

**ARTHUR JAMES PATERSON CHARITABLE TRUST**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 5 APRIL 2016**

# **ARTHUR JAMES PATERSON CHARITABLE TRUST**

## **CONTENTS**

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	<b>Page</b>
Trustee's Report	1 - 3
Independent Examiner's Report	4
Statement of Financial Activites	5
Balance Sheet	6
Notes to the financial statements	7 - 11

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## ARTHUR JAMES PATERSON CHARITABLE TRUST

### TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2016

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The trustee presents its annual report and financial statements of the charity for the year ended 5 April 2016. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's trust deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

#### Legal and administrative information

**Constitution** Arthur James Paterson Charitable Trust is a registered charity governed by a Settlement Deed dated 26 July 1979  
Charity Number: 278569

**Registered Office** The Administrator  
8 St James's Square, London, SW1Y 4JU

**Banker** Kleinwort Benson Bank Limited  
8 St James's Square, London, SW1Y 4JU

**Bankers and Investment Managers** Royal Bank of Canada Investment Management (UK) Limited  
Riverbank House, 2 Swan Lane, London EC4R 3BF

Smith & Williamson  
25 Moorgate, London EC2R 6AY

**Independent Examiners** Kreston Reeves LLP  
37 St Margaret's Street, Canterbury, Kent CT1 2TU

**Trustee** SG Kleinwort Hambros Trust Company (UK) Limited

Royal Bank of Canada Trust Corporation Limited retired as corporate trustee on 23 July 2015 and SG Kleinwort Hambros Trust Company (UK) Limited (previously known as Kleinwort Benson Trustees Limited) was appointed as the new trustee on 23 July 2015.

#### Objects of the charity

The objects of the charity are to promote and support such charitable purpose or purposes, and such charitable organisation or organisations (being purposes and organisations which are exclusively charitable according to the law of England) as the trustee shall from time to time in its discretion decide.

The trust was established by Arthur James Paterson by a Deed dated 26 July 1979. The trust remained dormant until the settlor's death in 1986, at which time the settlor's estate passed into the trust. The trust fund is held to benefit such charitable purposes as the trustee in its absolute discretion think fit, although during his lifetime Arthur James Paterson gave the trustee guidelines as to how he would like to see such discretion exercised.

## **ARTHUR JAMES PATERSON CHARITABLE TRUST**

### **TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2016**

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#### **Grant making policy**

The trustee's current policy is to annually distribute the Trust's income to certain selected charities, although no commitment is given to the recipients. It is unusual for the trustee to respond favourably to unsolicited appeals and applications will not be acknowledged.

#### **Appointment of trustees and charity organisation**

The charity is managed and administered by the corporate trustee, SG Kleinwort Hambros Trust Company (UK) Limited, which was appointed under the terms of the Trust Deed. No fundraising is undertaken to support the work of the charity.

#### **Financial review and investment policy**

The financial statements cover all the activities of the charity during the year. Gross income totalled £42,758.60 (£45,646.81 in 2015). Under the governing document, there are no restrictions on the charity's power to invest. The overall investment policy is to achieve long term capital growth in real terms.

#### **Review of the activities and future developments**

The trustee is satisfied with the financial position of the charity and confirms that it has adequate assets available to fulfil their obligations. There are no plans to alter the charity's activities next year.

#### **Charity's public benefit**

The trustee has ensured that all activities throughout the period have been for the public benefit. This is evidenced by the contributions made to individuals and institutions totalling £18,000.00 (£26,190.00 in 2015).

The trustee confirms that it has 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 planning future activities.

#### **Reserves policy and risk management**

The trustee aims to maintain free reserves in unrestricted funds at a level which equates to approximately three months of unrestricted charitable expenditure. The trustee considers that this level will provide sufficient funds to respond to applications for grants and ensure that the support and governance costs are covered. The trustee considers that a level of three months is sufficient given the flexibility afforded by the total return approach towards the investment of the permanent endowment which allows trustee to transfer amounts from the unapplied total element of the endowment fund in the case of urgent need. The balance held as unrestricted funds at 5 April 2016 was £1,994,052.78 (£1,734,010.74) which is regarded as free reserves. Actual three month cash payments totalled £16,582. The current level of reserves is therefore higher than is needed and this will be adjusted by reducing the amount from the unapplied total return in 2017.

It is the trustees' intention to maintain an unrestricted fund at least equivalent to the historic cost of investments, together with a small cash balance of income, partly to offset any fluctuation in investment income in future periods and to enable them to continue their policy of responding quickly to appeals for significant support where appropriate, the timing of which is unpredictable.

