THE NATIONAL FUND

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5TH APRIL 2017

Moore Stephens LLP
Chartered Accountants
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*Pages not forming part of the Audited Financial Statements*

Investment schedules
THE NATIONAL FUND

TRUSTEE AND ADVISERS

Registered Charity Number 1046814

Trustee: Zedra Fiduciary Services (UK) Limited
Osborne Court
Gadbrook Park
Northwich
Cheshire
CW9 7UE

Company Number: 02362041

Directors – Statutory: G. S. Collins
N. Nielsen (appointed 31 March 2017)
A.R. Sarikhani (appointed 31 March 2017)
A.V. Tidy (appointed 31 March 2017)
A.C. Ward (resigned 31 March 2017)
A.R. Morris (resigned 31 March 2017)
M.C. Parry (resigned 31 March 2017)

Contact: Mrs Sarah Taylor
Zedra Fiduciary Services (UK) Limited
Osborne Court
Gadbrook Park
Northwich
Cheshire
CW9 7UE

Investment Adviser: Baring Asset Management Limited
155 Bishopsgate
London
EC2M 3XY

Banker and Custodian: J P Morgan Chase Bank
PO Box 261
1 Chaseside
Bournemouth
BH7 7DA

Solicitors: Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Auditors: Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

The above information forms part of the report of the Trustee.
THE NATIONAL FUND

REPORT OF THE TRUSTEE

Background and Objectives

The Fund was established in 1927 by a gift from an anonymous donor of approximately £500,000 viz. £338,909 cash and securities to the value of £160,969. Baring Brothers Co., Limited were chosen by the donor as Trustee and the gift was made on condition that it should be retained and accumulated until either alone or with other Funds it was sufficient to discharge the National Debt. The Trustee, however, has power, if in its opinion national exigencies require, to transfer part of it to the National Debt Commissioners at an earlier date to be applied for the reduction of the Debt, provided they keep a substantial part in hand with the object of ultimately fulfilling the donor’s wishes. In accordance with the donor’s wish the Trustee has complete discretion to invest the Fund in investments of any nature whatsoever (whether authorised by law for the investment of Trust Funds or not) or to use it in any trade, business or adventure, or in any way in which moneys are for the time being commonly applied by financiers in the City of London. The donor also expressed a desire that the Trustee should have power to accept further gifts on similar conditions.

The governing documents are a Trust Deed dated 9th January 1928 and an order of the Charity Commission dated 29th April 1996.

Organisational Structure, Governance and Management

The Fund is administered by a single corporate trustee. The Trustee is actively involved in the administration of the Fund. A representative of the Trustee meets with the investment manager regularly to review investment performance and the financial position of the Fund. The representatives of the Trustee have appropriate experience in the administration and governance of a large charitable trust.

A report on the progress of the Fund for each year ended 5th April is submitted to the UK Debt Management Office (see pages 6 and 7) which now provides administrative support to the Commissioners for the reduction of the National Debt.

The Trustee, Zedra Fiduciary Services (UK) Limited, formerly Barclays Fiduciary Services (UK) Limited, is a limited company. Gary Collins, a director of Zedra Fiduciary Services (UK) Limited had day to day responsibility for the management of the Fund. The Trustee’s remuneration of £355,138 is based upon that stipulated in the original trust deed and ratified by the Bank of England (adjusted to separate out the Trustee Fee from the investment manager’s fee) and is equal to an annual fee of 0.065% of the market value of the Fund.

Review of Financial Activities

As shown in the following statements, the Trustee has continued to hold the Fund for the year to 5th April 2017. No further gifts have been received. Income for the year was £7,369,726 (2016: £4,702,580), the costs of administration amounted to £1,134,776 (2016: £398,255), realised and unrealised gains on investments, and exchange movements amounted to an overall net gain of £46,606,147 (2016: Net loss £21,962,737) due to the recovery of world stock markets. The balance of the Fund carried forward at 5 April 2017 was £474,933,604 as compared with £422,092,507 as at 5th April 2016.

Achievements and Performance

Annually a report is presented to the UK Debt Management Office and this is detailed on pages 6 and 7. This shows the recent financial performance of the National Fund in relation to the overall objective.

