

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

Trustees' Report & Accounts
Charity Number 227897
Year Ended 5th April 2019

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 George Hewson Mathew Moss MVO
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 2019. 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' (Section 1A of FRS102). The information on Page 1 forms part of this report. The Charity is a small company under Section 382 of the Companies Act 2006 and therefore no Strategic Report has been prepared.

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 £11,193 to £11,317 and together with dividends and interest of £119,965 (2018: £114,352) net incoming resources amounted to £131,282 (2018: £125,545). Charitable distributions for the year amounted to £112,170 (2018: £108,192) leaving a deficit of £1,870 (2018: deficit of £2,784) after deduction of adjustments and administrative expenses. Total funds at 5th April 2019, combining the designated and general fund, amounted to £3,646,060 (2018: £3,408,964).

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 Cazenove Capital Management at 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 £3,547,525 (2018: £3,308,834) at the year end, compared with a cost of £2,695,829 (2018: £1,881,120)

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 2019 amounted to £292,663 (2018: £273,551).

Plans for Future Periods

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

Disclosure of Information to Auditor

So far as each of the Trustees who have approved the report are aware, there is no relevant audit information of which the charity's auditors are unaware. The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

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



Brigadier Archie Miller-Bakewell
Trustee



George Hewson
Trustee



Mathew Moss MVO
Trustee

Date of Signature: 29th October 2019

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

Under the trust deed of the charity and charity law, the trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations. The trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including Section 1A of 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; and
- assess the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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)

Opinion

We have audited the financial statements of Edinburgh Trust No 2 Account (General, Educational and Military Charity) ("the charity") for the year ended 5 April 2019 which comprise the Statement of Financial Activities, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charity in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charity or to cease its operations, and as they have concluded that the charity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the charity's business model, including the impact of Brexit, and analysed how those risks might affect the charity's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charity will continue in operation.

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

(continued)

Other information

The trustees are responsible for the other information, which comprises the Trustees' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustees' Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the charity has not kept sufficient accounting records;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 4, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

The purpose of our audit work and to whom we owe our responsibilities

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.



Lynton Richmond
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

Date of Signature: 4th November 2019

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 2019

	<i>Note</i>	General Fund £	Designated Fund £	Total 2019 £	General Fund £	Designated Fund £	Total 2018 £
Income from:							
Donations		11,317	-	11,317	11,193	-	11,193
Investment Income	2	119,965	-	119,965	114,352	-	114,352
Total Income		131,282	-	131,282	125,545	-	125,545
Expenditure on:							
Raising Funds	4	-	20,982	20,982	-	20,137	20,137
Charitable Activities:	3						
General		73,756	-	73,756	69,937	-	69,937
Armed Services		35,000	-	35,000	35,097	-	35,097
Education		3,414	-	3,414	3,158	-	3,158
Total Expenditure		112,170	20,982	133,152	108,192	20,137	128,329
Net gains on investments	6	-	238,966	238,966	-	53,364	53,364
Reconciliation of Funds:							
Net Movement in Funds		19,112	217,984	237,096	17,353	33,227	50,580
Fund balances brought forward		273,551	3,135,413	3,408,964	256,198	3,102,186	3,358,384
Fund balances carried forward	7	292,663	3,353,397	3,646,060	273,551	3,135,413	3,408,964

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 10 to 15 form part of these accounts.

BALANCE SHEET
AS AT 5 APRIL 2019

	<i>Note</i>	2019	2018
		£	£
Fixed Assets			
Investments	6	3,547,525	3,308,834
Current Assets			
Cash at bank and on deposit		106,726	106,163
Income tax recoverable		<u>2,260</u>	<u>4,357</u>
		<u>108,986</u>	<u>110,520</u>
Current Liabilities			
Creditors: Amounts falling due within one year			
Accruals		<u>10,451</u>	<u>10,390</u>
Net Current Assets:		<u>98,535</u>	<u>100,130</u>
Total Assets Less Current Liabilities		<u>3,646,060</u>	<u>3,408,964</u>
Funds			
General		292,663	273,551
Designated	7	<u>3,353,397</u>	<u>3,135,413</u>
		<u>3,646,060</u>	<u>3,408,964</u>

The notes on pages 10 to 15 form part of these accounts

These accounts have been prepared in accordance with the special provisions Part 15 of the CA 2006 relating to small companies.

