

Charity Registration No. 310952 (England and Wales)

Charity Registration No. SC038722 (Scotland)



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**



THE ROYAL CALEDONIAN EDUCATION TRUST

OPERATIONAL NAME: FORCES CHILDREN SCOTLAND

LEGAL AND ADMINISTRATIVE INFORMATION

Patron	Her Majesty the Queen
Honorary Vice Presidents	Brigadier B Wrench Rear Admiral J Weale CB, OBE Air Vice Marshal R Paterson CB, OBE, ADC, DL
Vice Presidents	Lt Col A Middlemiss DL Lt Col H. Cowan Lt Gen Sir Alistair Irwin KCB CBE Mr I C Stewart Hunter Mr D Keith Robertson
Chairman	Mr M Noble
Deputy Chairman	Mr C Cook
Committee Of Directors And Sole Trustees	Mr M Noble Mr G Gray Mr N McLennan Ms S Wilson Mr C Cook Ms I Campbell Lupton Ms C Grant Mrs C Sutherland-Hawes Mrs L Hadley-Stove Mr C Middleton Mr M Young Ms K Lindsay
Chief Executive	Mrs Laura Falconer
Charity number (England and Wales)	310952
Charity number (Scotland)	SC038722
Principal address	The Melting Pot 15 Calton Road Edinburgh Scotland EH8 8DL
Auditor	Myers Clark Egale 1 80 St Albans Road Watford Hertfordshire WD17 1DL
Bankers	Royal Bank of Scotland 142/144 Princes Street Edinburgh EH2 4EQ

THE ROYAL CALEDONIAN EDUCATION TRUST
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LEGAL AND ADMINISTRATIVE INFORMATION

Investment advisors

Adam & Company
25 St Andrews Square
Edinburgh
EH2 1AF

THE ROYAL CALEDONIAN EDUCATION TRUST

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THE ROYAL CALEDONIAN EDUCATION TRUST

OPERATIONAL NAME: FORCES CHILDREN SCOTLAND

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The committee of directors and sole trustees present their report and accounts for the year ended 31 March 2022.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the requirements of the trust's governing document, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2019).

Objectives and Activities

The Royal Caledonian Education Trust (RCET) is a charity established by a Charter of Incorporation created by an Act of Parliament, which received the Royal Assent from King George III on 14th June 1815.

Our aim today is to support and encourage the education, training and wellbeing of a) the offspring of Scottish members of Her Majesty's forces and b) the Scottish offspring of members of Her Majesty's Forces. For these purposes, a person shall be considered Scottish if our Trustees, in their absolute discretion, determine that they have a sufficient connection to Scotland, or who demonstrate to the Trustees' satisfaction links with Scotland, including those who may be considered Scottish regardless of their place of residence.

The Board of Trustees had, on 3rd March 2021, agreed to commission a re-branding exercise, involving the appointment of a creative agency to co-produce a new brand identity. The process involved extensive consultation with Trust staff, Armed Forces children and young people, and stakeholders.

On 23rd June 2021, the Board of Trustees adopted re-branding proposals covering vision, mission, strategic aims, visual identity and a change of our Operational Name to 'Forces Children Scotland'.

Our vision is to make Scotland a place where all Armed Forces children and young people can thrive.

Our mission is to be the sector leading children and young people's Armed Forces charity in Scotland, by providing empowering opportunities and amplifying their voices to inspire change.

Our values:

- We are passionate, as children from Armed Forces families are too often overlooked.
- We are trusted, not only because we have over two centuries of experience but because we continue to evolve our approach, based on children and young people's unique experiences and evidence-based research.
- We are collaborative, whether that be with partners, staff or our children and young people, because only by working together will we deliver meaningful change.
- We are honest, promising to Armed Forces children, young people and their families that we will always act with integrity when supporting them.

Our strategic aims:

- To support and empower children and young people from Armed Forces families to reach their potential and thrive.
- We achieve this by working collaboratively across sectors to drive improvements which reflect and support the unique challenges they face.
- We amplify their voices, ensuring they are heard and influence the development of policy and practice.

We realise our objectives as follows:

- We deliver services that support children and young people including, for example, supporting mental health and wellbeing.
- We give financial support.
- We provide advice and support to those agencies responsible for the education and wellbeing of Armed Forces Children and young people through a programme of training, resources, research and access to our advisory service.
- We create opportunities for children and young people to get involved, participate and be heard.
- We build partnerships to help influence big change.

THE ROYAL CALEDONIAN EDUCATION TRUST

OPERATIONAL NAME: FORCES CHILDREN SCOTLAND

COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Public Benefit

The Board of Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when planning, implementing and reviewing all current and future activities. They follow the updated governing principles adopted on 5th December 2018. This defines our charitable purpose and how it benefits Armed Forces children and young people.

Achievements and Performance

Our report details significant developments over the year 2021/22. The re-branding exercise include a change of name and logo. The operational name, FORCES CHILDREN SCOTLAND, sets out what we do and where we are located: supporting children from military families from a base in Scotland. We are also working on changes on how we present the charity and its services. This involves the installation of a new website which will be completed in the next year.

Children and Young People Participation

Summary

The impact of the pandemic has been considerable. In particular, it proved difficult to gain access to schools as restrictions were in place. Many children have needed to focus on catching up on work missed during periods of school closures. Despite these challenges, we have succeeded in delivering over 90 sessions. These have included participation in our 2021 virtual conference and breaking new ground with our Forces Board Game.

Supporting the development of FCS' new strategic plan

We delivered eight engagement sessions (online and in person) across Scotland to ensure young people had the opportunity to inform our new strategic plan. The sessions had a tri-service reach and 153 young people from serving and veteran families attended. Two young people were supported to participate in the final online development session with staff and trustees to finalise the plan.

Exploring the support and service needs of Armed Forces children and young people

Following on from our strategic planning sessions we delivered an Engagement session for young people living in the Inverness area. The session further explored their experiences and needs and gave wellbeing staff an opportunity to connect with young people in the area.