Public benefit

The Trustee has given due consideration to Charity Commission published guidance on the operation of the public benefit requirement. As explained above, the assets of the National Fund are held on trust to be transferred to the National Debt Commissioners when, combined with any other assets held for the same purpose, they are sufficient to discharge the National Debt, although the Trustee has the power, at its discretion, to make a payment to the National Debt Commissioners of a share of the assets in the event of a national exigency which in the opinion of the Trustee requires such a payment.
Public benefit (continued)

The National Fund continues, therefore, to provide significant benefit to the public of the United Kingdom, by forming a financial resource which would be available to reduce the National Debt in the event of a financial crisis urgently requiring such a reduction; and which may in future be sufficient, either on its own or combined with other assets held for the same purpose, to discharge the National Debt in its entirety.

Plans for future periods

The Trustee is in dialogue with the Charity Commission and Office of the Attorney General regarding the future of The National Fund. At this stage it is felt that the most likely outcome will be that the Fund will be liquidated and payment made to the National Debt Commissioners although the timeframe for this is not known. If this occurs then the Fund will be de-registered as a charity and will cease to exist.

Investment Policy

The Trustee's investment powers are governed by the Trust Deed, which permits the Fund’s assets to be invested in the purchase of, or interest in stocks, funds, shares, securities or any investment anywhere in the world, that the Trustee sees fit in the furtherance of the Fund's objectives.

Investment adviser to the Trustee is Baring Asset Management Limited. The Trustee’s policy is to seek the highest rate of ‘total return’ from a well diversified and high quality portfolio of investments. The Trustee has an agreement with Baring Asset Management that their investment objective is to obtain a reasonable long term overall return, with a target return of UK inflation (RPI) plus 4.5%. Appropriate benchmarks have been agreed.

The Trustee has specifically requested that in so far as is compatible with security of capital and its maintenance in real terms, the Fund’s income and capital are maximised.

During the year ended 5th April 2017, the Fund’s investments have continued to be managed in conformity with the Trustee’s policy and the Trust Deed.

Investment performance is reviewed quarterly and a formal strategic review meeting is held with the Investment Manager at least half yearly.

Administration

The Trustee is actively involved in the administration of the Fund and consults the investment adviser regularly in reviewing the investment performance and financial position of the Fund.

Appointment of Trustees

The statutory power of appointing new Trustees applies in relation to the Trusteeship of the National Fund, subject to modification where there are more than two Trustees.

Custodian and Banker

The custodian and principal banker to the Fund continues to be JP Morgan Chase Bank.

Policy on Reserves

It is the Trustee’s policy to accumulate all the income arising in each period and not to distribute reserves including net capital gains until the wishes of the founding donor can be met.
Risks

The Trustee is responsible for the management of the risks faced by the Fund. Risks are identified, assessed and controls established throughout the year.

A formal review of the Fund’s risk management process is undertaken on an annual basis and the key risks identified are as follows:

- Ineffective financial controls
  - Investments
    These risks are mitigated by engaging an independent investment manager who is regulated and in high standing in the market place.
  - Cash
    These risks are mitigated by having income mandated direct to the Funds bank accounts.

Through the risks management processes established, the Trustee is satisfied that the major risks identified have been adequately managed where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed. The major risk to which the charity is exposed as identified by the Trustee has been reviewed and systems have been established to manage those risks.

Trustee’s Responsibilities

The Trustee is responsible for preparing the Trustee’s Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in 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 United Kingdom and Republic of Ireland;
- 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 charity will continue in business.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

G. Collins

……………………………….
Director
For Zedra Fiduciary Services (UK) Limited
On behalf of the Trustee

5 April 2018
REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEE OF THE NATIONAL FUND

We have audited the financial statements of The National Fund for the year ended 5 April 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, principal accounting policies and 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 United Kingdom and Republic of Ireland.

This report is made solely to the charity’s trustee, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity’s trustee those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustee and auditor
As explained more fully in the Trustee’s Responsibilities Statement set out on page 4, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

• give a true and fair view of the state of the charity’s affairs as at 5 April 2017 and of 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 Charities Act 2011.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

• the information given in the Trustee’s Annual Report is inconsistent in any material respect with the financial statements; or

• sufficient accounting records have not been kept; or

• the financial statements are not in agreement with the accounting records and returns; or

• we have not received all the information and explanations we require for our audit.

