

CHARITY COMMISSION
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THE ERNEST COOK TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED

31 MARCH 2016

Registered number 7907411
Charity number 1146629

THE ERNEST COOK TRUST

FINANCIAL STATEMENTS

For the year ended 31 March 2016

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THE ERNEST COOK TRUST

LEGAL AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2016

The Ernest Cook Trust (Registered Company No. 7907411 and Registered Charity No. 1146629) was incorporated on 1 April 2012; it is the successor to The Ernest Cook Trust which was founded and endowed by the late E E Cook.

| | |
|--|---|
| Registered office and principal address: | The Estate Office Fairford Park Fairford Gloucestershire GL7 4JH |
| Trustees: | Mr A W M Christie-Miller (Chairman) Mr M C Tuely FRICS (retired 24 November 2015) Mr H M Henderson DL Dr V M Edwards OBE FRICS FAAV (resigned 20 May 2016) Mr S F Eliot Sir Bertie Ross KCVO Mrs M E Riall (appointed 24 November 2015) |
| Chief Executive and Company Secretary: | Mr N J Ford BA MRICS (retired 30 September 2016) Dr V M Edwards OBE FRICS FAAV (appointed 1 October 2016) |
| Accountant: | Mr D J Wright |
| Bank: | National Westminster Bank plc 32 Market Place Cirencester Gloucestershire GL7 2NU |
| Solicitors: | Charles Russell Speechlys LLP Compass House Lypiatt Road Cheltenham Gloucestershire GL50 2QJ Payne Hicks Beach 10 New Square Lincoln's Inn London WC2A 3QG |
| Auditor: | Grant Thornton UK LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6FT |
| Investment advisers: | Cazenove Capital Management 12 Moorgate London EC2R 6DA |

THE ERNEST COOK TRUST

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

The Trustees present their report together with financial statements for the year ended 31 March 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Ernest Edward Cook, the founder of the Trust which bears his name, died in 1955 at the age of 89. Following the sale of his family business (the travel agency Thomas Cook & Sons) in 1928, Mr Cook devoted his wealth and energy to the purchase of country houses and estates, and the collections of works of art which they contained, thus preserving them from fragmentation. Mr Cook made significant bequests and donations to the National Art Collections Fund and to the National Trust; as a result of those donations, the National Trust turned its attention to country houses, at that time only a minor activity of the Trust.

Mr Cook founded his Trust in 1952 as an educational charity, initially deriving its income from the 14,462 acres of agricultural estate land he put into trust which still continues to form part of the endowment. The Ernest Cook Trust therefore had as its founding instrument the 1952 Deed of Trust; this was added to and amended in 1984, 1995 and principally in February 2006, when the Deed was updated to reflect current activities.

The Ernest Cook Trust was incorporated on 1 April 2012 at which time all the assets and liabilities were transferred to the new body: there were no significant changes to the operation or activities of the Trust. All activities and strategies have been carried forward into the incorporated charity. The Directors of the Trust are also its Trustees for the purposes of charity law.

TRUSTEES

There are currently five Trustees, who are selected to represent a wide range of experience and expertise in the fields of education, the ownership and management of rural land, and finance.

Miles Tuely retired in November 2015 at which time Mary Rjall was appointed (see below). Reference to a further change following the year-end is made in the section headed 'Plans for the Future' on page 11.

The current Trustees are:

Andrew Christie-Miller (Chairman of Trustees)

Andrew has been a Trustee since 1994; he was appointed Chairman of the Trustees in November 2013. As both a landowner and businessman Andrew brings to the board knowledge of many areas of the Trust's activities, as well as a wider perspective. Formerly Vice-Chairman of Openfield (the UK's largest farmer-owned grain-marketing company) Andrew is currently a director of a vineyard and a development company, as well as a trustee of two charitable trusts and several estates in England and Scotland.

Harry Henderson

Harry has been a Trustee since 2004: as a former director of Cazenove he has a particular expertise in all aspects of financial management; he is also a landowner, so the board also benefits from his knowledge and experience of land ownership and management. Harry is chairman and director of an investment company, as well as being a director of two land-owning trusts and a trustee of four charitable trusts.

Simon Eliot

Simon taught at Winchester College from 1976 to 2000, where he was also a housemaster for 12 years. Simon was Headmaster of Sherborne School between 2000 and 2010: he is currently a Governor of schools in the UK and Prague, and a Trustee of the British Racing School.

THE ERNEST COOK TRUST

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For the year ended 31 March 2016

Sir Bertie Ross KCVO

Bertie was the Secretary and Keeper of the Records (Chief Executive) for the Duchy of Cornwall, until his retirement in 2013. Bertie is a Fellow of the Royal Institution of Chartered Surveyors, a Trustee of several estates in England and Scotland and a Court member of the Worshipful Company of Farmers.

Mary Riall

As a qualified teacher, Mary's background is in education. As a former Chief Executive, and now Trustee, of the Ufton Court Education Trust Mary has extensive knowledge and experience not only of running a charity but also of the area of outdoor education.

There are no related parties other than the Trustees.

The Trustees are formally required to retire at the age of 75; their agreed assumption is that they will retire at the age of 70. There is an expectation that each Trustee's appointment is reviewed every five years. Once a year the Chairman discusses with each Trustee his or her contribution to the board and the work of the Trust.

When a vacancy on the Board of Trustees arises, areas of skill and experience among the Trustees that need to be enhanced or replaced are identified: new Trustees are then appointed, following a selection process carried out by the existing Trustees. New Trustees are provided with a comprehensive pack of information about the Trust and its activities; this is backed up by a personal briefing by the Chief Executive, and introductory tours of the estates.

Appropriate training, principally in trusteeship and financial management, is provided by the Trust's advisors and other professionals as necessary. The Trustees are paid under the terms of the Articles of Association.

The Trustees place great importance on good governance: both the Charity Commission's publication 'The Hallmarks of An Effective Charity' and the Code for the Voluntary and Community Sector publication entitled 'Good Governance' have been worked through in detail to ensure that the Trust complies with all the requirements in all areas of governance. In addition, the Trust subscribes to the magazine 'Governance', produced by Civil Society.

During the year, the full board of Trustees met five times; at two of those meetings (in the spring and autumn) major grant applications were considered. At the beginning of every meeting, the Trustees are asked to declare any conflicts of interest in relation to matters to be discussed. Any such conflicts are minuted and any Trustee with a conflict takes no part in discussion of the relevant item nor any associated decision.

The Trustees have appointed sub-committees to monitor two specialist areas of activity. Further details of the Investment Committee are given on page six under the heading 'Investments'. Further details of the Development Committee are given on page seven under the sub-heading 'Development' in the section on 'Achievements and Performance'.

The overall management of the Trust's affairs is carried out by the Chief Executive, supported by professional and administrative staff, and by a relevant range of external advisors.

Decisions are made at the appropriate management level; day-to-day matters are decided by the managers, with reference as necessary to the Chief Executive. More important decisions are taken by the Chief Executive: matters requiring a decision by the Trustees are referred to them either at one of their meetings or, in between such meetings, by correspondence (by letter or email) and telephone calls.

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For the year ended 31 March 2016

The Trustees have identified and considered the major risks to which the charity is exposed; systems to mitigate those risks have been established. The Risk Assessment and Risk Register is reviewed regularly, being reported to the Trustees at both their main meetings, and reviewed formally by them once per year.

