

ARTHUR JAMES PATERSON CHARITABLE TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2017

CHARITY NUMBER: 278569

ARTHUR JAMES PATERSON CHARITABLE TRUST

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ARTHUR JAMES PATERSON CHARITABLE TRUST

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2017

The trustee presents its annual report and financial statements of the charity for the year ended 5 April 2017. 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	SG Kleinwort Hambros 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	haysmacintyre 10 Queen Street Place, London, EC4R 1AG
Trustee	SG Kleinwort Hambros Trust Company (UK) Limited SG Kleinwort Hambros Trust Company (UK) Limited (previously known as Kleinwort Benson Trustees Limited) was appointed as the 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.

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. The trustee's review the selected charities, and consider new appeals received at their annual trustee meeting, normally held in July.

ARTHUR JAMES PATERSON CHARITABLE TRUST

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2017

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 £39,577.51 (£42,758.60 in 2016). 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. The unrestricted fund balance at 5 April 2017 was £2,136,757.71 (£1,994,052.78 in 2016).

The financial statements show the investments at market value. At the year ended 5 April 2017 the unrealised net gain amounted to £128,239.97 (gain of £21,034.28 in 2016).

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 £49,500.00 (£18,000.00 in 2016).

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

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.

Risks

The trustee has considered what risks the charity faces and believe these to be as follows:

<u>Risk identified</u>	<u>Action taken to mitigate the risk</u>
- Investments will drop in value	- Trustee has appointed a professional firm to manage the investments
- Donations made will not be spent how the trustee would like	- Trustee actively review the donations and ask for updates and reports.

Investments are made principally in UK quoted fixed-interest stocks and equity shares to provide a high level of income consistent with medium risk and potential for capital appreciation in the longer term.

Going Concern

The Board of Trustees is of the opinion that the charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties regarding the Trust's ability to do so.

ARTHUR JAMES PATERSON CHARITABLE TRUST

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2017



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.

For and on behalf of SG Kleinwort Hambros
Trust Company (UK) Limited
 
Authorised Signatory

SG Kleinwort Hambros Trust Company (UK) Limited

Date 27th March 2018

**INDEPENDENT EXAMINER'S REPORT
TO THE TRUSTEES OF ARTHUR JAMES PATERSON CHARITABLE TRUST**

I report on the accounts of the charity for the year ended 5 April 2017, which are set out on pages 5 to 10.

Respective responsibilities of Trustees and Examiner

The Trustees are responsible for the preparation of the accounts. The Trustees consider 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.

Having satisfied myself that the charity is eligible for independent examination, it is my responsibility to:

- * examine the accounts under section 145 of the 2011 Act;
- * to follow the procedures laid down in the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- * to state whether any 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 accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, 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 accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent Examiner's Statement

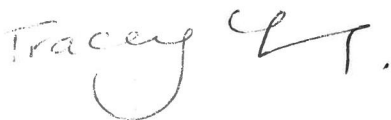
In connection with my examination, no matter has come to my attention:

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

- * to keep accounting records in accordance with section 130 of the 2011 Act; and
- * to prepare accounts which accord with the accounting records, comply with the accounting requirements of the Charities Act 2011 and which are consistent with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Mrs Tracey Young ACA

haysmacintyre
Chartered Accountants
10 Queen Street Place
London
EC4R 1AG

Date: 27/3/18

ARTHUR JAMES PATERSON CHARITABLE TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 5 APRIL 2017**

	Note	2017 Unrestricted Fund £	2016 Unrestricted Fund £
Income			
Investments	2	39,577.51	42,758.60
Total Income		£39,577.51	£42,758.60
Expenditure			
Charitable activities	3	53,300.00	30,483.34
Costs of raising funds		13,345.48	36,591.95
Total expenditure		£66,645.48	£67,075.29
Expenditure before gains on investments		(£27,067.97)	(£24,316.69)
Net Gains on Investments	5		
Realised		41,532.93	263,324.45
Unrealised		128,239.97	21,034.28
		169,772.90	284,358.73
Net income		£142,704.93	£260,042.04
Funds			
At 5 April 2016		1,994,052.78	1,734,010.74
Net Movement of Resources in the Year		142,704.93	260,042.04
At 5 April 2017		£2,136,757.71	£1,994,052.78