Approved by the Trustees on 29 October 2019

x 

Brigadier Archie Miller-Bakewell
Trustee



George Hewson
Trustee



Mathew Moss MVO
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 (Section 1A of FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (Section 1A of FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

Going Concern

The Trustees have considered the factors that impact the Charity's future development, performance, cash flows and financial position along with the Charity's current liquidity, including that the Charity is in a net asset position, in forming their opinion on the going concern basis. The Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Charity continues to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

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.

NOTES (continued)

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

	2019	2018
	£	£
Gross Dividends	119,684	114,227
Bank Interest	281	125
	<u>119,965</u>	<u>114,352</u>

NOTES (continued)

3 Charitable Activities

During the year, 75 donations totalling £112,170 were made to charities with the following classification:

	2019	2018
	£	£
General	73,756	69,937
Armed Services	35,000	35,097
Education	3,414	3,158
	<u>112,170</u>	<u>108,192</u>

Governance costs of £5,400 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 2019

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
Countryside Learning	1,250
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 VII Hospital for Officers	2,500
LEPRA Children's Account	1,000

NOTES (continued)

3 Charitable Activities (continued)

Charitable Donations (continued)	£
Lords Taverners Ltd	1,000
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
Out ward Bound Trust	2,500
Plan UK (formerly Interact Worldwide)	1,250
Queen's Own Cameron Highlanders of Canada	1,000
Queen's Trust for District Nursing	1,000
RAEME	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 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
Trinidad & Tobago CO's Fund	1,000
War Memorials Trust	1,000
Poppyscotland	1,000
The Cartoon Art Trust	1,000
The Zoological Society of London	1,250

NOTES (continued)

4 Costs of Generating Funds

	2019 £	2018 £
Designated Fund		
Investment Management Fees	<u>20,982</u>	<u>20,137</u>

5 Other Costs

The following costs are allocated against expenditure on Charitable Activities:

	2019 £	2018 £
General Fund		
Audit Fee	3,720	3,720
Other Professional Fees	<u>1,680</u>	<u>1,680</u>
	<u>5,400</u>	<u>5,400</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. Administrative support is provided, without charge, by the office of HRH The Duke of Edinburgh.

6 Fixed Asset Investments

	Cost as at 5 April 2019 £	Market Value as at 5 April 2019 £	Cost as at 5 April 2018 £	Market Value as at 5 April 2019 £
Listed Investments				
Fixed Interest	236,941	247,976	120,066	134,758
Equities	2,091,807	2,867,454	1,512,326	2,867,153
Property Units	<u>174,545</u>	<u>239,559</u>	<u>174,307</u>	<u>232,502</u>
	2,503,293	3,354,989	1,806,699	3,234,413
Cash held by investment manager	192,536	192,536	74,421	74,421
	<u>2,695,829</u>	<u>3,547,525</u>	<u>1,881,120</u>	<u>3,308,834</u>

NOTES (continued)

6 Fixed Asset Investments (continued)

Listed investments:

	£
Market value as at 6 th April 2018	3,234,413
Disposals	(1,778,472)
Net realised and unrealised gain on investments	238,966
Acquisitions at cost	<u>1,660,082</u>
Market value as at 5 th April 2019	<u><u>3,354,989</u></u>

The following securities stated at their valuation as at 5th April 2019 represent more than 5% of the total investment portfolio.

	£
Findlay Park American Fund	329,030
Vanguard S&P 500 UCITSETF	<u>273,666</u>
	<u><u>602,696</u></u>

7 Funds

	General Fund £	Designated Fund £	2019 £	2018 £
Fixed Assets	-	3,547,525	3,547,525	3,308,834
Current Assets	298,063	(189,077)	108,986	110,520
Current Liabilities	(5,400)	(5,051)	(10,451)	(10,390)
	<u>292,663</u>	<u>3,353,397</u>	<u>3,646,060</u>	<u>3,408,964</u>

8 Related Party Transactions

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