Taking into account the systems in place to mitigate risks, the Trustees considered when they reviewed the risks in November 2015 that there was an area where the retained risk was high, being the chance of the UK leaving the EEC. As that risk cannot be mitigated by any action taken by the Trust, the retained risk was assessed as being high. The UK referendum subsequently voted for Brexit, the consequences of this decision remain uncertain.

The Trustees consider that the areas in which the retained risk is medium are:

- Loss of key staff
- Static or falling rental income
- Educational visits accident
- Insecure assets
- Insufficient number of suppliers
- Health and Safety at work issues
- Disaster planning and recovery
- Damage caused by roadside trees
- Problems arising from the private water supply
- Inadequate investment returns
- Antipathetic Government policy
- Adverse taxation
- Collapse of the Euro
- Climate change

OBJECTIVES AND ACTIVITIES

The Ernest Cook Trust is an educational charitable foundation which makes grants to provide financial assistance to suitable educational projects run by other charities, or not-for-profit organisations, and arranges educational visits to its estates. The document setting out the strategy for the operation and management of the Trust, which was adopted in July 2008 and reviewed in 2011 and again in November 2014, contains the following statement of purpose:

“The aim of the Ernest Cook Trust is to make educational grants and to carry out other educational work so as to be highly effective in pursuit of its charitable objective whilst, subject to that, maintaining its investment in its estates in ways that ensure their value, excellence and preservation”.

Details of how the Trustees have furthered these objectives during the year are summarised in this report. Whilst the majority of beneficiaries are school-children, this is not exclusively the case.

Grant-Making

A full review of the Trust's Grants Policy was carried out in January 2006; it is influenced by Mr Cook's two great passions - the arts and the continuation of the traditional country estate - but includes support to increase standards of literacy and numeracy. Grants, which must always be for clearly educational purposes, aim principally to focus upon the needs of children and young people.

THE ERNEST COOK TRUST

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

To that end the Trustees have been keen to support applications from registered charities or other not-for-profit organisations within the United Kingdom in three main areas of activity, being the environment and the countryside, the wide spectrum of arts, crafts and architecture, and literacy and numeracy. As a result of a further review of the Grants policy in February 2014 support for 'STEM' subjects (Science, Technology, Engineering, and Maths) is also now given. All applications are expected to link in with either the National Curriculum or recognised qualifications.

It is appreciated that sometimes a contribution will be required towards the salary of an education officer, but the Trust always expects to be only a part-funder. Funds are not usually committed for more than one year: successful applicants are normally asked to wait three years before applying for further help. Research grants are occasionally awarded if the work links in to the above interests: suitable projects which do not fall into any of the main categories are also considered.

Grants range from £100 to £4,000 in the Small Grants category. Relatively modest amounts to provide educational resources for small groups form a large part of the Small Grants programme; this always seems to bring great benefits. At the two main meetings grants are mostly in the range of £5,000 to £10,000, with only a few larger awards for projects closely connected to the Trust's land holdings and educational interests. Main grants to arts, crafts and architecture projects are considered at the Spring meeting; those relating to the environment are put forward at the Autumn meeting.

All applications are processed by the Grants Administrator in consultation with the Chief Executive. Applications which meet the Trust's criteria are passed to the Trustees, who make all decisions relating to awards and the size of grant. The Small Grants programme is administered by the Education Trustee, with the help of the other Trustees by rotation; applications are considered six times per year. The full board of Trustees considers applications for main grants twice per year. All recipients of grants are required to report on the use of the award, within one year of it being made; failure to do so renders a grantee ineligible for any future award.

By making grants in this way, the Trust enables numerous charitable organisations to carry out a wide variety of work benefiting diverse sections of the public; without such grant support these organisations would not have the necessary funding and would therefore not be able to carry out their enriching work.

Educational Use of the Estates

The Ernest Cook Trust's estates are used as direct resources to provide opportunities to take the curriculum outside and for visits to farms, rivers, woodland and a number of other environments: such visits are made by school children of all ages, those in tertiary-level education, and some adults.

These visits offer pupils a chance not only to learn about farming and agriculture, wildlife and biodiversity, and natural habitats but also to cover a wide range of the National Curriculum; they also enable the children to be outside in all seasons and all weathers, which has been shown to be of great benefit to a child's development, as well as being enjoyable. All visits are linked to various areas of the National Curriculum, giving the children the chance to learn in a different environment from their usual classrooms. The majority of this work takes place on the estates in Gloucestershire, but visits are also made to the estates in Dorset, Leicestershire, Buckinghamshire and Oxfordshire. This aspect of the Trust's work has continued to expand and is of increasing importance. On a wider scale, the Trust continues involvement with discussions and initiatives to explore ways in which organisations in this sector can collaborate, especially with work arising from the last Labour Government's initiatives and the Learning Outside the Classroom manifesto. The Head Education Officer participates in a sector working group called 'Countryside Classroom' chaired by Lord (Don) Curry. The Head Education Officer has also continued to work with a number of schools and other bodies to promote Forest Schools, both regionally and nationally, with a view to encouraging the use of these areas (of which the Trust currently runs a total of eight) as outdoor classrooms. The Trust plays a leading role in this area.

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REPORT OF THE TRUSTEES

For the year ended 31 March 2016

The Ernest Cook Trust is at the forefront of practical provision of outside education, offering children from a variety of backgrounds, in a variety of locations, the opportunity to experience what is increasingly considered by experts to be a highly important element of education and personal development.

Land Management

The Trust's landed assets consist of seven main estates and two other holdings, in five counties, these being Gloucestershire, Buckinghamshire, Leicestershire, Dorset and Oxfordshire. The estates cover some 22,300 acres, made up mainly of let farmland (with 31 main tenants renting 45 farms between them) but also including woodland, houses, cottages and a few small commercial premises. The aim is to achieve the highest standards of estate management and stewardship, in accordance with the practice of the best-managed landed estates: the Trustees and staff aim to remain true to the founder's vision in an ever-changing world. By following these aims, the Trustees intend to improve the environment and habitats on the estates and protect the landscapes and heritage assets in their care. As with any estate the situation is not static, with land being acquired or disposed of, as suitable opportunities arise, to improve the holdings, and in pursuit of the charitable object. The Trustees are always willing to discuss further acquisitions and bequests with landowners.

Investments

As well as the landed estates, the Trust also has a portfolio of investments; the income from these investments, and the surplus income from the estates, form the fund from which the educational grants are made. Detailed information about these investments, and their professional management, is given in the section of this report headed 'Financial Review'.

An investment committee, comprising two trustees and the Trust's accountant, meets the investment managers twice a year, monitoring performance and discussing relevant issues; additional meetings are held as circumstances require. The investment sub-committee reports to the Trustees at each main meeting: the investment managers report in person annually to the full board of Trustees. In the interim, quarterly reports and valuations are produced and disseminated to the Trustees. The Chief Executive, and the accountant, attend sector briefings by Cazenove and their annual Charities Conference. Papers by other investment managers are received and read, as are relevant sector publications.

ACHIEVEMENTS AND PERFORMANCE

Overall Charitable Expenditure

The Trust spent a total of £3,808,798 from an income of £4,363,145 (87.3%), in pursuit of its charitable objectives. Excess expenditure over income is accounted for by the Trust's stated Total Return approach to investments as detailed under Investment Policy on page 10.