10 young people from serving and veteran families attended. We also had the opportunity to engage with two parents who gave their insight into their knowledge about the support needs of Armed Forces children and young people.

Empowering young people to share their lived experience

Working with Media Education, forum members were supported to identify a key message they wanted to share about their experience of belonging to an Armed Forces family. The group highlighted their experiences of transition, education and identity. We worked with each young person to develop their elevator pitch which they delivered at a very successful engagement session with MSPs.

We delivered three expressive arts sessions, two in person and one online. Working with an art facilitator we supported young people to reflect on their experiences using weather symbols and colours.

Supporting better understanding of Armed Forces young carers

A training session was delivered for young carers support workers to raise awareness of the unique challenges of caring in a forces family. The training featured film footage of young people talking about their experiences of deployment and postings and received excellent feedback from attendees.

Key young carers projects are now asking at referral stage if the young person is from an Armed Forces family, and this is highlighting potential additional needs.

THE ROYAL CALEDONIAN EDUCATION TRUST

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COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

FCS conference film

Working with a small team of young people we used a variety of creative workshops to support young people to share their experiences with delegates at our conference. We worked with Media Education to create an engaging, hard-hitting film which allowed conference participants to connect young people's experiences to trauma informed practice.

Three members of the project team were also involved in welcoming the delegates and taking part in breakout rooms and the Q&A panel. The film was very well received by delegates who highlighted it as a key feature of their learning.

Forces Life board game project

With funding from the Armed Forces Covenant Trust, we were able to begin work developing the young people's board game prototype. The project team met in June and used interactive online tools to share their ideas and made decisions to further develop the game design. They also planned the activities for the residential which took place in July and was hosted by Napier University.

Residential workshop sessions included visioning our project, creating personas, developing player characters and semiotic training. The group also had a tour around the campus with a student ambassador who answered their questions about campus life.

The residential also included a visit from MSP Alexander Stewart and filming with British Forces Broadcasting Service (BFBS) and Media Education. Follow up sessions have been delivered online and the wider forum group voted on their preferred game design.

The group have engaged online with Dekko Comics to develop the companion comic book which is now in the initial design phase.

Supporting Armed Forces young people

We supported two young people as they expressed their views on the Scottish Education review and this was fed into our response to the consultation response.

The Participation Manager has continued to attend the C&YP Cross Party meetings to ensure that Armed Forces young people's experience has been reflected in the group's review of the impact of the pandemic of children and young people's wellbeing and learning in Scotland.

We have been accepted as an associate member of the Interim Children and Young People's Consortium project. This will ensure Armed Forces children and young people's views are heard in the implementation of the UNCRC bill.

Local school forums

Our participation work has continued to be impacted by the pandemic. Although schools were mainly open for pupils, our access has been variable throughout the year. Face to face sessions were delivered when possible. Online engagement into classes was not always possible or effective which has impacted on our ability to develop local forum groups.

Additionally, forum members were placed under increased pressure to catch up with their learning and, with school assessments and portfolios determining grades, they were not always able to engage with us.

We have therefore concentrated on delivering our project work rather than development work and have continuously adapted to young people's needs and availability to engage.

Project capacity

The Highland and Moray post was vacant from June 2021 to January 2022, and this inevitably had an impact on our capacity over this period. We filled the vacant post in January and now have an additional part time project worker to cover some of the work in central Scotland moving forward.

Participation residential planning

20 young people from across Scotland will take part in the Participation residential in the Easter Holidays. The residential will be delivered in partnership with Army and Navy Welfare services. We have undertaken planning for this event which will be a blend of skills workshops and outdoor activities.

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COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Identifying and supporting Armed Forces young carers

In Fife we have been working closely with a group of Armed Forces young carers to explore an effective way to identify hidden Armed Forces young carers. The group felt that an awareness campaign with posters positioned in each of the primary and secondary schools across Fife would be a positive first step.

The group have worked with a design agency and created two posters (one each for primary and secondary) which will be displayed on the young carers' notice board each school has across the local authority. The template will be able to be used in other local authority areas. The group will now be working towards the next phase to create a learning resource for teachers to further support identification.

Queen Victoria School forum

We have been working with a group of 10 young people in the school to support the development of improved understanding of their experiences of belonging to a forces family and living in a boarding school. Young people have highlighted that although all the pupils are from forces families there is still sometimes a lack of empathy and understanding. They are in the process of developing a training resource for teachers. The group have also been supporting the development of a new wellbeing project for the school.

Additionally, a media group has been created within the school. Our Marketing, Communications & Development Manager is supporting the development of the group and an initial skills session has been delivered on brand storytelling. Further sessions will be delivered after the exam diet.

Fundraising

Summary

We have raised a total of £140,525 in the year 2021/22 from a variety of sources, detailed below. This is significantly in excess of the target sum set at the beginning of the year. Of this total 75% are restricted and 25% unrestricted funds.

Securing restricted and unrestricted income

We secured £105,260.00 (restricted) and £35,565.00 (unrestricted) from trusts and foundations.

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COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Managing underspends

We negotiated a carry forward of underspends amounting to £35,003.

We continue to experience challenges to spending the aforementioned because of the COVID-19 pandemic. However, we have ensured a regular flow of communication continues with funders.

Enhancing our fundraising proposition under our new brand

Our fundraising webpages have been refreshed with regards to adopting our new brand identity and narrative. In addition, a comprehensive update has been initiated to ensure all copy has been revitalised and fully optimised using Google Keyword Planner. We used Google Analytics to conduct a comprehensive review which outlined several areas for improvement with regards to signposting.

It is pleasing to observe things are moving in the right direction. We have seen a 116% increase in visits to our fundraising pages and a halving of the number of single page exits when comparing the April – December 2021 period to the April – December 2022 period. In addition, a new conversion metric will be established to measure fundraising sign-up conversions during the last quarter of the financial year reporting period.

