

**HIGHLAND COUNCIL CHARITABLE TRUSTS**  
**Scottish Charity Number SC025079**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**2013-14**

**For the Year ended 31 March 2014**



**HIGHLAND COUNCIL CHARITABLE TRUSTS  
ANNUAL REPORT AND FINANCIAL STATEMENTS 2013-14**

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**HIGHLAND COUNCIL CHARITABLE TRUSTS**  
**Trustees Annual Report - For the Year ended 31 March 2014**

**TRUSTEES ANNUAL REPORT**

The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2014.

**REFERENCE AND ADMINISTRATION INFORMATION**

<b>Charity Name:</b>	HIGHLAND COUNCIL CHARITABLE TRUSTS
<b>Charity Number:</b>	SC025079
<b>Principal Office:</b>	The Highland Council Finance Service Glenurquhart Road Inverness IV3 5NX
<b>Current Trustees:</b>	Councillor David Alston
	Councillor Roderick Balfour
	Councillor Jennifer Barclay (elected 19.12.13)
	Councillor Andrew Baxter
	Councillor David Bremner
	Councillor Ian Brown
	Councillor Caroline Caddick
	Councillor Isabelle Campbell
	Councillor Janet Campbell
	Councillor Helen Carmichael
	Councillor Alasdair Christie
	Councillor Bill Clark
	Councillor Ian Cockburn
	Councillor Gillian Coghill (elected 2.5.13)
	Councillor Jim Crawford
	Councillor Margaret Davidson
	Councillor Norrie Donald
	Councillor Jaci Douglas
	Councillor Allan Duffy
	Councillor Dave Fallows
	Councillor George Farlow
	Councillor Bill Fernie
	Councillor Mike Finlayson
	Councillor John Ford
	Councillor Craig Fraser
	Councillor Hamish Fraser
	Councillor Laurie Fraser
	Councillor John Gordon
	Councillor Bren Gormley
	Councillor Ken Gowans
	Councillor Alex Graham
	Councillor Jimmy Gray
	Councillor Michael Green
	Councillor Richard Greene
	Councillor Allan Henderson

**HIGHLAND COUNCIL CHARITABLE TRUSTS**  
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	Councillor	Drew Henry
	Councillor	Donnie Kerr
	Councillor	Richard Laird
	Councillor	Bill Lobban
	Councillor	Colin MacAulay
	Councillor	Liz Macdonald
	Councillor	Neil MacDonald
	Councillor	Deidre Mackay
	Councillor	Donald Mackay
	Councillor	Willie Mackay
	Councillor	Graham Mackenzie
	Councillor	Alister Mackinnon
	Councillor	Angela MacLean
	Councillor	Thomas MacLennan
	Councillor	Kenneth MacLeod
	Councillor	Bet McAllister
	Councillor	Isobel McCallum
	Councillor	Jim McGillivray
	Councillor	Drew Millar
	Councillor	Hugh Morrison
	Councillor	Linda Munro
	Councillor	Brian Murphy
	Councillor	Fraser Parr
	Councillor	Margaret Paterson
	Councillor	Graham Philips
	Councillor	Thomas Prag
	Councillor	Martin Rattray
	Councillor	Matthew Reiss (elected 28.11.13)
	Councillor	Ian Renwick
	Councillor	Alasdair Rhind
	Councillor	Gregor Rimmell
	Councillor	Fiona Robertson
	Councillor	John Rosie
	Councillor	Gail Ross
	Councillor	Graham Ross
	Councillor	Roger Saxon
	Councillor	Audrey Sinclair
	Councillor	Glynis Sinclair
	Councillor	Jean Slater
	Councillor	Maxine Smith
	Councillor	Catriona Stephen
	Councillor	Jamie Stone
	Councillor	Ben Thompson (elected 1.5.14)
	Councillor	Carolyn Wilson
	Councillor	Hamish Wood
<b>Other Trustees who served during the year:</b>		
	Councillor	Billy Barclay (deceased 23.10.13)
	Councillor	Alex MacLeod (resigned 24.9.13)
	Councillor	Eddie Hunter (resigned 27.2.14)

**HIGHLAND COUNCIL CHARITABLE TRUSTS**  
**Trustees Annual Report - For the Year ended 31 March 2014**

<b>Honorary Treasurer:</b>	Derek Yule Director of Finance The Highland Council
<b>Independent Auditor:</b>	Stephen Boyle Assistant Director of Audit Audit Scotland 4 <sup>th</sup> Floor South Suite 8 Nelson Mandela Place GLASGOW G2 1BT

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing Document**

This is a charitable unincorporated trust. The objects are described in the “Objectives and Activities” section of the following page.