Estates

The programme of work to maintain and improve the fabric of the estates has continued: major improvements have been made to two farms and two residential properties; at a further 11 properties either refurbishments or major repairs have been carried out. Following assessments of the requirements on all estates, a rolling programme of electrical inspections and the necessary resultant work has been extended to all property, and a programme of major roof refurbishments continued. The consequences of this programme are both aesthetic and financial improvements.

THE ERNEST COOK TRUST

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For the year ended 31 March 2016

Only two agricultural rent reviews were carried out as they fell due during the year. Taking into account all factors that have affected rental income, the rent roll has increased from £3,343,925 to £3,418,162. Taking into account the current state of the agricultural industry, the Trustees decided in September 2014 not to serve Notices to review the rent of arable holdings in 2015; however, in the light of the conditions at the time, the Trustees decided to serve Notices to review dairy holdings. The state of the UK dairy industry has declined since the time of service of Notices, but the reviews have been satisfactorily concluded.

Monitoring of the likely effects of the proposals for the creation of a high-speed railway (HS2), the proposed route of which passes through the Hartwell estate, has continued; the main thrust of such work has been negotiation with hs2 Ltd about mitigating the effects of the railway on the estate. The Trust's arguments were taken to the House of Commons in November 2015 but agreement was reached with hs2 Ltd just before appearance in front of the Select Committee: that agreement has yet to be enshrined in a formal document. Such monitoring continues to be undertaken in liaison with the National Trust (the tenants of Hartwell House) and with the neighbouring landowners, the Waddesdon and Carington estates. hs2 Ltd was keen to avoid a public confrontation with the National Trust; agreement was therefore reached in mid-November 2015 in relation to Hartwell House, just before the Select Committee hearing. However, The Ernest Cook Trust had remaining concerns about the effects of the railway on land south of the A418.

Development

A committee, comprising two Trustees and the Chief Executive, assisted by the other agents, meets every six months with the planning consultants who have been appointed to investigate and take forward small-scale development opportunities on the estates, principally as a source of capital funds. It is proposed that a site at Waiten Hill Farm on the Fairford estate be developed in three phases. Planning consent was obtained for the conversion of the Tallett Barn but disposal of that part has been postponed pending the outcome of plans for 'new-build' on the adjacent paddock: those plans have been revised a number of times in response to changing rules governing the provision on small sites of affordable housing; that issue has yet to be fully resolved by the Government. The third phase of the development will be addressed once the first two have been progressed.

Educational Grants

During the year 540 grants were awarded, totalling £1,857,316. £1,055,296 was awarded under the large grants programme and £802,020 in the small grants category. Once grants, either cancelled or returned, have been taken into account, a net total of 536 grants, totalling £1,849,253, were made. These figures compare with 511 grants, totalling £1,796,024, being made in 2015. All grants were awarded in accordance with the approved policy.

Areas of grant-making were as follows:

| | |
|-------------------------------|-------------------|
| Arts, Crafts and Architecture | £609,170 |
| Environment | £663,711 |
| Literacy & STEM | £539,672 |
| Other | £ 36,700 |
| | <hr/> |
| | £1,849,253 |

Many small grants during the year have helped primary schools with the cost of workshops with visiting artists, a wide range of activities to teach children about healthy eating, food and how it is grown, and the training of Forest School leaders. Many supplementary schools, improving standards in literacy and numeracy among children from ethnic minorities, have also been supported.

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For the year ended 31 March 2016

In the Large Grants category, awards have been made towards the costs of outreach work with schools by a range of arts organisations, bursaries and apprenticeships organised by cathedrals and other establishments involved with arts and crafts and the environment, and the salaries of education officers employed by larger organisations operating in these fields.

Educational Visits to the Estates

Use of the estates as direct educational resources has continued to increase and expand: a total of 31,080 individual visits were received, compared with 26,590 last year. There were 19,354 visits to the Gloucestershire estates during the year, including visits repeated on a weekly, monthly or termly basis as part of the Forest School initiative. The programme also included residential visits during the summer and autumn terms, individual attention for students from Coln House School (BESD), holiday clubs, adult groups, scout groups and Professional Development days for teachers. Visits linked to all areas of the National Curriculum are made by children at all key stages in primary and secondary education. A two-day visit was again made by students from Reading University, arranged with Victoria Edwards (Trustee), to discuss practical farming with a number of tenants on the Fairford, Hatherop and Slimbridge Estates. The educational work has increased on all the estates: the hours of some of the educational officers have been increased accordingly. The demand for this work continues to grow, with more and more schools booking visits. The Trustees continue strongly to support this area of the Trust's activities.

Independent research into the Trust's educational work was commissioned; following the receipt of initial results, consideration of these led to the commissioning of some further work, the results of which are awaited.

Strategic Review

Following consideration by the Trustees of the object of the Trust, and discussion with the Charity Commission and others, after the passing of the Charities Act 2011, a comprehensive review of the strategy for the future operation and management of the Trust was adopted in July 2008; this takes account of the Trustees' powers under the terms of the Trust Deed, and aims both to raise the profile of the Trust and its work, and to increase the size of the Trust. In accordance with the strategy, a rolling five-year plan was prepared and adopted; however, the usual annual review of the plan, due in February 2016, was postponed in view of the numerous possible impending changes, decisions about which will have a significant effect on the plan and associated financial figures.

A comprehensive review of the strategy was conducted during the second half of 2011. The reviewed strategic document was updated, not only to record developments in relation to previously identified areas of activity, but also to reflect the fundamentally different economic climate and the effect of the proposals for a high-speed rail line on the potential development land at Hartwell. An addition was also made to refer to the Trustees' environmental policy. In November 2014 the strategy was again reviewed, following a Trustees' 'Away-Day' in February 2014, at which this was discussed. The central importance of the Trust; direct educational work, and the need to hold land in order to deliver such work, was emphasised.

THE ERNEST COOK TRUST

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For the year ended 31 March 2016

Public Relations

Public Relations work continued during the year, with the purpose of continuing to raise the Trust's profile, and publicise its activities.

Press releases continue to be produced covering particularly the direct educational work and grant recipients; a high rate of take-up is achieved. The website is regularly updated with new stories and refreshed photo galleries.

A short film, showing examples of the Trust's education work, has been produced; this, along with associated clips, has been used during talks by the Chief Executive and the Head of Education.

Environmental Performance

The Trustees adopted an Environmental Policy in March 2011, using the advice and input of Dr Edwards (one of the Trustees) and an independent specialist consultant. In accordance with this policy, an Environment Group was established, comprising a number of members of staff under the guidance of the consultant, to consider and take steps to improve the Trust's energy efficiency, and to reduce its 'carbon footprint' and waste. Initial work concentrated on the Estate Office at Fairford, where steps have been taken to improve energy efficiency, and on Trust houses occupied by members of staff. Following the emigration of the related consultant, this work has stalled.

FINANCIAL REVIEW

The fund balance carried forward at 31 March 2016 is £132,247,764, compared with £132,751,819 in 2015; the decrease arises mainly from realised and unrealised losses on investments offset by a revaluation of some agricultural holdings following rent reviews. Grant-making was set at a level of £1.85m for the year. The sources of funds are rental income and returns from investments; the statements show that, after necessary expenditure on the estates and management, these funds have been used in furtherance of the object of the charity, by the making of educational grants, and by use of the estates as direct educational resources through the employment of education officers.

Reserves Policy

The Trustees have continued to set aside reserves as follows:

- the Expendable Endowment represents the Endowment of the Charity at 31 March 2016.
- the Pension Fund is a designated reserve, the purpose of which is to fund the expected shortfall of pensions in respect of some current employees; it is based on an actuarial variation.

