

Edinburgh Trust No 2 Account
(General, Educational and Military Charity)

Trustees' Report & Accounts
Charity Number 227897
5 April 2017

TRUSTEES' REPORT & ACCOUNTS

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Legal and Administrative Information

Legal and administrative details of the charity are set out below:

| | |
|----------------------------------|---|
| Charity Address | Buckingham Palace London, SW1A 1AA |
| Trustees | Brigadier Archie Miller-Bakewell Charles Woodhouse CVO George Hewson (Appointed 3rd May 2016) Mathew Moss MVO (Appointed 4th May 2017) |
| Registered Charity Number | 227897 |
| Bankers | Coutts & Co. 440 The Strand London WC2R 0QS |
| Investment Managers | Cazenove Capital Management Schroder & Co. Limited 12 Moorgate London EC2R 6DA |
| Auditor | KPMG LLP 15 Canada Square London E14 5GL |
| Solicitors | Farrer & Co. 66 Lincoln's Inn Fields London WC2A 3LH |

TRUSTEES' REPORT

The Trustees present their report with the financial statement of the Trust for the year ended 5th April 2017. The financial statements have been prepared on the accounting policies set out in note 1 to the financial statements and comply with the Trust's trust deed, applicable law and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' (FRS102). The Information on Page 1 forms part of this report.

Structure, Governance and Management

The Edinburgh Trust No 2 Account was established by deed and registered with the Charity Commission on 18th September 1959. The Trustees meet regularly during the year to oversee the management of the Trust and to approve the donations made. Administrative support is provided, without charge, by the Office of HRH The Duke of Edinburgh. The Trustees in office at the date of this report are set out on Page 1, they are appointed by HRH The Duke of Edinburgh and receive no remuneration for their services. The Trustees seek professional advice as required to ensure that they are properly briefed with regard to current developments. As part of a review of risk management, the Trustees have identified the risks to which the Trust is exposed and have ensured that appropriate systems and controls are in place to mitigate the significant risks which are reviewed regularly.

Objectives and Activities

The Trust supports general charitable purposes, however each year a proportion of the income is applied for the promotion and advancement of education and of the efficiency of the Armed Services of the Crown. To this end, income is applied by making grants and awarding prizes of scholarships and bursaries for successful achievements in the field of education and by awarding prizes and trophies for competitions and activities which increase the efficiency of the Armed Forces of the Crown. The aim is to benefit as many charities as possible within the limitations of available resources.

Achievements and Performance

The Trust's income consists of donated, covenanted and investment income. In line with the objectives outlined above, the Trustees have made grants and distributions as analysed in Note 3 to the financial statements.

Public Benefit

The Trust's aim is to make grants to the public benefit in the following areas: general charitable purposes, development of educational expedition research projects and support to the Armed Services of the Crown. As part of their role, the Trustees ensure that there is a wide scope of public benefit within the activities of the Trust and that there is a fair and equitable grant process. The Trustees have reviewed the Trust's objectives, activities and achievements for the year under review and are satisfied that the Edinburgh Trust No2 Account has complied with the requirements of public benefit reporting as set out in the Charity Commission's General Guidance on Public Benefit.

Financial Review

During the year donations received increased from £10,609 to £10,862 this together with dividends, interest and payments of £111,360 (2016: £120,354) net incoming resources amounted to £122,222 (2016: £130,963). Charitable distributions for the year amounted to £111,977 (2016: £95,972) leaving a deficit of £8,162 (2016: surplus of £12,412) after deduction of adjustments and administrative expenses. Total funds at 5th April 2017, combining the designated and general fund, amounted to £3,358,384 (2016: £2,910,517).