**Appointment of Trustees**

The trustees of the charity are the elected councillors of The Highland Council. Trustees are appointed through their election to The Highland Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework. The trustees delegate the day to day administration of the charities to officers of the Council.

**Related Parties**

Trustees hold this position because they are elected members of The Highland Council. The Highland Council provides administration services to the charity.

**Risk Management**

The Director of Finance of The Highland Council, through the Head of Internal Audit and Risk Management, has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

**Management of Funds and Investment Policy**

The Trustees rely upon the expertise of The Highland Council to manage the investments to ensure the maximum return at least risk to the charity. In this way, the income stream for the future benefit of the charity is protected.

The funds of the charity are made up of stock market investments in various companies, Government Stocks with the balance of the funds deposited with The Highland Council Loans Fund.

For the balance of the funds the charity receives interest at the average market rate for the Council’s borrowing. The interest received from The Highland Council is shown in the Statement of Receipts and Payments.

# HIGHLAND COUNCIL CHARITABLE TRUSTS

## Trustees Annual Report - For the Year ended 31 March 2014

### OBJECTIVES AND ACTIVITIES

#### Charitable Purpose:

- a) The purpose of the trusts is to advance the education of children, the trustees may award prizes, bursaries, maintenance allowances, assist with school trips, pupil exchanges and work experience and assist with cost of musical, sporting or other equipment within the designated area.
- b) For the poor of the parish of Wick.

### ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2014 the trusts awarded a total of 74 grants which amounted to £14,389. Annual "Christmas Bonus" payments total £400 were made to 20 elderly people from the town of Wick with the remaining 54 grants being made in the form of grants/donations for educational purposes. These grants are analysed in note 6.

### FINANCIAL REVIEW

#### Overview

The charity combines a number of educational trusts for various areas within Highland and the funds are distributed during the year as agreed with the local councillors in consultation with the relevant schools.

The charity combines the following educational trusts as at 31/3/2014:

- Inverness-Shire Educational Trust
- Ross & Cromarty Educational Trust
- Caithness Educational Trust
- Sutherland Educational Trust
- Duncraig College Fund
- Forbes Meteorological Trust
- A M Mackay's Bequest

The charity also incorporates the following trust for the poor of the parish of Wick:

- John Kirk's Mortification Trust

For comparative purposes, only the Inverness-Shire Educational Trust, Ross & Cromarty Educational Trust and Caithness Educational Trust are included in the comparative figures. The remaining trusts were brought under Highland Council Charitable Trusts at 31/3/2014 as part of the Highland Council's reorganisation of Charitable Trusts. The 2013/14 receipts of £109,242 include £2,014 relating to the revenue fund balances and £107,228 to the permanent endowments of these remaining trusts. These were treated as donations as per guidance from OSCR.

Income during 2013/14 came from income on investments of £40,295 (2012/13 £26,243), rent of £13,950 (2012/13 £27,900) and proceeds from sale of investments of £17,606 (2012/13 £35,000).

The expenditure of the Trusts comprised grants of £14,389 (2012/13 £12,674) and an annual administration charge to the Highland Council of £8,355 (2012/13 £3,565)



## **HIGHLAND COUNCIL CHARITABLE TRUSTS**

### **Trustees Annual Report - For the Year ended 31 March 2014**

The Educational Endowments (Highland Region) Transfer Scheme Order 1996 transferred interests in educational endowments vested in Highland Regional Council to the Highland Council. The Educational Trust Schemes administered by the council are:

- Caithness Educational Trust Scheme 1973
- Inverness-Shire Educational Trust Scheme 1960
- Ross & Cromarty Educational Trust Scheme 1961
- County of Sutherland Educational Trust 1960

These trusts are schemes under the Education (Scotland) Acts, 1939 to 1956 for the future government and management of certain educational endowments in these former counties.

The Trusts held investments with market value £1,500,730 (2012/13 £1,414,788) and deposits with Highland Council of £914,272 (2012/13 £755,923)

#### **Reserves Policy**

The unrestricted free reserves at the financial year end were £92,347. This includes cash and bank only repayable on demand. The Trusts deeds state that the "capital" is held as permanent endowments, with only the annual income available for disbursement in the year via the unrestricted reserve. The unrestricted reserves are available for the objects of the trusts. Where annual income exceeds disbursements in a year, revenue surpluses can be added to unrestricted reserves up to the following limits:

- Caithness Educational Trust Scheme - nil
- Inverness-Shire Educational Trust Scheme - £500
- Ross & Cromarty Educational Trust Scheme £1,000
- County of Sutherland Educational Trust - £400

Any further surpluses are capitalised and transferred to permanent endowment funds.