The level of the designated fund is set at approximately one year's gross estate expenditure; the level of the undesignated fund represents twelve months' revenue expenditure. This level of reserves is considered necessary to ensure that the charity is able to maintain its level of grant-making.

Investment Policy and Performance

The Trust Deed empowers the Trustees to appoint investment advisors, who have discretion to invest funds for the Trust within the guidelines established by the Trust Deed: Cazenove Capital Management currently fulfil this role; The Trustees commissioned a report from Andrew Hutton, an independent expert, to assess Cazenove's performance. As a consequence of the report in April 2015, Cazenove's appointment for a further five years was confirmed.

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Investments are being made in accordance with a Strategic Asset Allocation agreed by the Trustees in November 2005 and updated in April 2008, designed to give an appropriate and widespread investment across a number of asset classes.

In April 2008, the Trustees adopted a “total return” approach to their investments, under which they will draw down a percentage of the value of the portfolio, from capital growth and income, in order to meet the agreed level of grant-making. This approach commenced in January 2009 since when 4% has been drawn down based on calendar year-end portfolio balances over the previous three years, weighted 40% in the most recent year and 30% each for the two previous years.

Cazenove’s performance is assessed against an agreed composite benchmark; that benchmark, which also has a long-term target of inflation plus 3%, has been surpassed for the past three years. The total value of the portfolio, net of withdrawals under the total return policy, has decreased slightly, reflecting difficult market conditions in the world economy. The Trust continues to benefit from embracing a policy of diversification of investments, both across different asset classes within the portfolio, and through its land holdings.

As the Trust’s equity and bond holdings are invested in pooled funds, social, ethical and environmental factors governing investment are determined within the management of those funds.

The Risk Register contains a specific section on Financial Risks: these were considered during the year. The mandate to the investment manager states that they should “maximise total return with due regard to risk”.

The Trustees have for some time considered the level of charitable giving in the light of the overall capital value of the Trust’s assets, and the availability of liquid assets to fund reinvestment. The current exceptionally low bank interest rate has afforded an opportunity to borrow a large sum of money over a long period, to achieve both aims. After considerable research and investigation, and the taking of professional advice, the Trustees have taken out a long-term loan from the Agricultural Mortgage Corporation. The matter was worked through during the year, although draw-down did not take place until after the year-end.

Pay policy for senior staff

The Trustees consider the board of trustees and the senior management team comprise the key management personnel of the Trust in charge of directing and running the Trust on a day to day basis. Details of Trustees’ fees and expenses are disclosed in note 9.

The remuneration of the senior staff is reviewed by the Trustees on an annual basis taking into account the requirements of their role and performance during the year. The Trustees do at times benchmark pay levels against the comparable positions in similar organisations.

Policies and Format

The accounts have been prepared in accordance with the accounting policies set out herein. The revaluation of investments (both freehold property and listed investments) to their market value at 31 March 2016 is shown as movement of funds in the Statement of Financial Activities, resulting in losses of £293,979 (2015: gains of £3,347,892). The investments acquired by the Trust are held in accordance with the powers of the Trustees. In accordance with the requirement to value freehold land and buildings at five-yearly intervals, an internal valuation was carried out as at 31 March 2012. Actual and theoretical rents were combined with appropriate Years Purchase (YP) figures to produce individual valuations, which were then collated to produce totals. External advice was sought to establish appropriate YP figures, and in relation to development land at Hartwell.

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Planned expenditure towards grants of £1,859,000 (2015: £1,859,000) and improvements/repairs of £1,110,500 (2015: £1,557,500) in 2016/2017 are detailed in note 17, but are not provided for in financial statements. The Trust has adequate resources to meet the existing short-term commitments, and the Trustees are confident that future income from investments will meet the Trust's longer-term liabilities.

PUBLIC BENEFIT

Following the passing of the Charities Act 2011, there must be an identifiable benefit or benefits arising from the work of all charities; such benefits must be to the public or a section of the public. The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit and the advancement of education when reviewing the Trust's aims and objectives and in planning future activities and setting the grant-making policy for the year.

In pursuit of its educational charitable object, the Trust gives away a sum of about £1.85m per year in educational grants, as can be seen from this report and the financial statements. In addition, direct use is made of the Trust's estates as educational resources, by hosting an increasing number of visits by school-children and other parties. Such visits are made without charge: the cost to the Trust of that work was £378,316 (2015: £295,832). Although grants are only made to registered charities, not-for-profit organisations or community interest companies, no section of the public is excluded from the grant-making work of the Trust, which is open to applicants from anywhere within the United Kingdom. Educational visits are in practice only made by groups within reasonable travelling distance of the Trust's estates, but the number of estates involved in this work has grown. No fees are charged by the Trust in connection with any of the Trust's work. Those working for the Trust are remunerated, but there are otherwise no private benefits.

It can therefore be seen that the work of the Trust benefits the public; further details of the educational work are set out on the Trust's website, which is frequently updated, to provide more information.

PLANS FOR THE FUTURE

The figures in these accounts show that the Ernest Cook Trust is financially sound, enabling growth in its operations. The total sum available for grant-giving will remain at the level of £1.85m for the forthcoming year; it is planned that this sum will be increased during the period of the current five-year plan.

When considering the budget for the forthcoming year, the Trustees instructed that the budgeted expenditure on charitable activities should be increased by an unallocated sum of £172,000, in order to increase the overall sum for expenditure on charitable activities to £2.4m.

The strategy for the future of the Trust and management of its assets, including maintenance of, and improvements to, the landed estates, will be followed, subject to review. The five-year plan will also be followed and updated; it is anticipated that a review may be conducted out of the normal sequence, following the taking up of her appointment by the new Chief Executive. It is anticipated that the demand for educational visits will continue to grow.

Monitoring and commenting on the HS2 proposals will continue: after the end of September 2015, this work will be done by Nicholas Ford, acting as a consultant to the Trust.

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A number of significant changes have been planned that will only come into effect after the year-end.

First, in view of the retirement of the Chief Executive on 30 September 2016, the Trustees have decided upon a change in the management structure. In future, a Property Director will be appointed to manage all the Trust's estates, reporting to the Chief Executive. The Property Director will in due course appoint an Assistant Agent.

In May 2016 Dr Victoria Edwards was selected as Nicholas Ford's successor as Chief Executive following an extensive recruitment search and interview process. Dr Edwards formally took up the position on 1 October 2016. The new Property Director will be recruited in the first half of 2017, in time to succeed Jonathan Stebbing, who will retire at the end of September 2017.

Dr Edwards stepped down as a Trustee in May 2016 and clearance was obtained from the Charity Commission for her to be appointed Chief Executive.

The second substantial change being planned is the building of a new office; this is considered necessary as the existing offices, which have evolved piecemeal over a number of years to meet growing demand, are no longer 'fit-for-purpose'; they afford very little opportunity for staff interaction; the education staff have to be accommodated in a separate building.

The intention is to build an office that meets modern requirements and reflects the Trust's standards and ethos: it will also be built to high environmental standards. Architects have been appointed; the intention is to submit a planning application in the autumn of 2016 and to start building work in the summer of 2017.

THE ERNEST COOK TRUST

REPORT OF THE TRUSTEES

For the year ended 31 March 2016

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also Directors of the Ernest Cook Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- 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 auditor is aware of that information.