Donor relationships

We have maintained our small base of regular giving (£6,822.04 – 97.46%) and major gift supporters (£4000.00 – 66.67%), whom we have reached out to via Mailchimp on two occasions this year to have their say in our transformational work.

In addition, we have received a range of donations from groups and associations (£30,000.00 – 100%) and surpassed our corporate fundraising target. Furthermore, we raised £3,368.97 (77.08%) through individuals and groups participating in challenges and community fundraising activities.

Trusts and foundations

We have submitted a series of funding applications in support of our proposed Lighthouse Project partnership with Queen Victoria School (£38,142.69).

Scottish Military Ball

We have worked extensively with the Scottish Military Ball who will host an event in support of Forces Children Scotland at the Royal Scots Club on Saturday 07 May 2022. We have launched a campaign within Edinburgh to collate prize donations across leisure, retail, experiences sectors and have produced gift aid donation slips and thank you cards for guest place settings.

Fundraising literature

We have completed our initial phase of uploading on our new website. Furthermore, we will use updated copy and assets as the foundation to launch campaign to produce refreshed regular-giving (Force for Good) and legacy (Lasting Force) literature and copy for our new website. In addition, we have developed two fundraising leaflets for general and corporate audiences in support of future campaigns and will be downloaded on social media.

Marketing and Communication

Summary

Following consultation with stakeholders last year, the Board of Trustees resolve to employ consultants to work with us on a re-branding exercise. This involved co-producing a new brand, identity and narrative. The Board of Trustees accepted the recommendations, including the adoption of FORCES CHILDREN SCOTLAND as a new operational name for the charity.

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COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Marketing and Communication (continued)

Re-branding

We worked in partnership with consultants 'Electrify Marketing and Communications' to co-produce a new brand identity and narrative with beneficiaries, staff, trustees, and external partners. Accordingly, our new name was adopted by the Board of Trustees on 23rd June 2021, was launched officially on 30th September 2022.

Our website and its social media channels were refreshed, in alignment with our new brand guidelines. In addition, a brand book was created to provide guidance to staff and external partners how to implement our new brand. Furthermore, a portfolio of branded digital assets and templates have been created to ensure staff deliver consistent communications.

Expanding our social and professional channels

We have expanded our social and professional channel portfolio, which now includes an Instagram, YouTube and LinkedIn presence for Forces Children Scotland. This has enhanced our ability to reach our strategic audience profiles.

We completed a considerable amount of work to ensure posting across social/professional channels achieves a high-level of consistency with regards to our brand guidelines and conventions. However, given sustained constraint on movement because of COVID-19, we will strive to enhance our communications further, through a wider use of audio/visual to ensure we meet our aim of developing a comprehensive VAK strategy.

Impact Report 2021

Our Impact Report highlighted what we have achieved in support of children and young people from serving, reservist and veteran families during these unprecedented times. In addition, new sections were added which covered our commitment to adopting co-production principles and an ecological model.

Press and media

We have increased our distribution of press releases by 700% compared to the previous year and continue to build upon our database of media contacts. We have established strong working partnerships with BFBS Scotland, Forces TV as well as our 'Army and You' Magazine.

Public engagement

Due to the ongoing COVID-19 pandemic, we have not been able to deliver our planned public engagement campaign. However, as restrictions lifted were able to take our Forces Children Scotland stand to a series of smaller engagement events which included Veterans Chaplaincy Scotland roadshow events in Edinburgh and Glasgow, as well as a series of school community hub engagement activities during the Autumn of 2021.

Website development

We have recruited a digital agency, Parkhouse to work in partnership to develop our new Forces Children Scotland website and Your Mind Matters digital platform. We have completed our respective project understanding, initiation, immersion, user experience (UX) and Information Architecture (IA) phases which have led to production of early wireframes and visuals.

Forces Children Scotland strategy 2022/25

We have completed the process of co-producing the charity's new three-year strategy with children and young, staff and trustees. The strategy will be available in both printed and digital formats when it launches in August.

Co-producing marketing and communications with young people

The department has launched a marketing and communications group within Queen Victoria School in Dunblane. Early sessions have provided short tutorials about brand storytelling to provide pupils with knowledge and skills to co-produce marketing communications to peers via Forces Children Scotland's website and social media channels.

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COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Education

Summary

Despite the continuing effects of COVID-19, we continued to deliver our education services throughout the year. Where necessary, this involved virtual rather than face-to-face learning.

Impact of COVID-19 on engagement

Our education work has been affected by the pandemic. While restrictions have been in place, it has not been possible to gain access to schools to deliver a face-to-face learning service. However, we have continued to deliver an education service, utilising a virtual format where necessary.

Project work has focused on developing online learning and development opportunities rather than development work and has adapted to increase engagement with partners.

Of greater impact is the fact that the Education Worker post has been vacant since August 2021. This has inevitably had an impact on our capacity over this period. The new Learning and Development worker started in post in February 2022. Due to the internal challenges with content writing for the YMM digital platform the new member of staff was temporarily assigned to that urgent task. She was subsequently successful at recruitment for the Children and Family Services Manager vacancy and the Learning and Development post is now vacant again.

We have adapted well to the restrictions imposed in consequence of the COVID-19 pandemic. However, until the Spring of 2022, this has required a considerable proportion of content being delivered through virtual formats. Despite our 2021 conference being delivered on a virtual platform, the feedback we have received from attendees has been entirely positive

Key activity/progress

Professional Virtual Conference

We delivered a professional virtual conference on Wednesday 3rd November 2021, which put trauma, belonging and adversity into the context of young people from serving personnel, reservist and veteran families and explored potential impact on mental health, education and learning, and relationships with others. We welcomed over 100 education professionals, as well as representatives from the military and a variety of additional civilian sectors which work with children and young people from serving, reservist and veteran families.

We developed a post-event conference focused on gathering insights based on the outcomes of our British Foreign School Society-funded project.