ARTHUR JAMES PATERSON CHARITABLE TRUST

BALANCE SHEET AS AT 5 APRIL 2017

	Note	£	2017 £	£	2016 £
Fixed Assets					
Investments	5		2,124,620.31		1,968,398.63
Current Assets					
Cash		13,157.40		26,374.15	
Current Liabilities					
Creditors, amounts falling due within one year	6	1,020.00		720.00	
Net Current Assets			12,137.40		25,654.15
Assets less Current Liabilities			<u>£2,136,757.71</u>		<u>£1,994,052.78</u>
Funds					
Unrestricted Fund			<u>£2,136,757.71</u>		<u>£1,994,052.78</u>

The financial statements were approved by the trustee on 27th March 2018
For and on behalf of SG Kleinwort Hambros
Trust Company (UK) Limited

Bochet


Authorised Signatory

SG Kleinwort Hambros Trust Company (UK) Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2017**

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The charity constitutes a public benefit entity as defined by FRS 102.

Going Concern

The Board of Trustees is of the opinion that the charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties regarding the Trust's ability to do so.

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.

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.

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.

Cash and cash equivalents

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

Creditors and provisions

Creditors and provisions are recognised where the charity 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 or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2017**

Estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the trustee's best knowledge of the amount, events or actions, actual results ultimately differ from these estimates. The Trustee does not consider there to be any material estimates and judgements.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.

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.

Investments

Listed investments are included in the financial statements at mid-market value at the balance sheet date. 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	2017	2016
	£	£
Income from UK Listed Securities	39,362.43	42,541.60
Interest Received	215.08	217.00
	<u>£39,577.51</u>	<u>£42,758.60</u>
 3 Charitable activities	 2017	 2016
	£	£
Age UK	5,500.00	2,000.00
Elizabeth Finn Care	5,500.00	2,000.00
Glenalmond College	8,250.00	3,000.00
King's College	16,500.00	6,000.00
NSPCC	5,500.00	2,000.00
Worcester College	8,250.00	3,000.00
Support Costs (note 4)	3,800.00	12,483.34
	<u>£53,300.00</u>	<u>£30,483.34</u>

ARTHUR JAMES PATERSON CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2017**

4 Support Costs	2017	2016
	£	£
Governance Costs:		
RBC Investment Management (UK) Limited	-	8,859.34
SG Kleinwort Hambros Trust Company (UK) Limited Fees	2,730.00	1,350.00
SG Kleinwort Hambros Trust Company (UK) Limited ARC Fees	25.00	25.00
Independent Examiner's Fees - 2015	-	744.00
Independent Examiner's Fees - 2016	-	720.00
Independent Examiner's Fees - 2017	1,020.00	-
Solicitor's Fees	-	750.00
Bank Charges	25.00	35.00
	<u>£3,800.00</u>	<u>£12,483.34</u>
5 Investments listed on a recognised Stock Exchange	2017	2016
	£	£
Book Value Brought Forward	783,790.00	1,684,271.75
Purchases	1,911,317.89	35,000.00
Disposals	(835,634.79)	(1,219,840.48)
	<u>1,859,473.10</u>	<u>499,431.27</u>
Realised Gain	41,532.93	263,324.45
Unrealised Gain	128,239.97	21,034.28
	<u>2,029,246.00</u>	<u>783,790.00</u>
Market Value	2,029,246.00	783,790.00
Cash on:		
SG Kleinwort Hambros Bank Account	-	180.74
Smith & Williamson	95,374.31	4.00
Royal Bank of Canada	-	1,184,423.89
	<u>£2,124,620.31</u>	<u>£1,968,398.63</u>
Total Investments	£2,124,620.31	£1,968,398.63
6 Creditors: amounts falling due within one year	2017	2016
	£	£
Independent Examiner's Fees	1,020.00	720.00
	<u>£1,020.00</u>	<u>£720.00</u>

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.

SG Kleinwort Hambros Trust Company (UK) Limited was paid £2,755.00 for its services as the corporate trustee in 2017 £25.00 of which were in respect of the ARC fees.