TRUSTEES' REPORT (continued)

Investment Policy

The deed of settlement dated 7th August 1959 grants to the Trustees the powers to invest the Trust's funds. The Trustees have appointed Schroder & Co. Limited as the investment advisers. The investment objective is to obtain a balance between capital and income return and to achieve income growth to enable the Trust to maintain the real value of its annual donations. The portfolio of investments (including cash held by the investment managers) had a value of £3,278,463 (2016: £2,829,147) at the year-end, compared with a cost of £1,913,572 (2016: £1,924,745)

Reserves

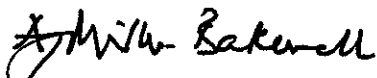
The Trustees have determined a policy for the building up of the Trust's investment portfolio in order to ensure that investment income, the principal source of the Trust's income, is maintained in real terms. This is achieved through realised and unrealised investment gains being held in a separately Designated Fund together with occasional transfers from the General Fund. A balance is retained in the General Fund equivalent to approximately two years' distributions to permit additional grants to be made if needs arise. In accordance with this policy, free reserves in the General Fund at 5th April 2017 amounted to £256,198.

Plans for Future Periods

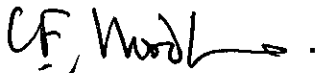
The Trustees intend to continue the current activities of the Trust.

Auditor

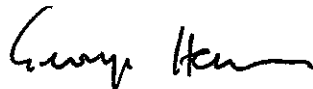
The Trust's Auditor, KPMG LLP, continues in office.



Brigadier Archie Miller-Bakewell
Trustee



Charles Woodhouse CVO
Trustee



George Hewson
Trustee



Mathew Moss MVO
Trustee- Appointed 4th May 2017

Date of Signature: 9th October 2017

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

Under the Trust Deed of the charity and charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The trustees have elected to prepare the financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, 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 charity will continue its activities.

The Trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE EDINBURGH TRUST NO 2 ACCOUNT (GENERAL, EDUCATIONAL AND MILITARY CHARITY)

We have audited the financial statements of The Edinburgh Trust No 2 Account (General, Educational and Military Charity) for the year ended 5th April 2017 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charity's trustees as a body, in accordance with section 145 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 4 the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 145 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

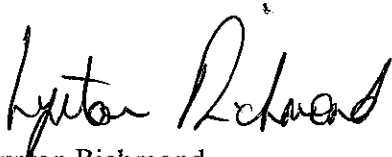
In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 5th April 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Lynton Richmond

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

2nd November 2017

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 5 APRIL 2017

| | <i>Note</i> | General Fund £ | Designated Fund £ | Total 2017 £ | General Fund £ | Designated Fund £ | Total 2016 £ |
|--|-------------|----------------------|-------------------------|--------------------|----------------------|-------------------------|--------------------|
| Income from: | | | | | | | |
| Donations | | 10,862 | - | 10,862 | 10,609 | - | 10,609 |
| Investment Income | 2 | 111,360 | - | 111,360 | 116,883 | - | 116,883 |
| Other: Schrodgers Compensation Payment | | - | - | - | 3,471 | - | 3,471 |
| Total Income | | <u>122,222</u> | <u>-</u> | <u>122,222</u> | <u>130,963</u> | <u>-</u> | <u>130,963</u> |
| Expenditure on: | | | | | | | |
| Raising Funds | 4 | - | 18,407 | 18,407 | - | 22,579 | 22,579 |
| Charitable Activities: | 3 | | | | | | |
| General | | 75,076 | - | 75,076 | 64,692 | - | 64,692 |
| Armed Services | | 33,749 | - | 33,749 | 28,634 | - | 28,634 |
| Education | | 3,152 | - | 3,152 | 2,646 | - | 2,646 |
| Total Expenditure | | <u>111,977</u> | <u>18,407</u> | <u>130,384</u> | <u>95,972</u> | <u>22,579</u> | <u>118,551</u> |
| Net Gains/(Losses) on investments | 6 | - | 456,029 | 456,029 | - | (321,179) | (321,179) |
| Reconciliation of Funds: | | | | | | | |
| Net Movement in Funds | | <u>10,245</u> | <u>437,622</u> | <u>447,867</u> | <u>34,991</u> | <u>(343,758)</u> | <u>(308,767)</u> |
| Fund balances brought forward | | 245,953 | 2,664,564 | 2,910,517 | 210,962 | 3,008,322 | 3,219,284 |
| Fund balances carried forward | 7 | <u>256,198</u> | <u>3,102,186</u> | <u>3,358,384</u> | <u>245,953</u> | <u>2,664,564</u> | <u>2,910,517</u> |

For the current and previous year, all activities arise from continuing operations.