84% of attendees agreed that the conference had inspired them to think differently about working with young people from serving, reservist and veteran families.

84% of attendees agreed they better understand how unique challenges like trauma and adversity can relate to young people from serving, reservist and veteran families.

Professional Learning Activities

We successfully filmed two Professional Learning Activities (PLA's). These webinar presentations will help education professionals understand the lives of children and young people from Armed Forces families. We are now working on the production of our own adapted PLA and landing page.

Children and Family Services

Summary

There has been a slight shift of emphasis this year away from families in immediate crisis and towards those struggling in difficult circumstances impacted by the high cost of living and requiring some regular financial support.

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COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Children and Family Services (continued)

Support Overall

A total of 162 Families received financial support during 21/22 representing 325 individual children and young people.

The main difficulties these families face are family breakdown, challenges with physical and mental health and debt. Unemployment is also very prevalent however this normally seems due to the other challenges the families are facing rather than an inability to find a job.

Seven SSAFA branches again took up the opportunity to access our Christmas Crisis Intervention Grant of £500 this year, allowing them to offer families in crisis discretionary grants for food and necessities over the Christmas period.

Educational support

We decided to replace our budget for school uniforms and replace it with an overall education support grant.

Young carers

We were able to reach more young carers this year and provide sports equipment, laptops and driving lessons. We received significant funding from the Scottish veterans fund for these purposes.

Respite breaks

During 2021 pandemic related restrictions on travel, we were only able to manage one short break. This year between 1st January and 31st March, we provided breaks to 21 families. There were 29 beneficiaries in all.

Apprenticeships

It has not been possible to run this programme. The fund will be renewed next year with a new title: the 'Leaving Home Grant.'

University and College

We thought it likely that there would be a fall in demand for post 16 education support, but demand for support has been higher than ever. There was a slight increase in the average grant awarded due to a rise in the numbers of students living away and families on very low incomes. Working with Reading Force on making this provision has worked well

Well-being boxes

We continued to send these out to grants recipients through the year.

Your Mind Matters

Summary

The pandemic has impacted on delivery of the face to face work of this service, delaying the start.

Developing the YMM service

YMM Digital began in October 2020 and YMM Face-to-Face (F-F) launched in January 2022 following recruitment of a Wellbeing Worker to co-produce and deliver in-person wellbeing services. The appointment of the Children and Family Service Manager took place in August, meaning that the project had a lead person across the Digital and Face to Face elements.

COVID-19 has impacted YMM Digital, as it has many projects, primarily due to Zoom exhaustion, and, of course, an incredibly turbulent time for Armed Forces young people. Despite the restrictions, the team implemented a Discovery Phase of the project.

Staffing the Service

The face-to-face wellbeing work began with the recruitment of a Wellbeing Worker and two additional sessional Wellbeing Workers to engage with young people in the West of Scotland.

The service was launched for referrals at the end of December. Hermitage Academy (Helensburgh) has been utilising the support, accepting the time of our Wellbeing Worker two and a half days per week to support young people.

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COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Your Mind Matters (continued)

Key activities and progress

With both aspects of the service now operating, the YMM project has strengthened, learning from activities and diversity of skills across the Wellbeing team.

YMM Digital has moved through an extensive Discovery phase into content production and preparing for website build early 2022. Armed Forces young people have contributed a wealth of feedback from feature ideas to personal stories, to marketing and accessibility strategies. Given the required delay to selecting the digital partner, the YMM team trialled a calendar of wellbeing, content, and podcast sessions.

YMM F-F restarted late 2021 and is embarking on the co-production journey with Armed Forces young people, however it will focus on group work: 1-1s and peer support models with sessions already underway at Hermitage. Several members of the YMM Digital group have been referred and are already receiving 1-1 wellbeing support.

Policy

Summary

We have made considerable progress in exerting influence on policy and practice, over the year 2021/22. Our new Advisory Group brought together representatives of ADES, the Scottish Government, The MOD (Department of Children and Young People, the SCIP Alliance and schools. Two priorities have been Children's Rights, relating to incorporation of the UNCRC in Scotland and connecting with the Scottish Parliament.

Consultations

We submitted eight responses to consultations/evidence requests across the children's and military sectors at both Scottish and UK levels covering a wide range of issues including UNCRC incorporation, education reform, the proposed National Care Service, GIRFEC, and the Armed Forces Covenant.

Military Covenant and children's rights

Notably, we were informed towards the end of 2021 that our response to a consultation by the MoD Armed Forces Covenant team will see our participation work feature as a case study in the forthcoming Armed Forces Covenant Guidance. Our response to a consultation around children's rights by Together also saw our work around participation and data feature as case studies in their annual 'State of Children's Rights' report launched in February.

Research

In terms of briefings and statements, desk-based research has been carried out to inform our positions around poverty and the recruitment of under 18s into the Armed Forces. Both issues require further engagement and consultation work and will be taken forward in the forthcoming year.

Scoping work has also begun to inform a paper setting out our position and asks around the mental health and wellbeing of Armed Forces children and young people. The paper will be drafted in the coming months and will serve as a basis for our influencing work on this issue with key stakeholders and decision-makers.

Policy Development

More broadly, from the end of March, in-depth work has begun to develop clear, specific policy asks across our priority areas of data, children's rights, education and learning, and mental health and wellbeing. This will be instrumental to taking forward our influencing work in the forthcoming year.

THE ROYAL CALEDONIAN EDUCATION TRUST

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COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Four Key Points

Education review

Dr Ken Cunningham CBE (former General Secretary of School Leaders Scotland) was commissioned to review our Education Programme in March 2020. The Cunningham Report was presented to the Board of Trustees in September 2020 and again on 2nd December, 2020. Stage 2 of the review was undertaken by our then newly appointed CEO Laura Falconer. She consulted our partner organisations: The MOD, the Scottish Government and ADES.