Auditor

The resolution for the reappointment of Grant Thornton UK LLP as auditor of the Charitable Company will be proposed at the forthcoming AGM.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by Section 415a of the Companies Act 2006.

On behalf of the Trustees:



.....
A W M Christie-Miller, Chairman of the Trustees

Date: 16 November 2016

Independent auditor's report to the members of The Ernest Cook Trust

We have audited the financial statements of The Ernest Cook Trust for the year ended 31 March 2016 which comprise the principal accounting policies, the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources including, its income and expenditure 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent auditor's report to the members of The Ernest Cook Trust (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

A handwritten signature in black ink that reads "Grant Thornton UK LLP" followed by a stylized signature.

Paul Putnam

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Bristol

Date: 16 November 2016

THE ERNEST COOK TRUST

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 March 2016

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, except for the modification to a fair value basis for investment properties and fixed asset investments as specified in the accounting policies below.

The financial planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. The Trustees consider that the Trust has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the annual report and accounts.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)) and the Companies Act 2006.

These financial statements for the year ended 31 March 2016 are the first that comply with FRS 102 and Charities SORP (FRS 102). The date of transition is 1 April 2014. The transition to FRS 102 has resulted in a small number of changes in accounting policies to those used previously. The nature of these changes and their impact on opening funds for the comparative period are explained below.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102) the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement of the Trust to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was for £11,000. No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

| | 1 April 2014 | 31 March 2015 |
|---|-----------------|------------------|
| | £'000 | £'000 |
| Reconciliation of capital and income funds | | |
| Fund balances as previously stated | 129,702 | 132,763 |
| Short-term compensated absences | (11) | (11) |
| Fund balances as restated | <u>129,691</u> | <u>132,752</u> |

SUBSIDIARY COMPANIES

The Trust has two wholly owned subsidiaries which are incorporated in the United Kingdom. The Trust owns 100 ordinary £1 shares in each company.

THE ERNEST COOK TRUST

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 March 2016

E C T Farms Limited and Mintglebe Limited are dormant companies and were for the whole of the year ended 31 March 2016.

In accordance with paragraph 24.12 of the Charities SORP (FRS 102) the Trust has not prepared consolidated financial statements incorporating the result of its subsidiary companies on the basis that both companies are dormant and their results are not material to the group.

INCOME

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be reliably measured.

Income represents the total amount receivable by the Trust during the year for rental of property, dividends, including associated transitional relief, interest and amounts under deeds of covenant due to the Trust.

Estate income from rental of property is shown gross within Incoming Resources and the related estate expenditure is included within Activities in furtherance of the charity's objectives.

Lease premiums received are amortised over the period of the lease.

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Income is recognised from the sale of freehold property at the date of the exchange of contracts.

Donations are accounted for on a receivable basis.

EXPENDITURE

Expenditure, which is charged on an accruals basis, is allocated between:

- expenditure incurred directly to the fulfilment of the Trust's objectives;
- expenditure incurred in the strategic operation of the Trust (Governance);
- expenditure incurred in the management and administration of the Trust (Other Resources Expended);
- costs of generating funds.

Employment costs are divided between enterprises based on the best estimate of the division of the time spent by each employee. Costs of managing the Trust (Support Costs), are charged directly to Other Resources Expended.

GRANTS PAYABLE

Grants are included in the accounts only when an unconditional commitment exists.

INVESTMENTS

Additions to investment properties include purchases of land and buildings and property development costs, and are included at valuation.

Assets held for investment purposes are shown in the financial statements at their value to the Trust at the balance sheet date.

THE ERNEST COOK TRUST

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 March 2016

Traded securities are valued based on the latest market prices at the year-end.

The Companies Act 2006 requires all investment properties to be depreciated. However, the requirement conflicts with the generally accepted accounting principle. The Directors consider that to depreciate freehold buildings held for investment purposes would not give a true and fair view so they are not depreciated.

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. The yields (YP) are formally reviewed every five years.

Realised surpluses or deficits on the disposal of investments are included in the Statement of Financial Activities and calculated based on the sale price against the previously posted valuation. Unrealised surpluses or deficits on revaluation of investments, calculated on the year-end valuation in comparison to either the initial cost price or previous year-end valuation, are included in the Statement of Financial Activities.

FIXED ASSETS FOR CHARITY USE

Expenditure on vehicles, plant & machinery and office equipment in excess of £3,500 is capitalised and written off on a straight line basis over either three or four years based on the useful economic life of the asset. Some more substantial fixtures & fittings are written off over 10 years. These assets are listed under 'Other' in the table of tangible fixed assets in note 10.

The Directors consider that freehold land and buildings held for use on a continuing basis by the Trust should not be depreciated as the residual value is greater than or equal to historic cost. This value is sustained by regular maintenance and repair, which is charged to the profit and loss account. Therefore no adjustment for depreciation of freehold property has been made in the financial statements. These functional assets are subject to valuations and impairment reviews in the same way as for freehold land and buildings held for investment purposes.

FUTURE COMMITMENTS

Planned expenditure in respect of educational grants and repairs to property are not provided for in the financial statements but are disclosed in note 17.

FUNDS

Expendable endowment fund

The expendable endowment fund, previously referred to as the capital reserve in prior years, was established following the initial endowment of 14,462 acres received from the Founder of the Trust, Ernest Edward Cook, in 1952 when he founded the Ernest Cook Trust as an educational charity.

Unrestricted fund

This fund represents the net incoming resources of the Trust, before realised and unrealised gains and losses, since its foundation in 1952. The nature of this unrestricted fund enables the Trustees to apply this fund in the furtherance of the charity's objectives.

THE ERNEST COOK TRUST

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 March 2016

Designated unrestricted funds

Designated funds are unrestricted funds which have been designated for specific purposes by the trustees.

CONTRIBUTION TO PENSION FUNDS

Defined contribution scheme

The pension costs charged in the year in respect of this scheme represent the amount of the contributions payable to the scheme in respect of the accounting period.

Targeted contribution scheme

In the light of unsustainable increasing costs, the Trustees reviewed the pension provision for members of this scheme. As a result of this review and following advice from their pensions consultants, the Trustees decided to stop targeting a pension in respect of service after 1 April 2007; in respect of such future service, the employer's contribution will be defined. The pension costs charged in the year in respect of this scheme represent the amount of contributions payable to the scheme in respect of the accounting period.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- Depreciation – the Trust exercises judgement to determine useful lives and residual values for tangible fixed assets. The assets are depreciated down to their residual values over their estimated useful lives.
- Provisions – provisions have been made against trade debtors; these provisions are an estimate of actual expected outcome and the timing of future cash flows is dependent on future events.
- Properties – the value of properties owned by the Trust has been considered in relation to current market conditions, actual transactions and offers made for sale and rental.