There are no recognised gains or losses other than the net movement in funds disclosed above.

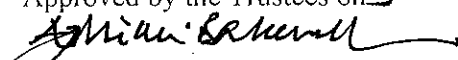
The notes on pages 8 to 13 form part of these accounts

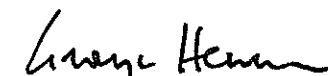
BALANCE SHEET
AS AT 5 APRIL 2017

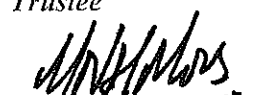
| | <i>Note</i> | | 2017 | | 2016 |
|---|-------------|---------------|------------------|---------------|------------------|
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Investments | 6 | | 3,278,463 | | 2,829,147 |
| Current Assets | | | | | |
| Cash at bank and on deposit | | 87,972 | | 85,961 | |
| Income tax recoverable | | 2,157 | | 4,990 | |
| | | <u>90,129</u> | | <u>90,951</u> | |
| Creditors: Amounts falling due within one year | | | | | |
| Accruals | | <u>10,208</u> | | <u>9,581</u> | |
| Net Current Assets: | | | <u>79,921</u> | | <u>81,370</u> |
| Total Assets Less Current Liabilities | | | <u>3,358,384</u> | | <u>2,910,517</u> |
| Funds | | | | | |
| General | | | 256,198 | | 245,953 |
| Designated | 1, 7 | | <u>3,102,186</u> | | <u>2,664,564</u> |
| | | | <u>3,358,384</u> | | <u>2,910,517</u> |


The notes on pages 8 to 13 form part of these accounts

Approved by the Trustees on 9th October 2017


Brigadier Archie Miller-Bakewell
Trustee


George Hewson
Trustee


Matthew Moss MVO
Trustee


Charles Woodhouse CVO
Trustee

NOTES

(forming part of the accounts)

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's accounts.

Basis of Preparation

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the 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) issued on 16 July 2014 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

Cash Flow

A cash flow statement has not been prepared as the Trust is exempt from the requirement by virtue of its size.

Incoming Resources

Donations and royalty income are recognised when the receipt is probable, and the amount receivable can be measured reliably.

Dividends are credited to income on the basis of the due date for payment and are grossed up for the amount of any taxation recoverable. Bank interest is credited to income when received.

Notes (continued)

Resources Expended

All outgoing resources are included in the Statement of Financial Activities on an accruals basis inclusive of any irrecoverable VAT.

Costs of generating funds comprise those costs directly attributable to managing the investment portfolio and raising investment income.

Charitable donations are charged in the year in which the commitment is made.

Governance costs comprise costs relating to the meeting of statutory requirements, including the audit fee.

Taxation

As a registered charity, the Trust is not in general subject to tax on its income.

Investments

Investments are stated in the balance sheet at the market value ruling at the balance sheet date. Realised and unrealised investment gains and losses are included in the Statement of Financial Activities.

Liabilities

Liabilities are recognised when a constructive obligation arises.

Funds

The Trustees have determined that royalty income as well as realised and unrealised investment gains and losses together with investment management fees should be recorded in a separately designated fund. Transfers from the general fund are made to the designated fund as determined by the trustees. Both the designated and general funds are unrestricted.