There are two broad elements to the Education Programme. First, there is direct support, advice and training offered to schools, colleges and local authorities. This includes support on transition. The National Transition Officer remains in post but is no longer part funded by or seconded to Forces Children Scotland. Second, there is our focus on influencing public policy, for example on national collection of data concerning Armed Forces children in Scotland. Our new Strategic Plan highlights both elements.

Financial review

Our finance and investment policies aim to provide long term stability and liquidity sufficient to finance the Trust's programmes, balancing the needs of current and future beneficiaries. As reported last year the Trustees had a target of raising the level of unrestricted reserves to £300,000, representing approximately 6 month's expenditure. As at 31 March 2022, the level of unrestricted funds was £5,651 which is less than the target. In order to build the level of reserves, the Board's Treasurer and Officers Group will oversee the planned efforts to raise the level of unrestricted reserves towards the target.

Structure, Governance and Management

The Board of Trustees meets four times a year. They are responsible for overall strategy, financial and risk management. There are 12 Trustees and no vacancies. The officers are the Chairman and Deputy Chairman, and Treasurer.

A phased restructuring of the governing body was managed between 2019 and 2021. An induction programme for new Trustees was delivered in July 2021. A Board of Trustees development day was held on 14th October. The focus was on the implementation of the new Strategic Plan, as adopted on 2nd March 2022.

Office Closure

When the Scottish Government introduced lockdown restrictions in March 2020 the CEO and chairman agreed that all staff members might work from home. Following the success of these arrangements the decision has been made to move all staff to permanent home working contracts and the offices in Hill Street will close in September 2022.

Future Plans

Governance

We will undertake a performance review in October, covering attendance and contribution of individual Trustees, development of an officer group, re-structuring of the role of Vice Presidents and effectiveness of the Board overall.

Website launch

Our new website will be launched in August 2022.

Conference 2023

The Practitioners' conference for 2021 was held virtually and facilitated by the Conference Care Company. There were two keynote addresses on trauma and how it affected military families. We will consider all of our options before deciding on the merits or otherwise of hosting a conference in 2023.

President and Vice Presidents

Three of our Vice Presidents based in Scotland have given notice of their pending retirement from the role. This leaves the three Service Chiefs and two former Chairmen living in England. We intend to appoint a President and enhance the role of Vice Presidents, in line with recommendations proposed by retiring Vice President Lt General Sir Alistair Irwin.

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

The committee of directors and sole trustees' report was approved by the Board of Committee Of Directors And Sole Trustees.

Mr M Noble

Chairman

Dated: 7 September 2022

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
STATEMENT OF COMMITTEE OF DIRECTORS AND SOLE TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2022

The committee of directors and sole trustees are responsible for preparing the Committee Of Directors And Sole Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland and in England and Wales requires the committee of directors and sole trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the trust and of the incoming resources and application of resources of the trust for that year.

In preparing these accounts, the committee of directors and sole trustees are required to:

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

The committee of directors and sole trustees is responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the trust and enable them to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
INDEPENDENT AUDITOR'S REPORT

TO THE COMMITTEE OF DIRECTORS AND SOLE TRUSTEES OF THE ROYAL CALEDONIAN EDUCATION TRUST

Opinion

We have audited the financial statements of The Royal Caledonian Education Trust (the 'trust') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the committee of directors and sole trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the committee of directors and sole trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The committee of directors and sole trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE COMMITTEE OF DIRECTORS AND SOLE TRUSTEES OF THE ROYAL CALEDONIAN EDUCATION TRUST

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the committee of directors and sole trustees' report; or
- sufficient accounting records have not been kept; or
- 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.

Responsibilities of committee of directors and sole trustees

As explained more fully in the statement of committee of directors and sole trustees' responsibilities, the committee of directors and sole trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the committee of directors and sole trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the committee of directors and sole trustees are responsible for assessing the trust'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 the committee of directors and sole trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE COMMITTEE OF DIRECTORS AND SOLE TRUSTEES OF THE ROYAL CALEDONIAN EDUCATION TRUST

The extent to which the audit was considered capable of detecting irregularities including fraud

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following;

- The nature of the industry and sector, control environment and business performance including the design of the remuneration policies, key drivers for trustee remuneration, bonus levels and performance targets;
- results of our enquiries of Management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and review the charitable company's documentation of their policies and procedures relating to;
 - identifying, evaluating and complying with laws and regulation and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

We also obtained an understanding of the legal and regulatory frameworks that the charitable company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Employment law.

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE COMMITTEE OF DIRECTORS AND SOLE TRUSTEES OF THE ROYAL
CALEDONIAN EDUCATION TRUST**

Your attention is drawn to the fact that the charity has prepared financial statements 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)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

Use of our report

This report is made solely to the and to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees and trustees those matters we are required to state to them in an auditors' 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, the charity's trustees as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Myers Clark

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Chartered Accountants
Statutory Auditor

Egale 1
80 St Albans Road
Watford
Hertfordshire
WD17 1DL

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £	Total 2021 £
<u>Income and endowments from:</u>						
Donations and legacies	2	56,160	232,645	-	288,805	351,496
Investments	3	116	-	126,390	126,506	109,361
Other income	4	235,917	21,023	(183,000)	73,940	51,496
Total income		292,193	253,668	(56,610)	489,251	512,353
<u>Expenditure on:</u>						
Raising funds	5	122,692	-	-	122,692	153,285
Charitable activities	6	363,351	209,975	-	573,326	449,280
Total resources expended		486,043	209,975	-	696,018	602,565
Net gain/(loss) on investments	11	(68)	-	341,621	341,553	736,506
Net (outgoing)/incoming resources before transfers		(193,918)	43,693	285,011	134,786	646,294
Transfers between funds		313,236	-	(313,236)	-	-
Net movement in funds		119,318	43,693	(28,225)	134,786	646,294
Fund balances at 1 April 2021		(113,667)	147,337	4,415,665	4,449,335	3,803,041
Fund balances at 31 March 2022		5,651	191,030	4,387,440	4,584,121	4,449,335