All funds are held on an unrestricted basis. It is the policy of the trustee to donate all income to further the objects of the trust.

The trustee has considered what risks the charity faces and believe these to be fraud or poor investment performance. Adequate systems are in place to mitigate fraud and Investment performance is regularly monitored.

## ARTHUR JAMES PATERSON CHARITABLE TRUST

### TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2016

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#### Trustee's responsibilities in relation to the financial statements

The charity trustee is responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to:

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

The trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust Deed. The trustee is also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.



SG Kleinwort Hambros Trust Company (UK) Limited

Date 17 February 2017

## ARTHUR JAMES PATERSON CHARITABLE TRUST

### INDEPENDENT EXAMINER'S REPORT

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#### Independent Examiner's Report to the Arthur James Paterson Charitable Trust

I report on the financial statements of the charity for the year ended 5 April 2016 which are set out on pages 5 to 11.

#### Respective responsibilities of trustees and examiner

The charity's trustee is responsible for the preparation of the financial statements. The charity's trustee considers that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the financial statements under section 145 of the 2011 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

#### Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity 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 seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the financial statements present a "true and fair view" and the report is limited to those matters set out in the statement below.

#### Independent examiner's statement

In connection with my examination, no matter has come to my attention:

1) which gives me reasonable cause to believe that, in any material respect, the requirements;

a) to keep accounting records in accordance with Section 130 of the 2011 Act; and

b) to prepare financial statements which accord with the accounting records and comply with the accounting requirements of the 2011 Act

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.



Samantha Rouse FCCA DChA  
Chartered Certified Accountant

Date 17 FEBRUARY 2017

KRESTON REEVES LLP  
37 St Margaret's Street  
Canterbury  
Kent  
CT1 2TU

**ARTHUR JAMES PATERSON CHARITABLE TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 5 APRIL 2016**

	<b>Note</b>	<b>2016 Unrestricted Fund £</b>	<b>2015 Unrestricted Fund £</b>
<b>Income and endowments</b>			
Investment Income	2	42,758.60	45,646.81
<b>Total Incoming Resources</b>		<b>£42,758.60</b>	<b>£45,646.81</b>
<b>Expenditure</b>			
Donations to Charitable Institutions	3	18,000.00	26,190.00
Costs of raising funds		36,591.95	31,913.73
Governance costs	4	12,483.34	18,078.80
<b>Total Resources Expended</b>		<b>£67,075.29</b>	<b>£76,182.53</b>
<b>Net Expenditure Before Gains and Losses on Investments</b>		<b>(£24,316.69)</b>	<b>(£30,535.72)</b>
<b>Net (Losses)/Gains on Investments</b>	5		
Realised		263,324.45	70,770.80
Unrealised		21,034.28	-
		<u>284,358.73</u>	<u>70,770.80</u>
<b>Net Movement in Funds in the Year</b>		<b>£260,042.04</b>	<b>£40,235.08</b>
<b>Funds</b>			
At 5 April 2015		1,734,010.74	1,693,775.66
Net Movement of Resources in the Year		<u>260,042.04</u>	<u>40,235.08</u>
At 5 April 2016		<u><b>£1,994,052.78</b></u>	<u><b>£1,734,010.74</b></u>

**ARTHUR JAMES PATERSON CHARITABLE TRUST**

**BALANCE SHEET  
AS AT 5 APRIL 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed Assets</b>					
Investments	5		1,968,398.63		1,720,639.75
<b>Current Assets</b>					
Cash		26,374.15		13,370.99	
<b>Current Liabilities</b>					
Creditors, amounts falling due within one year	6	720.00			
<b>Net Current Assets</b>			25,654.15		13,370.99
<b>Assets less Current Liabilities</b>			£1,994,052.78		£1,734,010.74
<b>Funds</b>					
Unrestricted Fund	7		£1,994,052.78		£1,734,010.74

The financial statements were approved by the trustee on 17 February 2017

  
SG Kleinwort Hambros Trust Company (UK) Limited



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2016**

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**1 Accounting Policies**

These financial statements have been prepared in accordance with the particular accounting policies described below.

**Basis of Preparation and Assessment of Going Concern**

The financial statements have been prepared under the historical cost convention except for investments, which have been included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) published on 16 July 2014 and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102. The trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern.

**Reconciliation with previous Generally Accepted Accounting Practice**

In preparing these financial statements, the trustee has considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

**Basis of Accounting**

**- Income recognition**

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Income tax recoverable in relation to investment income is recognised at the time investment income is receivable.

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment manager of the dividend yield of the investment portfolio.

## ARTHUR JAMES PATERSON CHARITABLE TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016

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#### - Expenditure recognition

Liabilities are recognised as expenditure 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.