2 Investment Income

| | 2017 | 2016 |
|-----------------|----------------|----------------|
| | £ | £ |
| Gross Dividends | 111,216 | 116,694 |
| Bank Interest | 144 | 189 |
| | <u>111,360</u> | <u>116,883</u> |

Notes (continued)

3 Charitable Activities

During the year, 79 donations totalling £106,568 were made to charities with the following classification:

| | 2017 | 2016 |
|-----------------------|---------|--------|
| | £ | £ |
| General | 75,076 | 64,692 |
| Armed Services | 33,749 | 28,634 |
| Education | 3,152 | 2,646 |
| | 111,977 | 95,972 |

Governance costs of £5,409 have been proportionately included across each category within the above table.

Below is the list of all those distributions of a value greater than or equal to £1,000 made during the year ended 5th April 2017

| Charitable Donations | £ |
|--|-------|
| Army Cadet Force Association | 1,000 |
| Artists General Benevolent Fund | 1,000 |
| ATC General Purpose Fund | 1,000 |
| Bowels Rock Trust Appeal | 1,000 |
| Braemar Mountain Rescue | 1,000 |
| British Council for Rehabilitation of the Disabled | 1,000 |
| British Heart Foundation | 1,250 |
| British Red Cross Society | 1,000 |
| British Trust for Conservation Volunteers | 1,800 |
| British Trust for Ornithology | 1,250 |
| Burma Star Association | 1,800 |
| Cameron Highlanders of Ottawa Fund | 1,000 |
| Catch22 (formerly Rainer) | 1,800 |
| Combat Stress | 1,000 |
| Derbyshire Old Comrades | 1,000 |
| Edwina Mountbatten Trust | 3,025 |
| Family Action (formerly Family Welfare Association) | 1,000 |
| Fields in Trust (formerly National Playing Fields Association) | 2,500 |
| Friends of St. George | 1,000 |
| Galapagos Conservation Trust | 1,000 |
| Game & Wildlife Conservancy Trust | 2,500 |
| Gordonstoun Foundation | 1,000 |
| Grenadier Guards 'B' Account | 1,000 |
| Guild of Air Pilots and Navigators | 1,000 |
| Highlanders Association | 1,000 |
| Intelligence Corps Association | 1,250 |
| King Edward Orthodox Trust | 2,000 |
| King Edward VII Hospital for Officers | 2,200 |
| Kygryzstan Expedition 2016 | 1,000 |
| LEPRA Children's Account | 1,000 |
| Lords Taverners Ltd | 1,000 |

*Edinburgh Trust No 2 Account
(General, Educational and Military Charity)
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| | |
|---|-------|
| Muscular Dystrophy Group of Great Britain | 1,000 |
| National Churches Trust | 1,000 |
| National Maritime Museum | 1,800 |
| Nore RM & RN Children's Home Association | 1,000 |
| Officers Association | 1,000 |
| Outward Bound Trust | 2,500 |
| Parish of Saint John of Kronstadt | 1,000 |
| Plan UK (formerly Interact Worldwide) | 1,250 |
| Police Arboretum Memorial Trust | 1,000 |
| Queen's Own Cameron Highlanders of Canada | 1,000 |
| Queen's Trust for District Nursing | 1,000 |
| REME Association No2 Account | 1,000 |
| RGBW Charities Fund | 1,000 |
| Romsey Abbey | 2,500 |
| Royal Air Force Benevolent Fund | 1,250 |
| Royal Commonwealth Ex-Serviceman's League | 2,500 |
| Royal Geographical Society | 2,000 |
| Royal Life Saving Society | 2,500 |
| Royal Marines General Fund | 2,500 |
| Royal Merchant Navy School Foundation | 1,000 |
| Royal National Institute for The Deaf | 1,000 |
| Royal National Lifeboat Institute | 1,000 |
| Royal Naval Association | 1,000 |
| Royal Naval Benevolent Trust | 1,000 |
| SCOPE | 1,000 |
| Seafarers UK (formerly King George Fund for Sailors) | 2,500 |
| Shaftesbury Homes | 1,000 |
| SSAFA No 1 Account | 1,800 |
| St. George's House | 2,500 |
| St. Paul's Anglican Cathedral Valletta | 1,000 |
| Sunny Bank Hospital Cannes | 1,000 |
| Tall Ships Youth Trust (formerly The Sail Training Association) | 1,250 |
| The Air Cadet League of Canada | 1,000 |
| The Award Scheme | 2,500 |
| The Countryside Foundation for Education | 1,250 |
| The Federation of London Youth Clubs | 2,500 |
| The Horse Rangers | 1,000 |
| The Navy League of Canada | 1,000 |
| The Prince Philip Trust for Windsor & Maidenhead | 2,500 |
| The Queen's Royal Hussars Association | 1,000 |
| The Royal Canadian Regiment Fund | 1,000 |
| The Wildfowl & Wetlands Trust | 1,000 |
| The Zoological Society of London | 1,250 |
| Trinidad & Tobago CO's Fund | 1,000 |