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Prior Year Comparative Detail

	Unrestricted funds	Restricted funds	Endowment funds	Total 2020
	£	£	£	£
<u>Income and endowments from:</u>				
Donations and legacies	76,651	274,845	-	351,496
Investments	1,605	-	107,756	109,361
Other income	251,496	-	(200,000)	51,496
Total income	329,752	274,845	(92,244)	512,353
<u>Expenditure on:</u>				
Raising funds	153,285	-	-	153,285
Charitable activities	267,269	182,011	-	449,280
Total resources expended	420,554	182,011	-	602,565
Net gain/(loss) on investments	17,600	-	718,906	736,506
Net movement in funds	(73,202)	92,834	626,662	646,294
Fund balances at 1 April 2020	(40,465)	54,503	3,789,003	3,803,041
Fund balances at 31 March 2021	(113,667)	147,337	4,415,665	4,449,335

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	13		4,614,126		4,414,791
Current assets					
Debtors	14	8,115		5,947	
Cash at bank and in hand		79,398		119,254	
		<u>87,513</u>		<u>125,201</u>	
Creditors: amounts falling due within one year	15	<u>(117,518)</u>		<u>(90,657)</u>	
Net current (liabilities)/assets			(30,005)		34,544
Total assets less current liabilities			<u>4,584,121</u>		<u>4,449,335</u>
Capital funds					
Endowment funds					
Permanent endowment		4,387,440		4,124,922	
Expendable endowment		<u>-</u>		<u>290,743</u>	
	16		4,387,440		4,415,665
Income funds					
Restricted funds	17		191,030		147,337
Unrestricted funds			<u>5,651</u>		<u>(113,667)</u>
			<u>4,584,121</u>		<u>4,449,335</u>

The accounts were approved by the Committee Of Directors And Sole Trustees on 7 September 2022

Mr M Noble
Chairman

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

1.1 Accounting convention

The accounts have been prepared in accordance with the trust's governing document, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice: Accounting and Reporting by Charities 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 2019.

The accounts have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved applying '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) effective 1 January 2019' rather than the version of the Statement of Recommended Practice referred to in the regulation but has since been withdrawn.

The trust constitutes a Public Benefit Entity.

The trust has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the trust. Monetary amounts in these financial statements are rounded to the nearest £.

The 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 Trust comprises a public benefit entity as defined by FRS 102.

1.2 Going concern

At the time of approving the financial statements, the committee of directors and sole trustees have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. Thus the committee of directors and sole trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are donations and other income received or generated for the objects of the charity without further specified purpose and are available as general funds. Designated funds are unrestricted funds earmarked by the Directors for particular applications.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Permanent endowment funds are funds which have been given to the charity to be held as capital with no power to convert the funds to income.

Expendable endowment funds are funds given to the charity to be held as capital. The Trustees may convert the funds to income if no other income funds are available.

1.4 Incoming resources

Income is recognised when the trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that income will be received and the amount can be measured and is not deferred.

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by investment managers of the receipt of the dividend.

Income received in advance of recognition criteria being met is deferred until the criteria for recognition are met.

1.5 Resources expended

Liabilities are recognised 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.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the trust. Single or multi-year grants are accounted for when the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside the control of the trust.

Allocation of costs

Expenditure is allocated to a particular activity where the costs relate directly to that activity. Direct expenditure has been allocated on the basis indicated below:

Cost of generating funds: These include all expenditure spent in generating the voluntary income.

Charitable activities: These include all expenditure directly related to the objects of the charity.

Support costs comprise costs incurred in support of the above activities. Included in support costs are costs incurred in the governance of the charity which are primarily associated with the constitutional and statutory requirements. Support costs are allocated to activities based on an estimate of staff time spend on each activity during the financial period.

Irrecoverable value added tax

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

Grants

Grants payable made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant. Grants awarded that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to the grant is outside the control of the charity.

Pension contributions

The charity makes payments to a defined contribution pension scheme for its employees. Contributions are charged to the Statement of Financial Activities in the period they are payable.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. All items of capital expenditure over £500 are capitalised.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	over 5 years
Computers	over 4 years

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Fixed asset investments

Listed investments are a form of basic financial interest and are initially recognised at their transaction value and subsequently measured at their fair value at the balance sheet date using the mid- market value.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the trust's balance sheet when the trust becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Derecognition of financial liabilities

Financial liabilities are derecognised when the trust's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2022	Total 2021
	£	£	£	£
Donations and gifts	56,160	232,645	288,805	351,496
	<u>56,160</u>	<u>232,645</u>	<u>288,805</u>	<u>351,496</u>
For the year ended 31 March 2021	<u>76,651</u>	<u>274,845</u>		<u>351,496</u>

3 Investments

	Unrestricted funds 2022 £	Endowment funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Endowment funds 2021 £	Total 2021 £
Income from listed investments	-	126,390	126,390	-	107,756	107,756
Interest receivable	116	-	116	1,605	-	1,605
	<u>116</u>	<u>126,390</u>	<u>126,506</u>	<u>1,605</u>	<u>107,756</u>	<u>109,361</u>

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

4 Other income	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total Unrestricted funds		Endowment funds		Total	
				2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Released from endowment funds	183,000	-	(183,000)	-	200,000	(200,000)	(200,000)	-	-
Fees	52,917	21,023	-	73,940	51,496	-	-	51,496	51,496
	235,917	21,023	(183,000)	73,940	251,496	(200,000)	(200,000)	51,496	51,496

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

5 Raising funds

	2022	2021
	£	£
Costs of generating voluntary income		
Direct costs	69,049	114,090
Support & governance costs	28,129	15,821
	<hr/>	<hr/>
Costs of generating voluntary income	97,178	129,911
<u>Costs of generating investment income</u>		
Investment management fees	25,514	23,374
	<hr/>	<hr/>
	<u>122,692</u>	<u>153,285</u>