THE ERNEST COOK TRUST

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT AND A STATEMENT OF RECOGNISED GAINS AND LOSSES)

For the year ended 31 March 2016

| | Note | Unrestricted funds 2016 £ | Endowment funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|-------|------------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Income | | | | | |
| Estate income | 1 | 3,544,936 | - | 3,544,936 | 3,462,886 |
| Investment income | 2 | 818,209 | - | 818,209 | 769,955 |
| Total income | | 4,363,145 | - | 4,363,145 | 4,232,841 |
| Expenditure | | | | | |
| Activities in furtherance of the charity's objectives: | | | | | |
| Estate expenditure | 3 | 1,530,234 | - | 1,530,234 | 1,993,690 |
| Grants | 4 | 2,278,564 | - | 2,278,564 | 2,140,796 |
| Activities for generating funds: | | | | | |
| Investment management fees | | 140,366 | - | 140,366 | 124,607 |
| Other expenditure | | | | | |
| Other resources expended | 5,6 | 408,115 | - | 408,115 | 359,909 |
| Total expenditure | | 4,357,279 | - | 4,357,279 | 4,619,002 |
| Net income / expenditure before gains and losses on investments | | 5,866 | - | 5,866 | (386,161) |
| Transfers | | (5,866) | 5,866 | - | - |
| Realised gains / (losses) on investment fixed assets | | - | (215,942) | (215,942) | 99,559 |
| Unrealised gains / (losses) on investment fixed assets | 10,11 | - | (293,979) | (293,979) | 3,347,892 |
| Net income / expenditure and net movement in funds | | - | (504,055) | (504,055) | 3,061,290 |
| Fund balances brought forward at 1 April | | 4,383,529 | 128,368,290 | 132,751,819 | 129,690,529 |
| Fund balances carried forward at 31 March | | 4,383,529 | 127,864,235 | 132,247,764 | 132,751,819 |

THE ERNEST COOK TRUST

BALANCE SHEET

AS AT 31 MARCH 2016

| | | 2016 | 2015 |
|--|------|--------------------|--------------------|
| | Note | £ | £ |
| Fixed assets | | | |
| Tangible assets | 10 | 2,053,906 | 2,140,988 |
| Investments | 11 | <u>129,821,542</u> | <u>131,030,510</u> |
| | | <u>131,875,448</u> | <u>133,171,498</u> |
| Current assets | | | |
| Debtors | 12 | 1,319,441 | 1,149,955 |
| Cash at bank and in hand | | <u>398,279</u> | <u>268,605</u> |
| | | <u>1,717,720</u> | <u>1,418,560</u> |
| Creditors: amounts falling due within one year | 13 | <u>(635,050)</u> | <u>(1,116,173)</u> |
| Net current assets | | <u>1,082,670</u> | <u>302,387</u> |
| Total assets less current liabilities | | <u>132,958,118</u> | <u>133,473,885</u> |
| Creditors: amounts falling due after more than one year | 14 | <u>(710,354)</u> | <u>(722,066)</u> |
| | | <u>132,247,764</u> | <u>132,751,819</u> |
| Capital and income funds | | | |
| Unrestricted funds | | 4,383,529 | 4,383,529 |
| Endowment funds | | <u>127,864,235</u> | <u>128,368,290</u> |
| | 15 | <u>132,247,764</u> | <u>132,751,819</u> |

The Ernest Cook Trust (Registered No. 7907411)

The financial statements were approved by the Trustees on 16 November 2016.



A W M Christie-Miller

Trustee

H M Henderson



Trustee

THE ERNEST COOK TRUST

CASH FLOW STATEMENT

For the year ended 31 March 2016

| | 2016 | 2015 |
|--|--------------------|--------------------|
| | £ | £ |
| Cash flows from operating activities | | |
| Net movement in funds | (504,055) | 3,061,290 |
| Adjustments for: | | |
| Depreciation of tangible fixed assets | 67,150 | 57,432 |
| (Gains) / losses on investments | 509,921 | (3,447,451) |
| Dividends & interest from investments | (818,209) | (769,955) |
| Increase in trade & other debtors | (169,486) | (54,161) |
| Increase / (decrease) in trade creditors | (167,835) | 146,200 |
| Profit on sale of fixed assets | (14,997) | (6,997) |
| Net cash used in operating activities | <u>(1,097,511)</u> | <u>(1,013,642)</u> |
| Cash flows from investing activities | | |
| Proceeds from sale of tangible assets | 15,000 | 7,000 |
| Proceeds from sale landed estates | 1,226,404 | 609,529 |
| Purchase of tangible fixed assets | (121,253) | (90,319) |
| Purchase improvements landed estates | (399,324) | (1,131,415) |
| Dividends & interest from investments | 818,209 | 769,955 |
| Proceeds from sale of investments | 4,574,636 | 4,766,543 |
| Purchase of investments | (3,982,136) | (4,123,132) |
| Net cash used in investing activities | <u>2,131,536</u> | <u>808,161</u> |
| Cash flows from financing activities | | |
| Cash inflow from new borrowing | - | 950,000 |
| Repayments of borrowing | (325,000) | (625,000) |
| Net cash used in financing activities | <u>(325,000)</u> | <u>325,000</u> |
| Increase in cash in the year | 709,025 | 119,519 |
| Cash brought forward at 1 April | 1,184,296 | 1,064,777 |
| Cash carried forward at 31 March | <u>1,893,321</u> | <u>1,184,296</u> |

THE ERNEST COOK TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1 ESTATE INCOME

Unrestricted

| | 2016 | 2015 |
|--|------------------|------------------|
| | £ | £ |
| Rents | 3,418,162 | 3,343,925 |
| Forestry income | 34,661 | 34,793 |
| Countryside stewardship & other grants | 17,865 | 9,536 |
| Other income | 74,248 | 74,632 |
| | <u>3,544,936</u> | <u>3,462,886</u> |

2 INVESTMENT INCOME

Unrestricted

| | 2016 | 2015 |
|--|----------------|----------------|
| | £ | £ |
| Dividends, distributions and interest from quoted securities (gross) | 816,545 | 769,062 |
| Bank and other interest (gross) | 1,664 | 893 |
| | <u>818,209</u> | <u>769,955</u> |

3 ESTATE EXPENDITURE

Unrestricted

| | 2016 | 2015 |
|---------------------------------------|------------------|------------------|
| | £ | £ |
| Repairs and replacements | 502,724 | 852,073 |
| Depreciation | 28,505 | 19,124 |
| Rates | 13,058 | 20,270 |
| Insurance | 86,423 | 83,014 |
| Light and heat | 15,711 | 16,658 |
| Telephone | 2,121 | 2,180 |
| Estate wages and pension costs | 177,997 | 312,727 |
| Casual labour | 17,713 | 27,125 |
| Equipment and vehicle expenses | 21,859 | 26,152 |
| Legal fees | 133,008 | 38,356 |
| Other professional fees | 92,650 | 105,566 |
| Sundry expenses | 13,044 | 7,421 |
| Bad debts | 21,050 | 28,106 |
| Profit on sale of assets | (13,448) | (5,499) |
| Non recoverable VAT | 135,839 | 151,706 |
| Management salaries and pension costs | 281,980 | 308,711 |
| | <u>1,530,234</u> | <u>1,993,690</u> |

THE ERNEST COOK TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

4 GRANT PAYMENTS AND OTHER DIRECT CHARITABLE EXPENDITURE

Unrestricted

The value of the grants and other direct charitable expenditure paid during the year are as follows:

| | 2016 | | 2015 | |
|--------------------------------------|---------|------------------|----------|------------------|
| | £ | £ | £ | £ |
| Educational grants to institutions | | 1,855,916 | | 1,805,953 |
| Educational grants to individuals | | 1,400 | | 2,100 |
| | | <u>1,857,316</u> | | <u>1,808,053</u> |
| Grant making expenditure: | | | | |
| Grant salaries and pension costs | 46,551 | | 44,573 | |
| Office expenses and equipment | 2,740 | | 2,530 | |
| Depreciation | 17,479 | | 24,037 | |
| Postage and telephone | 1,126 | | 1,240 | |
| Printing and stationery | 578 | | 597 | |
| Education salaries and pension costs | 252,672 | | 208,424 | |
| Education expenses and equipment | 97,474 | | 55,809 | |
| Non recoverable VAT | 10,691 | | 7,562 | |
| Grants returned | (8,063) | | (12,029) | |
| | | <u>421,248</u> | | <u>332,743</u> |
| | | <u>2,278,564</u> | | <u>2,140,796</u> |