Notes (continued)

4 Costs of Generating Funds

| | 2017 | 2016 |
|----------------------------|---------------|---------------|
| | £ | £ |
| Designated Fund | | |
| Investment Management Fees | <u>18,407</u> | <u>22,579</u> |

5 Other Costs

The following costs are allocated against expenditure on Charitable Activities:

| | 2017 | 2016 |
|--------------------------------|--------------|--------------|
| | £ | £ |
| General Fund | | |
| Audit Fee | 3,720 | 3,720 |
| Other Professional Fees | 1,689 | 1,680 |
| Professional Fees Over Accrued | - | (120) |
| | <u>5,409</u> | <u>5,280</u> |

No trustee received any remuneration or reimbursement of expenses in either the current or the previous year.
The Trust does not have any employees.

Fixed Asset Investments

| | Cost as at 5 April 2017 £ | Market Value as at 5 April 2017 £ | Cost as at 5 April 2016 £ | Market Value as at 5 April 2016 £ |
|---------------------------------|------------------------------------|--|------------------------------------|--|
| Listed Investments: | | | | |
| Fixed Interest | 120,066 | 137,564 | 140,066 | 151,077 |
| Equities | 1,543,929 | 2,829,121 | 1,547,946 | 2,387,344 |
| Property Units | <u>137,837</u> | <u>200,038</u> | <u>137,837</u> | <u>191,830</u> |
| | <u>1,801,832</u> | <u>3,166,723</u> | <u>1,825,849</u> | <u>2,730,251</u> |
| Cash held by investment manager | 111,740 | 111,740 | 98,896 | 98,896 |
| | <u>1,913,572</u> | <u>3,278,463</u> | <u>1,924,745</u> | <u>2,829,147</u> |

Listed Investments:

| | |
|---|-------------------------|
| | £ |
| Market value as at 6th April 2016 | 2,730,251 |
| Disposals | (51,150) |
| Net realised and unrealised loss on investments | 456,029 |
| Acquisitions at cost | <u>31,593</u> |
| Market Value as at 5th April 2017 | <u>3,166,723</u> |

Notes (continued)

6 Fixed Asset Investments (continued)

The following securities stated at their valuation as at 5th April 2017 represent more than 5% of the total investment portfolio

| | £ |
|-----------------------------|---------|
| Trojan Income Fund | 184,964 |
| Schroder Income Fund | 682,218 |
| Schroder UK Alpha Plus Fund | 385,185 |

7 Funds

| | General Fund £ | Designated Fund £ | 2017 £ | 2016 £ |
|---------------------|----------------------|-------------------------|-----------|-----------|
| Fixed Assets | - | 3,278,463 | 3,278,463 | 2,829,147 |
| Current Assets | 261,598 | (171,469) | 90,129 | 90,951 |
| Current Liabilities | (5,400) | (4,808) | (10,208) | (9,581) |
| | 256,198 | 3,102,186 | 3,358,384 | 2,910,517 |
| | 256,198 | 3,102,186 | 3,358,384 | 2,910,517 |

8 Related Party Transactions

There were no related party transactions during the current or previous year.