FOR THE YEAR ENDED 31 MARCH 2022

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THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

7 Grants payable

	2022	2021
	£	£
Grants to individuals	80,019	58,175
	<u>80,019</u>	<u>58,175</u>

8 Support & governance costs

	2022	2021
	£	£
SUPPORT COSTS		
Staff costs	105,366	44,026
Recruitment and staff development	6,171	5,258
Premises expenses	24,483	16,553
PR, marketing and Annual Review	13,835	2,098
Printing, stationery, postage and phone	2,189	1,704
Travelling	1,413	373
Other	4,437	912
Accountancy	4,626	1,928
Computer & office equipment costs	5,523	4,117
GOVERNANCE COSTS	17,848	10,929
	<u>185,891</u>	<u>87,898</u>
Analysed between		
Fundraising	28,129	15,821
Charitable activities	157,762	72,077
	<u>185,891</u>	<u>87,898</u>

Governance costs includes payments to the auditors of £9,000 (2021 - £8,820) for audit fees.

9 Committee Of Directors And Sole Trustees

Trustee remuneration and expenses

None of the committee of directors and sole trustees (or any persons connected with them) received any remuneration or benefits from the trust during the year.

3 Trustees (2021: 1) were reimbursed travel and venue hire expenses totalling £405 (2021: £15).

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

10 Employees

Number of employees

The average monthly number of employees (head count based on number of staff employed) during the year was:

	2022 Number	2021 Number
Raising funds	2	2
Charitable activities	5	4
Support and Governance	4	3
	<u>11</u>	<u>9</u>

Employment costs

	2022 £	2021 £
Wages and salaries	324,216	261,963
Social security costs	26,376	21,256
Other pension costs	12,838	10,094
	<u>363,430</u>	<u>293,313</u>

There was one employee (2021 - 0) whose annual emoluments were £60,000 or more. One full time employee was on secondment in both periods in furtherance of the education programme.

The number of employees whose annual remuneration was £60,000 or more were:

	2022 Number	2021 Number
£60,001 to £70,000	<u>1</u>	<u>-</u>

11 Net gains/(losses) on investments

	Unrestricted funds £	Endowment funds general £	Total 2022 £	Total 2021 £
Revaluation of investments	(68)	341,621	341,553	736,506
For the year ended 31 March 2021	<u>17,600</u>	<u>718,906</u>		<u>736,506</u>

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

12 Tangible fixed assets

	Fixtures and fittings	Computers	Total
	£	£	£
Cost			
At 1 April 2021	869	2,976	3,845
At 31 March 2022	869	2,976	3,845
Depreciation and impairment			
At 1 April 2021	869	1,488	2,357
Depreciation charged in the year	-	1,488	1,488
At 31 March 2022	869	2,976	3,845
Carrying amount			
At 31 March 2022	-	-	-
At 31 March 2021	-	-	-

13 Fixed asset investments

	2022	2021
	£	£
Cost or valuation		
At 31 March 2021	4,414,791	3,881,765
Withdrawn	(142,218)	(203,480)
Valuation changes	341,553	736,506
At 31 March 2022	4,614,126	4,414,791
Impairment		
At 31 March 2021	-	-
At 31 March 2022	-	-
Carrying amount		
At 31 March 2022	4,614,126	4,414,791
At 31 March 2021	4,414,791	3,881,765
	2022	2021
	£	£
Investments at fair value comprise:		
Investment assets held in the UK	3,295,884	3,436,460
Investment assets held outside the UK	1,318,242	978,331
	4,614,126	4,414,791

THE ROYAL CALEDONIAN EDUCATION TRUST
OPERATIONAL NAME: FORCES CHILDREN SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

13 Fixed asset investments

(Continued)

	2022	2021
	£	£
Investments representing over 5% by value of portfolio comprise:		
JPMorgan Asset Management UK Ltd (less than 5% in 2021)	235,654	-
FP WHEB Asset Management Funds Accum.Ptg. Shares Class B	290,457	281,161
Aberdeen Asian Income Fund Shares	253,786	253,786
	<u>779,897</u>	<u>534,947</u>

Fixed asset investments revalued

Fixed asset investment are valued at market value at the year end.

The historical cost of the fixed asset investments is £3,179,602 (2021: £3,193,352).

Fixed asset investments include cash held awaiting investment of £150,150 (2021: £209,334).

14 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Prepayments and accrued income	<u>8,115</u>	<u>5,947</u>

15 Creditors: amounts falling due within one year

	2022	2021
	£	£
Other taxation and social security	10,234	6,197
Accruals and deferred income	<u>107,284</u>	<u>84,460</u>
	<u>117,518</u>	<u>90,657</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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16 Endowment funds

Endowment funds represent assets which must be held permanently by the trust. Income arising on the endowment funds can be used in accordance with the objects of the trust and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

	Balance at 1 April 2021	Incoming resources	Movement in funds		Release from unapplied total return fund / Transfers	Balance at 31 March 2022
	£	£	Resources expended	Revaluations gains and losses	£	£
Permanent endowments						
Sale of the school	4,124,922	126,390	-	319,128	(183,000)	4,387,440
Expendable endowments						
Legacy	290,743	-	-	22,493	(313,236)	-
	<u>4,415,665</u>	<u>126,390</u>	<u>-</u>	<u>341,621</u>	<u>(496,236)</u>	<u>4,387,440</u>

	Balance at 1 April 2020	Incoming resources	Movement in funds prior period		Release from unapplied total return fund / Transfers	Balance at 31 March 2021
	£	£	Resources expended	Revaluations gains and losses	£	£
Permanent endowments						
Sale of the school	3,544,627	107,756	-	672,539	(200,000)	4,124,922
Expendable endowments						
Legacy	244,376	-	-	46,367	-	290,743
	<u>3,789,003</u>	<u>107,756</u>	<u>-</u>	<u>718,906</u>	<u>(200,000)</u>	<u>4,415,665</u>