Moore Stephens LLP
Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

Moore Stephens LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.
Progress of the Fund during the year ended 5th April 2017

Analysis of Fund at 5th April 2017

<table>
<thead>
<tr>
<th></th>
<th>£</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original gift:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>338,909</td>
<td></td>
</tr>
<tr>
<td>Securities valued at</td>
<td>160,969</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>499,878</td>
</tr>
<tr>
<td>Further contributions to 5th April 2017</td>
<td></td>
<td>544,152</td>
</tr>
<tr>
<td>Net revenue to 5th April 2017 (£162,396,389 + £6,234,950)</td>
<td></td>
<td>168,631,339</td>
</tr>
<tr>
<td>Net realised profits on investments to 5th April 2017 (£187,603,741 + £10,446,136)</td>
<td></td>
<td>198,049,877</td>
</tr>
<tr>
<td>Net unrealised gains on investments to 5th April 2017 (£71,048,347 + £36,160,011)</td>
<td></td>
<td>107,208,358</td>
</tr>
<tr>
<td>Balance at 5th April 2017</td>
<td></td>
<td>474,933,604</td>
</tr>
</tbody>
</table>
Director: G.S. Collins
For Zedra Fiduciary Services (UK Limited)
On behalf of the Trustee

Date: 5 April 2018
### THE NATIONAL FUND

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 5TH APRIL 2017**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

**Income from:**
- Investments
  - Dividends and interest: 7,311,437 £
  - Bank Interest receivable: 58,289 £
- Total: 7,369,726 £

**Expenditure on:**
- Raising funds: 4 1,018,405 £
- Charitable activities: 5 116,371 £
- Total: (1,134,776) £

**Net income before net gains / (losses) on investments:** 6,234,950 £

**Net gains / (losses) on Investments**
- **Realised:**
  - On investments: 25,820,127 £
  - On strategic currency contracts: (18,044,838) £
  - On exchange: 2,267,443 £
  - On financial assets / liabilities at fair value: 403,404 £
  - Total: 10,446,136 £
- **Unrealised:**
  - On investments: 36,160,011 £
- Total: 36,160,011 £

**Net income / (expenditure) and net movement in funds:** 52,841,097 £

**Reconciliation of funds**
- Total funds brought forward: 422,092,507 £
- Total funds carried forward: 474,933,604 £

The notes on pages 12 to 16 form part of these accounts.

All income and expenditure relates to a single restricted Fund.

All of the Fund’s operations are classed as continuing.
## THE NATIONAL FUND

### BALANCE SHEET

**AS AT 5TH APRIL 2017**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>1</td>
<td>453,796,632</td>
</tr>
<tr>
<td>Financial assets measured at fair value</td>
<td></td>
<td>258,209</td>
</tr>
<tr>
<td>Debtors</td>
<td>2</td>
<td>421,843</td>
</tr>
<tr>
<td>Cash at bank</td>
<td></td>
<td>27,432,874</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>481,909,558</td>
</tr>
<tr>
<td><strong>Creditors: Amounts Falling Due Within One Year</strong></td>
<td>3</td>
<td>(6,975,954)</td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td></td>
<td>474,933,604</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td>474,933,604</td>
</tr>
<tr>
<td><strong>Restricted Fund</strong></td>
<td>6</td>
<td>474,933,604</td>
</tr>
</tbody>
</table>

The financial statements were approved by the Trustee on 5 April 2018 and signed on its behalf by:

G. Collins  
Director  
For Zedra Fiduciary Services (UK) Limited  
On behalf of the Trustee

The notes on pages 12 to 16 form part of these accounts.
THE NATIONAL FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 5TH APRIL 2017

<table>
<thead>
<tr>
<th>Notes</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(£)</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>1</td>
<td>11,243,309</td>
</tr>
</tbody>
</table>

Cash flows from investing activities:
- Interest received 58,289 128,843
- Investment income received 7,311,437 4,573,737
- Payments to acquire investments (440,187,901) (330,975,688)
- Receipts from the disposal of Investments 440,927,511 361,272,402

Net cash provided by investing activities 8,109,336 34,999,294

Change in cash and cash equivalents in the year 2 19,352,645 2,819,438

Cash and cash equivalent brought forward 8,080,229 5,260,791

Cash and cash equivalents carried forward 3 27,432,874 8,080,229

The notes on pages 12 to 16 form part of these accounts.
NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 5TH APRIL 2017

1  Reconciliation of net movement in funds to net cash flow from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net movement in funds for the reporting period (as per the statement of financial activities)</td>
<td>£52,841,097</td>
<td>(17,658,412)</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (gains) / losses on investments</td>
<td>(62,383,542)</td>
<td>9,424,044</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>(58,289)</td>
<td>(128,843)</td>
</tr>
<tr>
<td>Investment income receivable</td>
<td>(7,311,437)</td>
<td>(4,573,737)</td>
</tr>
<tr>
<td>Decrease / (Increase) in debtors</td>
<td>(34,093,304)</td>
<td>(28,830,677)</td>
</tr>
<tr>
<td>(Decrease) / Increase in creditors</td>
<td>(5,937,824)</td>
<td>9,587,769</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td><strong>£11,243,309</strong></td>
<td><strong>(32,179,856)</strong></td>
</tr>
</tbody>
</table>