An adjustment has been made to the 13/14 funds to allow for a transfer of £220,667 from unrestricted to permanent endowment funds to correct prior years incorrect classification of revenue surpluses.

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees are responsible for preparing the Trustees' 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 Scotland requires the trustees 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 trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

**HIGHLAND COUNCIL CHARITABLE TRUSTS**  
**Trustees Annual Report - For the Year ended 31 March 2014**

The trustees are 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 and Trustee Investment (Scotland) Act 2005, Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are 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.

**Statement of disclosure of information to the auditor**

In so far as the trustees are aware:

- there is no relevant information of which the auditor is unaware, and
- the trustees have taken all the steps they ought to have taken to make themselves aware of all relevant audit information, and to establish that the auditor is aware of the information.

**Declaration**

Approved by the trustees and signed on their behalf

Trustee .....

Date 29 September 2014

# **HIGHLAND COUNCIL CHARITABLE TRUSTS**

## **Independent Auditor's Report on the Accounts**

### **INDEPENDENT AUDITOR'S REPORT**

#### **Independent auditor's report to the trustees of Highland Council Charitable Trusts and the Accounts Commission for Scotland**

I have audited the financial statements of Highland Council Charitable Trust for the year ended 31 March 2014 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the receipts and payments account, statement of balances, and the related notes. The financial reporting framework that has been applied in their preparation is a receipts and payments basis.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

#### **Respective responsibilities of the trustees and auditor**

As explained more fully in the Trustees' Annual Report, the trustees are responsible for the preparation of the financial statements which properly present the receipts and payments of the charity. My 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) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts or 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 trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

# HIGHLAND COUNCIL CHARITABLE TRUSTS

## Independent Auditor's Report on the Accounts

### Opinion on financial statements

In my opinion the financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2014 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

### Other matter - unaudited comparative amounts

The financial statements for the year ended 31 March 2013 were not audited. The comparative amounts in the financial statements for the year ended 31 March 2014 are therefore unaudited.

### Opinion on other prescribed matter

In my 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.

### Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Stephen Boyle CPFA  
Assistant Director  
Audit Scotland  
4th Floor South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow G2 1BT

29 September 2014

Stephen Boyle CPFA is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

**HIGHLAND COUNCIL CHARITABLE TRUSTS**  
**Statement of Receipts and Payments – For the Year ended 31 March 2014**

**STATEMENT OF RECEIPTS AND PAYMENTS**

	Unrestricted Funds	Permanent Endowment	Total Funds 2014	Total Funds 2013
	£	£	£	£
<b>RECEIPTS</b>				
Donations – amounts transferred on reorganisation	2,014	107,228	109,242	-
Income from investments other than land and buildings	40,295	-	40,295	26,243
Rents from land & buildings	13,950	-	13,950	27,900
Proceeds from sale of investments	17,606	-	17,606	35,000
<b>Total Receipts</b>	<b>73,865</b>	<b>107,228</b>	<b>181,093</b>	<b>89,143</b>
<b>PAYMENTS</b>				
Charitable Activities:				
Grants and donations	14,389	-	14,389	12,674
Governance costs	8,355	-	8,355	3,565
<b>Total Payments</b>	<b>22,744</b>	<b>-</b>	<b>22,744</b>	<b>16,239</b>
Surplus/(Deficit) for year	51,121	107,228	158,349	72,904
Transfer between funds	(220,667)	220,667	-	-
Net movement in funds	(169,546)	327,895	158,349	72,904

The notes on pages 11-14 form an integral part of these accounts.

**HIGHLAND COUNCIL CHARITABLE TRUSTS**  
**Statement of Balances as at 31 March 2014**

**STATEMENT OF BALANCES**

	Note	Unrestricted Funds	Permanent Endowment	Total Funds 2014	Total Funds 2013 (restated)
		£	£	£	£
<b>Cash and Bank Balances</b>					
Opening Balance	10	261,893	494,030	755,923	683,019
Surplus for year	11	51,121	107,228	158,349	72,904
Transfer		(220,667)	220,667	-	-
Closing Balances		92,347	821,925	914,272	755,923

**Investments**

Market Value	8	-	1,500,730	1,500,730	1,414,788
Cost		-	120,854	120,854	117,860

**Investment Properties**

Market Value	9		100,000	100,000	100,000
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The notes on pages 11-14 form an integral part of these accounts.