5 GOVERNANCE COSTS

Unrestricted

| | 2016 | 2015 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Salaries and pensions | 44,216 | 42,958 |
| Trustees remuneration (note 9) | 49,033 | 53,483 |
| Travelling and subsistence | 4,672 | 5,746 |
| Audit and accountancy | 14,272 | 14,602 |
| Legal fees | 26,340 | 25,615 |
| Other professional fees | 21,353 | 4,741 |
| Public relations fees | 28,698 | 29,059 |
| Trustees indemnity insurance | 2,264 | 2,262 |
| Non recoverable VAT | 9,708 | 5,913 |
| | <u>200,556</u> | <u>184,379</u> |

THE ERNEST COOK TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

6 OTHER RESOURCES EXPENDED

Unrestricted

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Establishment expenditure | | |
| Rates | 3,320 | 5,168 |
| Light and heating | 4,914 | 9,486 |
| Depreciation | 21,166 | 14,271 |
| Insurance | 19,289 | 19,211 |
| | <u>48,689</u> | <u>48,136</u> |
| Administration expenditure | | |
| Salaries and pension costs | 39,566 | 25,137 |
| Pensions to past employees | 8,629 | 8,478 |
| Travelling and subsistence | 10,337 | 11,335 |
| Equipment and motor vehicles | 15,721 | 18,882 |
| Printing and stationery | 6,073 | 6,741 |
| Postage and telephone | 6,167 | 6,040 |
| Other professional fees | 40,584 | 12,152 |
| Subscriptions | 12,479 | 11,157 |
| Governance costs (see note 5) | 200,556 | 184,379 |
| Sundries | 5,611 | 8,197 |
| Profit on sale of asset | (1,549) | (1,498) |
| | <u>344,174</u> | <u>291,000</u> |
| Financial expenditure | | |
| Non recoverable VAT | 10,582 | 6,350 |
| Bank charges | 4,670 | 14,423 |
| | <u>15,252</u> | <u>20,773</u> |
| Total management and administration | <u>408,115</u> | <u>359,909</u> |

7 ANALYSIS OF RESOURCES EXPENDED

| | Staff costs £ | Depreciation £ | Other £ | Total 2016 £ | Total 2015 £ |
|--------------------------------|------------------|-------------------|------------------|--------------------|--------------------|
| Investment management fees | - | - | 140,366 | 140,366 | 124,607 |
| Grant making expenditure | 299,223 | 17,479 | 1,961,862 | 2,278,564 | 2,140,796 |
| Estate repairs and expenditure | 459,977 | 28,505 | 1,041,752 | 1,530,234 | 1,993,690 |
| Governance costs | 44,216 | - | 156,340 | 200,556 | 184,379 |
| Support costs | 39,566 | 21,166 | 146,827 | 207,559 | 175,530 |
| Resources expended | <u>842,982</u> | <u>67,150</u> | <u>3,447,147</u> | <u>4,357,279</u> | <u>4,619,002</u> |

Total resources expended include:

| | 2016 £ | 2015 £ |
|-----------------------------------|---------------|----------------|
| Auditor's remuneration | 14,272 | 14,602 |
| Auditor's remuneration: non-audit | 12,613 | 4,611 |
| Pension costs | <u>80,157</u> | <u>187,788</u> |

THE ERNEST COOK TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

8 EMPLOYEES

| | 2016 £ | 2015 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 669,587 | 651,548 |
| Social security costs | 59,749 | 62,832 |
| Other pension costs | 80,157 | 187,788 |
| | <u>809,493</u> | <u>902,168</u> |

The average number of employees during the period, analysed by activity, were as follows:

| | 2016 Number | 2015 Number |
|-------------------------------|----------------|----------------|
| Maintenance of estates | 6 | 6 |
| Management and administration | 17 | 16 |
| | <u>23</u> | <u>22</u> |

The emoluments of higher paid employees fell within the following ranges:

| | 2016 Number | 2015 Number |
|----------------------|----------------|----------------|
| £100,001 to £110,000 | 1 | 1 |
| £70,001 to £80,000 | 1 | 1 |

Contributions of £26,386 (2015: £16,145) were made during the year for the provision of a money purchase pension scheme for the highest paid employee.

Key management personnel comprise the Trustees, Chief Executive Officer, Deputy Agent and Accountant. Total employee benefits of key management personnel, including figures in note 9, were £356,840 (2015: £363,720).

9 TRUSTEES' REMUNERATION

| Recipient | 2016 £ | 2015 £ |
|--------------------------|---------------|---------------|
| Mr A W M Christie-Miller | 12,000 | 12,000 |
| Mr M C Tuely | 4,554 | 7,000 |
| Mr P S W K Maclure | - | 5,733 |
| Mr H M Henderson | 7,000 | 7,000 |
| Dr V M Edwards | 7,000 | 7,000 |
| Mr S F Eliot | 9,000 | 7,750 |
| Sir Bertie Ross | 7,000 | 7,000 |
| Mrs M E Riall | 2,479 | - |
| | <u>49,033</u> | <u>53,483</u> |

THE ERNEST COOK TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

Expense reimbursements paid to the Trustees during the year amounted to £4,672 (2015: £5,746). At the year end an amount of £12,203 (2015: £13,425) was owed to the Trustees. There is a disclosure in the Deed of Trust to provide remuneration to Trustees.

10 TANGIBLE FIXED ASSETS

| | Freehold land and buildings £ | Other £ | Total £ |
|---|--|----------------|------------------|
| Cost | | | |
| At 1 April 2015 | 2,000,960 | 491,165 | 2,492,125 |
| Transfer from investment properties | 185,518 | - | 185,518 |
| Transfer to investment properties | (326,700) | - | (326,700) |
| Additions | 64,013 | 57,240 | 121,253 |
| Disposals | - | (41,469) | (41,469) |
| At 31 March 2016 | <u>1,923,791</u> | <u>506,936</u> | <u>2,430,727</u> |
| Depreciation | | | |
| At 1 April 2015 | - | 351,137 | 351,137 |
| Charged in the year | - | 67,150 | 67,150 |
| Disposals | - | (41,466) | (41,466) |
| At 31 March 2016 | <u>-</u> | <u>376,821</u> | <u>376,821</u> |
| Net book amount at 31 March 2016 | <u>1,923,791</u> | <u>130,115</u> | <u>2,053,906</u> |
| Net book amount at 31 March 2015 | <u>2,000,960</u> | <u>140,028</u> | <u>2,140,988</u> |

11 FIXED ASSET INVESTMENTS

| | Investment properties £ | Listed investments £ | Other investments £ | Total £ |
|---|-------------------------------|----------------------------|---------------------------|--------------------|
| Cost or valuation | | | | |
| At 1 April 2015 | 99,144,134 | 30,875,485 | 1,010,891 | 131,030,510 |
| Transfer from tangible fixed assets | 326,700 | - | - | 326,700 |
| Transfer to tangible fixed assets | (185,518) | - | - | (185,518) |
| Additions | 399,324 | 3,982,136 | 5,795,621 | 10,177,081 |
| Disposals | (1,243,251) | (4,773,731) | (5,216,270) | (11,233,252) |
| Unrealised gain / (loss) on revaluation | 258,527 | (552,506) | - | (293,979) |
| At 31 March 2016 | <u>98,699,916</u> | <u>29,531,384</u> | <u>1,590,242</u> | <u>129,821,542</u> |
| Historical cost | | | | |
| At 31 March 2016 | <u>-</u> | <u>27,190,599</u> | <u>1,387,559</u> | <u>28,578,158</u> |

If the fixed asset investments excluding properties had not been revalued they would have been included on the historical cost basis as £28,578,158 (2015: £27,350,684). It is not possible to determine the historical cost of the investment properties as many of them were settled by the founder in 1952.