2  Reconciliation of net cash flow to movement in net funds

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 6 April 2016</td>
<td>£8,080,229</td>
<td>£5,260,791</td>
</tr>
<tr>
<td>Net cash inflow</td>
<td>£19,352,645</td>
<td>£2,819,438</td>
</tr>
<tr>
<td>Balance at 5 April 2017</td>
<td>£27,432,874</td>
<td>£8,080,229</td>
</tr>
</tbody>
</table>

3  Analysis of cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>£27,432,874</td>
<td>£8,080,229</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>£27,432,874</td>
<td>£8,080,229</td>
</tr>
</tbody>
</table>
The principal accounting policies which have been adopted in the preparation of the financial statements are set out below and have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) effective 1 January 2015, and the Charities Act 2011.

a) **Basis of Accounting**

The Fund prepares its financial statements on the historical cost basis of accounting, as modified by the revaluation of investments as noted in f) below. In the Trustee’s opinion, it is felt that the most likely outcome will be that the Fund will be liquidated and that this may occur within 12 months from the date of approving the financial statements. However, given the uncertainty over the timing of any liquidation, the financial statements have continued to be prepared on the going concern basis, with the exception that investments are recorded within current assets recognising that the ability of government to liquidate the fund.

The trustee considers that the Fund meets the requirement of a public benefit entity under FRS102 given that the National Fund continues to provide significant benefit to the public of the United Kingdom, by forming a financial resource which would be available to reduce the National Debt in the event of a financial crisis urgently requiring such a reduction.

b) **Significant judgements and estimates**

In preparing the financial statements, the Trustee is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

**Critical judgements in applying the Fund’s policies:**

There were no critical judgements required in applying the Fund’s policies other than the classification of investments within current assets as noted above.

**Critical accounting estimates and assumptions:**

Forward exchange contracts are valued at quoted year end market rates. Profits or losses on these contracts will be realised in the following financial year at amounts different to unrealised profits and losses recorded in the current period. Investments are valued at quoted year end market rates. If the fund is liquidated amounts realised may differ significantly from the values disclosed in these financial statements.

c) **Income recognition**

**Investment Income**

Dividends and interest from investments are included in the financial statements in the year in which they are receivable. Dividends on foreign investments are shown after deduction of irrecoverable overseas tax.

**Bank Interest Income**

Bank interest income is included in the financial statements in the year in which it is receivable.
d) **Expenditure recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Fund to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Expenditure is included in the statement of financial activities when incurred and includes attributable VAT which cannot be recovered.

Raising Funds
The costs of raising funds comprise those costs directly attributable to managing the Fund’s investment portfolio and raising investment income.

Charitable Activities
These comprise expenses incurred in the running of the Fund and include accountancy fees, auditor’s remuneration and other professional fees.

The Trustee’s management fee has been allocated between the costs of raising funds and fund activities as described in note 4a) to the financial statements

e) **Foreign Currencies**

Investments denominated in foreign currencies are stated at the mid-market value in sterling. All amounts held in foreign currencies are translated at the relevant rates of exchange ruling at the balance sheet date. Movements between the original amount and that at the balance sheet date are included in unrealised gains or losses on investments.

Income and other transactions with investments denominated in foreign currencies are translated at the rate ruling on the date of settlement of the transaction in cash.

f) **Current Asset Investments**

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.
Financial Instruments

In the normal course of investment activity, the Fund makes use of derivative financial instruments. The instruments used by the Fund are forward foreign exchange contracts. The year end market value of derivatives is recorded within the balance sheet as a financial asset or liability at fair value.

Gains and losses on forward contracts are recognised in the Statement of Financial Activities based upon the year end market value of these contracts.

Debtors

Debtors are recognised at their settlement amount.

Cash at bank

Cash at bank represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the Fund anticipates it will pay to settle the debt.

Fund accounting

In view of the restrictions placed on the Trustee by the donor described on page 2 the whole of the Fund has been treated as restricted as described in note 6.