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FOR THE YEAR ENDED 31 MARCH 2022

17 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds current year		
	Balance at 1 April 2021	Incoming resources	Resources expended
	£	£	£
ABF The Soldiers Charity	24,973	-	-
Cash For Kids	1,820	-	(1,820)
Scottish Children's Lottery	2,171	-	-
Persimmon Homes	-	1,000	(1,000)
Awards For All	5,736	-	(5,736)
Paul Hamlyn	30,000	-	(23,552)
Board Game	18,696	-	(19,663)
The Veterans Foundation Grant	7,500	-	(7,500)
Veterans Scotland	5,960	14,798	(20,758)
Ciene & Tait (Tillyloss)	1,002	-	(1,002)
Ground Work	1,000	-	-
Brit + FGN	6,624	15,000	(15,647)
The National Lottery Community Fund - Young Start	-	20,400	(20,400)
Armed Forces Covenant Fund Trust Funding - YMM	41,855	160,423	(92,897)
Armed Forces Covenant	-	42,047	-
	<u>147,337</u>	<u>253,668</u>	<u>(209,975)</u>
	<u>147,337</u>	<u>253,668</u>	<u>191,030</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

17 Restricted funds

(Continued)

	Movement in funds prior period			
	Balance at 1	Incoming	Resources	Balance at 31
	August 2020	resources	expended	March 2021
	£	£	£	£
ABF The Soldiers Charity	-	29,247	(4,274)	24,973
Cash For Kids	2,220	-	(400)	1,820
Scottish Children's Lottery	7,493	-	(5,322)	2,171
BFBS	8,000	-	(8,000)	-
Awards For All	6,790	-	(1,054)	5,736
Paul Hamlyn	30,000	30,000	(30,000)	30,000
First Port	-	34,478	(34,478)	-
Coffee Morning	-	108	(108)	-
Board Game	-	18,696	-	18,696
Foundation Scotland	-	5,000	(5,000)	-
The Veterans Foundation Grant	-	15,000	(7,500)	7,500
Bonnet-makers & Dyers of Glasgow	-	5,000	(5,000)	-
Veterans Scotland	-	14,681	(8,721)	5,960
Ciene & Tait (Tillyloss)	-	2,000	(998)	1,002
Ground Work	-	1,000	-	1,000
Brit + FGN	-	20,000	(13,376)	6,624
The National Lottery Community Fund - Young Start	-	25,400	(25,400)	-
Armed Forces Covenant Fund Trust Funding - YMM	-	74,235	(32,380)	41,855
	<u>54,503</u>	<u>274,845</u>	<u>(182,011)</u>	<u>147,337</u>

THE ROYAL CALEDONIAN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

18 Unrestricted funds

	Balance at 1 April 2021	Movement in funds current year				Balance at 31 March 2022
		Incoming resources	Resources expended	Revaluations, gains and losses	Released from unapplied total return fund / Transfers	
	£	£	£	£	£	£
General Unrestricted Funds	(113,667)	109,193	(486,043)	(68)	496,236	5,651
Total unrestricted funds	(113,667)	109,193	(486,043)	(68)	496,236	5,651

	Balance at 1 April 2020	Movement in funds prior year				Balance at 31 March 2021
		Incoming resources	Resources expended	Revaluations, gains and losses	Released from unapplied total return fund/ Transfers	
	£	£	£	£	£	£
General Unrestricted Funds	(40,465)	129,752	(420,554)	17,600	200,000	(113,667)
Total unrestricted funds	(40,465)	129,752	(420,554)	17,600	200,000	(113,667)

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FOR THE YEAR ENDED 31 MARCH 2022

19 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total £
Fund balances at 31 March 2022 are represented by:				
Investments	226,686	-	4,387,440	4,614,126
Current assets/(liabilities)	(221,035)	191,030	-	(30,005)
	<u>5,651</u>	<u>191,030</u>	<u>4,387,440</u>	<u>4,584,121</u>
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total £
Fund balances at 31 March 2021 are represented by:				
Investments	(874)	-	4,415,665	4,414,791
Current assets/(liabilities)	(112,793)	147,337	-	34,544
	<u>(113,667)</u>	<u>147,337</u>	<u>4,415,665</u>	<u>4,449,335</u>

20 Permanent Endowment

	Endowment Fund £	Unapplied Total Return £	Total Endowment Fund £
At 1 April 2021			
Sale of school	2,600,000	-	2,600,000
Unapplied total return	-	1,524,922	1,524,922
Total	<u>2,600,000</u>	<u>1,524,922</u>	<u>4,124,922</u>
Movements to 31 March 2022			
Investment return - dividends	-	126,390	126,390
Investment return - realised & unrealised gains	-	319,128	319,128
	-	445,518	445,518
Unapplied total return allocated to income in the year	-	(183,000)	(183,000)
Net movements in the year	<u>-</u>	<u>262,518</u>	<u>262,518</u>
At 31 March 2022			
Sale of school	2,600,000	-	2,600,000
Unapplied total return	-	1,787,440	1,787,440
Total	<u>2,600,000</u>	<u>1,787,440</u>	<u>4,387,440</u>

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FOR THE YEAR ENDED 31 MARCH 2022

21 Operating lease commitments

At the reporting end date the trust had outstanding commitments for future minimum lease payments under non-cancellable operating leases for the rental of office space, which fall due as follows:

	2022	2021
	£	£
Within one year	10,402	20,803
Between two and five years	-	45,073
	<u>10,402</u>	<u>65,876</u>

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including redundancy payments, employers NI and employers pension contributions is as follows:

	2022	2021
	£	£
Aggregate compensation	<u>69,676</u>	<u>74,647</u>

Transactions with related parties

During the year the trust entered into the following transactions with related parties:

	2022	2021
	£	£
Donations made by Trustees	<u>-</u>	<u>100</u>