net income/(expenditure) and net movement in funds		(2,821)	-	19,652	16,831	42,628
Fund balances at 1 September 2017	11	<u>270,433</u>	<u>985</u>	<u>357,997</u>	<u>629,415</u>	<u>586,787</u>
Total funds at 31 August 2018	11	<u><u>267,612</u></u>	<u><u>985</u></u>	<u><u>377,649</u></u>	<u><u>646,246</u></u>	<u><u>629,415</u></u>

ROYAL HIGH SCHOOL CLUB TRUST LIMITED

BALANCE SHEET

as at 31 August 2018

	Notes	2018 £	2017 £
Fixed Assets			
Investments	8	<u>627,192</u>	<u>609,394</u>
Current Assets			
Debtors		1,549	2,671
Broker – deposit accounts		20,794	7,657
Cash on deposit		<u>58</u>	<u>12,356</u>
		22,401	22,684
Creditors: Amounts falling due within one year			
Accruals	9	<u>(3,344)</u>	<u>(2,660)</u>
Net current assets		<u>19,057</u>	<u>20,024</u>
Net assets		<u>646,249</u>	<u>629,418</u>
Capital and Reserves			
Called up share capital	10	<u>3</u>	<u>3</u>
Unrestricted funds			
General reserve		223,656	232,662
Revaluation reserve		<u>43,956</u>	<u>37,771</u>
	11,12	267,612	270,433
Restricted funds			
Prize Fund	11,12	985	985
Endowment funds			
Capital		256,307	250,443
Income		758	1,037
Revaluation reserve		<u>120,584</u>	<u>106,517</u>
	11,12	377,649	357,997
		<u>646,246</u>	<u>629,415</u>
	11,12	<u>646,249</u>	<u>629,418</u>

For the year ended 31 August 2018 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 2019 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 2018

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 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 presented in sterling which is the functional currency of the charitable company and rounded to the nearest £.

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 has 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 2018

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 2018

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 2018 £	Unrestricted 2017 £
	Legacies received			220	1,102
3	Investments	Unrestricted 2018 £	Endowment 2018 £	Total 2018 £	Total 2017 £
	Dividends received	7,992	10,317	18,309	15,745
	Bank interest	10	-	10	2
		8,002	10,317	18,319	15,747

Investment income includes £8,002 (2017: £5,262) of unrestricted income and £10,317 (2017: £10,485) of endowment fund income.

4	Raising funds	Unrestricted 2018 £	Endowment 2018 £	Total 2018 £	Total 2017 £
	Investment management fees	2,267	3,204	5,471	4,250

Expenditure on raising funds includes £2,267 (2017: £1,420) of unrestricted expenditure and £3,204 (2017: £2,830) of endowment fund expenditure.

ROYAL HIGH SCHOOL CLUB TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 August 2018

5 Charitable Activities	Unrestricted 2018 £	Unrestricted 2017 £
Grants, prizes and bursaries	12,000	14,520
Support costs:		
Accounting fees	742	720
Secretaries fees	320	310
Governance costs (note 6)	<u>1,062</u>	<u>1,088</u>
	<u>14,124</u>	<u>16,638</u>

Expenditure on charitable activities includes £14,124 (2017: £7,161) of unrestricted expenditure and £Nil (2017: £9,477) of endowment fund expenditure.

6 Governance Costs	Unrestricted 2018 £	Unrestricted 2017 £
Independent Examiner's fees	742	720
Secretaries fees	320	310
Sundry expenses	<u>-</u>	<u>58</u>
	<u>1,062</u>	<u>1,088</u>

7 Directors' Remuneration and Expenses

During the year, no director (2017 - eight) received reimbursement of expenses amounting to £Nil (2017: £32).

ROYAL HIGH SCHOOL CLUB TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 August 2018

8	Fixed Assets – Investments	Unrestricted Funds £	Endowment Fund £	Total 2018 £	Total 2017 £
	Opening market value	256,015	353,379	609,394	423,703
	Acquisitions at cost	6,902	12,421	19,323	518,345
	Disposals proceeds	(7,175)	(12,237)	(19,412)	(379,321)
	Net gains on revaluation	5,348	12,539	17,887	46,667
	Market value at 31 August 2018	<u>261,090</u>	<u>366,102</u>	<u>627,192</u>	<u>609,394</u>
	Historical cost at 31 August 2018	<u>217,134</u>	<u>245,518</u>	<u>462,652</u>	<u>465,106</u>
	Investments whose individual market value exceeds 5% of the total are as follows:				
				2018 £	2017 £
	14,219 JP Morgan AM UK Ltd US Equity Inc			46,246	40,511
	1,550 Mercantile Inv Ord GBP 0.25			<u>33,527</u>	<u>31,078</u>
9	Creditors – Amounts falling due within one year			2018 £	2017 £
	Accruals – professional fees			<u>3,344</u>	<u>2,660</u>
10	Called Up Share Capital				
	<i>Allotted, called up and fully paid</i>			2018 £	2017 £
	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 2018

11 Movement in funds	At 1 September 2017 £	Income £	Expenditure £	Gains on investments £	Transfers £	At 31 August 2018 £
2017/2018						
Unrestricted funds						
General funds	232,662	8,222	(16,391)	(837)	-	223,656
Revaluation reserve	37,771	-	-	6,185	-	43,956
	270,433	8,222	(16,391)	5,348	-	267,612
Restricted funds						
Prize Fund	985	-	-	-	-	985
Endowment funds						
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
	357,997	10,317	(3,204)	12,539	-	377,649
Total Funds	<u>629,415</u>	<u>18,539</u>	<u>(19,595)</u>	<u>17,887</u>	<u>-</u>	<u>646,246</u>
	At 1 September 2016 £	Income £	Expenditure £	Gains on investments £	Transfers £	At 31 August 2017 £
2016/2017						
Unrestricted Funds						
General funds	220,762	6,364	(8,581)	6,824	7,293	232,662
Revaluation reserve	25,227	-	-	12,544	-	37,771
	245,989	6,364	(8,581)	19,368	7,293	270,433
Restricted Funds						
Prize Fund	985	-	-	-	-	985
Endowment Funds						
Capital	239,527	-	(2,830)	1,604	12,142	250,443
Income	19,464	10,485	(9,477)	-	(19,435)	1,037
Revaluation reserve	80,822	-	-	25,695	-	106,517
	339,813	10,485	(12,307)	27,299	(7,293)	357,997
Total Funds	<u>586,787</u>	<u>16,849</u>	<u>(20,888)</u>	<u>46,667</u>	<u>-</u>	<u>629,415</u>

ROYAL HIGH SCHOOL CLUB TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2018

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

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £
Investments	261,090	-	366,102	627,192
Net current assets	6,522	985	11,547	19,054
	<u>267,612</u>	<u>985</u>	<u>377,649</u>	<u>646,246</u>
	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2017 £
Investments	256,016	-	353,378	609,394
Net current assets	14,417	985	4,619	20,021
	<u>270,433</u>	<u>985</u>	<u>357,997</u>	<u>629,415</u>

13 Related Party Transactions

The firm of Blackadders LLP, of which RCB Forman was a partner during the year, charged a fee of £640 including VAT (2017: £620 including VAT) in respect of administrative and secretarial services for the year. Creditors at the year end included £1,860 (2017: £1,220) in respect of Blackadder LLP fees.