Taxation

As the Fund is a registered charity under the Charities Act 2011 it is not liable to UK income, corporation or capital gains tax on its income and chargeable gains as these fall within the various exemptions available to registered charities.
## 1 Investments

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market value at 6th April 2016</td>
<td>£392,556,104</td>
<td>£433,210,780</td>
</tr>
<tr>
<td>Investment acquisitions</td>
<td>£440,187,901</td>
<td>£330,975,688</td>
</tr>
<tr>
<td>Disposal proceeds</td>
<td>(£440,927,511)</td>
<td>(£361,272,402)</td>
</tr>
<tr>
<td>Realised investment gains / (losses)</td>
<td>£25,820,127</td>
<td>(£10,172,929)</td>
</tr>
<tr>
<td>Unrealised investment gains / (losses)</td>
<td>£36,160,011</td>
<td>(£185,033)</td>
</tr>
<tr>
<td><strong>Total Market value at 5th April 2017</strong></td>
<td>£453,796,636</td>
<td>£392,556,104</td>
</tr>
</tbody>
</table>

Investments are represented by:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quoted investments on recognised UK stock exchange</td>
<td>£56,673,845</td>
<td>£65,248,162</td>
</tr>
<tr>
<td>UK investments not quoted</td>
<td>£47,654,115</td>
<td>£100,331,562</td>
</tr>
<tr>
<td>Quoted investments on foreign stock exchanges</td>
<td>£349,468,676</td>
<td>£226,976,380</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td>£453,796,636</td>
<td>£392,556,104</td>
</tr>
</tbody>
</table>


Fixed asset investments have been re-classified as current asset investments at the year end given that the investment portfolio is expected to be liquidated within the next 12 months.

## 2 Debtors

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends receivable</td>
<td>£357,751</td>
<td>£557,086</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>£343</td>
<td>-</td>
</tr>
<tr>
<td>Investments sold for future settlement</td>
<td>£63,749</td>
<td>£33,958,061</td>
</tr>
<tr>
<td><strong>Total Debtors</strong></td>
<td>£421,843</td>
<td>£34,515,147</td>
</tr>
</tbody>
</table>

## 3 Creditors: Amounts Falling Due Within One Year

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accruals</td>
<td>£565,718</td>
<td>£150,339</td>
</tr>
<tr>
<td>Investments bought for future settlement</td>
<td>£3,179,887</td>
<td>£9,533,090</td>
</tr>
<tr>
<td>Financial liabilities at fair value</td>
<td>£3,230,349</td>
<td>£5,280,775</td>
</tr>
<tr>
<td><strong>Total Creditors</strong></td>
<td>£6,975,954</td>
<td>£14,964,204</td>
</tr>
</tbody>
</table>

Financial liabilities at fair value comprise derivative financial instruments relating to forward foreign exchange contracts. They are measured at fair value with movements recognised in the Statement of Financial Activities. The fair value has been determined using quoted market prices.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5TH APRIL 2017

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

4 Raising funds
- Investment manager’s fee: £1,039,721 (2016: £807,549)
- Investment manager’s rebate: £(449,914) (2016: £(951,299))
- Trustee’s management fee: £589,807 (2016: £143,750)
- Trustee investment advice fee: £319,624 (2016: £324,009)
- Bank interest and charges: £7,501 (2016: -)
- Custodian’s charges: £90,536 (2016: £68,935)

Total: £1,018,405 (2016: £251,022)

a) The Trustee’s management fee of £355,138 has been allocated 90% for administration and monitoring of the Fund’s investment portfolio and 10% for costs relating to the governance of the Fund. The trustee received no other expenses or remuneration on the year.

b) The Investment Manager’s rebate represents the underlying fees that had already been charged within the Manager’s in-house funds.

5 Charitable activities
- Trustee’s management fee: £35,514 (2016: £36,001)
- Audit fee: £31,300 (2016: £28,300)
- Accounting fees: £34,100 (2016: £42,500)
- Professional Fees: £15,457 (2016: £40,432)

Total: £116,371 (2016: £147,233)

6 Fund
The Fund consists of a single restricted Fund with the sole purpose to discharge the National Debt either alone or with other Funds.

7 Related Party Transactions
The Fund and Zedra Fiduciary Services (UK) Limited (formerly BFS (UK) Limited) entered into an agreement to charge a fee for their Trustee services. The charge amounted to £355,138 in the year (2016: £360,010). The total includes an outstanding balance at the year end of £91,651 (2016: £85,000) in respect of unbilled charges. The Fund has no employees and therefore there is no remuneration paid to key management other than that paid to Zedra Fiduciary Services (UK) Limited (formerly BFS (UK) Limited).
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5TH APRIL 2017

The following pages do not form part of the audited financial statements and are for management purposes only.