The unrealised loss of £293,979 (2015: gain £3,347,892) is in relation to endowment funds.

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The Trustees hold 100 shares of £1 in each of the Trust's two wholly owned subsidiaries, ECT Farms Limited and Mintglebe Ltd. Both of these companies are dormant.

An analysis of the location of investments for the Trust is as follows:

| | UK £ | Non UK £ | 2016 Total £ | 2015 Total £ |
|-----------------------|--------------------|------------------|--------------------|--------------------|
| Investment properties | 98,699,916 | - | 98,699,916 | 99,144,134 |
| Listed investments | 22,701,609 | 6,829,775 | 29,531,384 | 30,875,488 |
| Other investments | 1,590,242 | - | 1,590,242 | 1,010,891 |
| | <u>122,991,767</u> | <u>6,829,775</u> | <u>129,821,542</u> | <u>131,030,513</u> |

Listed and other investments by fund type are as follows:

| | 2016 | 2015 |
|-----------------|-------------|-------------|
| UK equities | 39% | 40% |
| Non-UK equities | 19% | 20% |
| Bonds | 10% | 10% |
| Alternatives | 27% | 27% |
| Cash | 5% | 3% |
| Total | <u>100%</u> | <u>100%</u> |

All equities are held within funds and are therefore indirect holdings.

Individual investments which comprise over 5% of the value of the portfolio at the year end are as follows:

| | £ |
|-------------------------------------|------------------|
| Majedie UK Equity Fund | 1,926,475 |
| AXA Framlington UK Select Fund | 1,750,185 |
| L & G UK Index Trust Fund | 1,671,805 |
| Charities Property Fund | 1,645,642 |
| Artemis UK Special Situations Fund | 1,549,251 |
| Property Income Trust for Charities | <u>1,483,015</u> |

12 DEBTORS

| | 2016 £ | 2015 £ |
|-------------------------------|------------------|------------------|
| Rents receivable | 1,190,984 | 1,065,043 |
| Other debtors and prepayments | 128,457 | 84,912 |
| | <u>1,319,441</u> | <u>1,149,955</u> |

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For the year ended 31 March 2016

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £ | 2015 £ |
|---------------------------------|----------------|------------------|
| Social security and other taxes | 152,055 | 235,026 |
| Loans and overdrafts | - | 325,000 |
| Pension creditor | 6,532 | 8,701 |
| Other creditors and accruals | 463,651 | 526,549 |
| Deferred income | 12,812 | 20,897 |
| | <u>635,050</u> | <u>1,116,173</u> |

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2016 £ | 2015 £ |
|-----------------|----------------|----------------|
| Deferred income | <u>710,354</u> | <u>722,066</u> |

15 FUNDS AND RESERVES

| | Unrestricted fund £ | Endowment fund £ | Total £ |
|--------------------|---------------------------|------------------------|--------------------|
| At 1 April 2015 | 4,383,529 | 128,368,290 | 132,751,819 |
| Incoming resources | 4,363,145 | - | 4,363,145 |
| Expenditure | (4,357,279) | - | (4,357,279) |
| Transfers | (405,866) | 405,866 | - |
| Losses | 400,000 | (909,921) | (509,921) |
| At 31 March 2016 | <u>4,383,529</u> | <u>127,864,235</u> | <u>132,247,764</u> |

Unrestricted funds are analysed as follows:

| | Unrestricted undesignated funds £ | Unrestricted designated funds £ | Total £ |
|--------------------|--|--|------------------|
| At 1 April 2015 | 2,450,000 | 1,890,296 | 4,340,296 |
| Incoming resources | 4,363,145 | - | 4,363,145 |
| Expenditure | (4,357,279) | - | (4,357,279) |
| Transfers | (5,866) | (400,000) | (405,866) |
| At 31 March 2016 | <u>2,450,000</u> | <u>1,490,296</u> | <u>3,940,296</u> |

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For the year ended 31 March 2016

Designated funds are analysed as follows:

| | Designated fund £ | Designated pension fund £ | Total £ |
|-------------------------|-------------------------|---------------------------------|------------------|
| At 1 April 2015 | 1,550,000 | 340,296 | 1,890,296 |
| Incoming resources | - | - | - |
| Transfers | (400,000) | - | (400,000) |
| At 31 March 2016 | 1,150,000 | 340,296 | 1,490,296 |

Transfers between funds are made to maintain reserves in line with policies set out in the Trustees report.

Expendable endowment fund

This is a reserve representing the capital assets of the Trust.

Designated fund

The Trustees maintain a designated fund which represents a proportion of annual rental and investment income. The purpose of this is to provide a cash reserve for planned expenditure in respect of repairs and costs relating to the estates.

Designated pension fund

This is a reserve to provide for the anticipated under-funding of the targeted pension scheme only. The provision is based on actuarial methods and assumptions.

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Expendable endowment £ | Designated fund £ | Undesignated fund £ | Designated pension fund £ | Total £ |
|-------------------------|------------------------------|-------------------------|---------------------------|---------------------------------|--------------------|
| Tangible fixed assets | 2,053,906 | - | - | - | 2,053,906 |
| Fixed asset investments | 126,253,562 | 142,634 | 3,085,050 | 340,296 | 129,821,542 |
| Current assets | - | 1,717,720 | - | - | 1,717,720 |
| Current liabilities | - | - | (635,050) | - | (635,050) |
| Long term liabilities | - | (710,354) | - | - | (710,354) |
| | 128,307,468 | 1,150,000 | 2,450,000 | 340,296 | 132,247,764 |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

17 COMMITMENTS FOR FUTURE EXPENDITURE

There were no capital commitments as at 31 March 2016 or 31 March 2015. However, expenditure had been planned to be made in relation to a number of educational grants and improvements and repairs to properties. These can be summarised as follows:

| | 2016 £ | 2015 £ |
|--------------------------|------------------|------------------|
| Educational grants | 1,859,000 | 1,859,000 |
| Improvements and repairs | 1,110,500 | 1,557,500 |
| | <u>2,969,500</u> | <u>3,416,500</u> |

This expenditure has not been provided for in these financial statements on the basis that no contractual obligation exists at the financial year end, but there are sufficient funds to cover the planned expenditure. Planned improvements and repairs have no set dates for confirmed expenditure.

18 PENSIONS

Defined contribution schemes

The Trust operates two defined contribution pension schemes for the benefit of employees. The assets of the schemes are administered by trustees in funds independent from those of the Trust.

19 POST BALANCE SHEET EVENTS

In April 2016 a fixed rate 20 year loan of £10 million was taken out with the Agricultural Mortgage Corporation.

Nicholas Ford retired as CEO on 30 September 2016 to be replaced by Dr Victoria Edwards.