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

#### Fund Structure

Income funds are unrestricted funds which are available for use at the discretion of the trustee in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Capital funds comprise expendable endowments, whereby there is no requirement to spend the capital unless, or until, the charity trustee decides to do so. These funds are invested to produce unrestricted income which can be spent in accordance with the charitable objectives.

Investment income, gains and losses are allocated to the appropriate fund.

#### Investments

Listed investments are included in the financial statements at mid-market value at the balance sheet date. Unlisted investments are included in the balance sheet at their historical cost less any amounts written off. Investments include cash held for investment purposes.

#### Realised gains and losses

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.

2 Investment Income	2016 £	2015 £
Income from UK Listed Securities	42,541.60	45,428.85
Interest Received	217.00	217.96
	<hr/>	<hr/>
	£42,758.60	£42,958.74
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# ARTHUR JAMES PATERSON CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016

<b>3 Donations to Individuals and Charitable Institutions</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Age UK	2,000.00	-
Camberley Gymnastics Club	-	2,000.00
Combat Stress	-	2,190.00
Elizabeth Finn Care	2,000.00	-
Glenalmond College	3,000.00	6,000.00
King's College	6,000.00	-
Life Education Centres Brist	-	2,000.00
NSPCC	2,000.00	-
On Course Foundation	-	4,000.00
The Legacy Rainbow House	-	4,000.00
Worcester College	3,000.00	6,000.00
	<u>£18,000.00</u>	<u>£26,190.00</u>
<b>4 Support Costs</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Governance Costs:</b>		
RBC Investment Management (UK) Limited	8,859.34	18,078.80
SG Kleinwort Hambros Trust Company (UK) Limited Fees	1,350.00	-
SG Kleinwort Hambros Trust Company (UK) Limited ARC Fees	25.00	-
Independent Examiner's Fees - 2015	744.00	-
Independent Examiner's Fees - 2016	720.00	-
Solicitor's Fees	750.00	-
Bank Charges	35.00	-
	<u>£12,483.34</u>	<u>£18,078.80</u>

**ARTHUR JAMES PATERSON CHARITABLE TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2016**

<b>5 Investments listed on a recognised Stock Exchange</b>	<b>2016 £</b>	<b>2015 £</b>
Book Value Brought Forward	1,684,271.75	1,621,450.05
Purchases	35,000.00	385,923.01
Disposals	(1,219,840.48)	(393,872.11)
	<u>499,431.27</u>	<u>1,613,500.95</u>
Realised Gain	263,324.45	70,770.80
Unrealised Gain	21,034.28	-
	<u>783,790.00</u>	<u>-</u>
<b>Market Value</b>	<b>783,790.00</b>	<b>-</b>
<b>Book Value 2015</b>	<b>-</b>	<b>1,684,271.75</b>
Cash on:		
Kleinwort Benson Bank Account	180.74	-
Smith & Williamson	4.00	-
Royal Bank of Canada	1,184,423.89	36,368.00
	<u>1,184,608.63</u>	<u>36,368.00</u>
<b>Total Investments</b>	<b>£1,968,398.63</b>	<b>£1,720,639.75</b>

<b>Investments comprising greater than 5% of the Portfolio</b>	<b>2016 %</b>	<b>2015 %</b>
Bluebay Funds SA	26.90	10.56
Bluebay Funds Management Company SA	-	8.09
Candriam Global Bond	21.52	-
First State Global Fund	13.33	5.23
M&G Offshore Corporate Bond	26.04	10.00
Royal Bank of Canada Regent Strategy UK	-	15.64
Royal Bank of Canada Regent Strategy European	-	9.91
Royal Bank of Canada Regent Strategy US Core	-	7.51
Royal Bank of Canada Regent Strategy US Equity	-	8.00
Royal Bank of Canada Regent Asia	-	6.90
RBC - LUX Global	-	8.03
Schroder Inv Management Fund	7.88	5.23

## **ARTHUR JAMES PATERSON CHARITABLE TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016**

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#### **7 Unrestricted Funds**

The income funds of the charity will be allocated by the trustee towards charities and charitable activities, as set out in the Trustee's Report attached to these financial statements.

#### **8 Related party transactions and trustees' expenses and remuneration**

The charity does not have a relationship with any other charity or organisations.

Remuneration of £1,350.00 was paid to SG Kleinwort Hambros Trust Company (UK) Limited for its services as the new corporate trustee in 2016 (2015: nil) and total fees of £8,859.34 was paid to the former corporate trustee, Royal Bank of Canada Corporation Limited (2015:£18,078.80).