The unaudited accounts were issued on 13 June 2014 and audited accounts were authorised for issue on 29 September 2014.

Approved by the trustees and signed on their behalf

Trustee .....

Date 29 September 2014

Treasurer .....

Date 29 September 2014

# HIGHLAND COUNCIL CHARITABLE TRUSTS

## Notes to the Accounts

### NOTES TO THE ACCOUNTS

#### 1. Basis of Accounting

These accounts have been prepared on the Receipts and Payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### 2. Fund Accounting

(a) Unrestricted funds are those that may be used at the discretion of the Trustees in furtherance of the objectives of the charity.

(b) The permanent endowment funds are invested in perpetuity and derive an annual investment income which is available for distribution.

#### 3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

#### 4. Trustee Remuneration, Expense and Related Party Transactions

(a) No remuneration or expenses were paid to charity trustees or person connected to the trustee during the year.

(b) All transactions income and outgoing are made via the Council's accounts.

(c) There were no other transactions between the charity and any trustee or any connected person during the year.

#### 5. Balances Transferred on Reorganisation of Trusts

The balances transferred have been included in the financial statements as follows:

	Unrestricted	Permanent Endowment	Total
	£	£	£
<b>Statement of Receipts and Payments</b>			
Donations – amounts transferred on reorganisation	2,014	107,228	109,242
<b>Statement of Balances</b>			
Cash	2,014	107,228	109,242
Investments at Cost		2,994	2,994

#### 6. Grants

Type of Activity or Project supported	Individual/ institution	Number of grants made	Value £
Educational Travel	Institution	8	3,715
Promoting Music	Institution	1	100
School Prizes	Institution	3	141
Grants	Institution	6	4,250
Grants	Individual	36	5,783
Old People in Town of Wick	Individual	20	400
<b>Total</b>		<b>74</b>	<b>14,389</b>

## HIGHLAND COUNCIL CHARITABLE TRUSTS

### Notes to the Accounts

#### 7. Cash and Bank Balances

During the year the trusts' balances were held by The Highland Council, which manages the administration of the funds on behalf of the Trustees. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. The balances are repayable on demand. Interest is payable on the balances.

#### 8. Investments

The Trusts held the following investments:

Investments	Market Value	
	31 March 2014	31 March 2013
	£	£
HMT stocks	59,907	61,538
Long term investments	1,440,823	1,353,250
<b>Total</b>	<b>1,500,730</b>	<b>1,414,788</b>

#### 9. Investment Properties

Caithness Educational Trust owns an investment property called Rhind House for which an annual rental of £13,950 is received from High Life Highland. The property has been independently valued at 1<sup>st</sup> April 2013 at £100,000.

#### 10a. Unrestricted Funds

The opening balance in unrestricted funds comprises the 3 trusts which were previously reported under the Highland Council Charitable Trusts.

Trust Fund	Unrestricted Fund Balance
	1 April 2013
	£
Inverness-Shire Educational Trust	35,170
Ross & Cromarty Educational Trust	144,967
Caithness Educational Trust	81,756
<b>Total Unrestricted Funds</b>	<b>261,893</b>



## HIGHLAND COUNCIL CHARITABLE TRUSTS

### Notes to the Accounts

#### 10b. Permanent Endowment Funds

The opening balance in permanent endowment funds comprises the 3 trusts which were previously reported under the Highland Council Charitable Trusts.

Trust Fund	Investment properties	Investments at cost	Cash	Permanent Endowment Fund Balance
	1 April 2013 £	1 April 2013 £	1 April 2013 £	1 April 2013 £
Inverness-Shire Educational Trust		51,990	134,345	186,335
Ross & Cromarty Educational Trust		36,997	300,266	337,263
Caithness Educational Trust	100,000	28,873	59,419	188,292
<b>Total Permanent Endowment Funds</b>	<b>100,000</b>	<b>117,860</b>	<b>494,030</b>	<b>711,890</b>

#### 11a. Unrestricted funds - surplus for the year

The surplus in the year comprises the surplus/deficit from the following trust funds which are now reported under the Highland Council Charitable Trusts:

Trust Fund	Surplus/(deficit) for year 31 March 2014 £
Inverness-Shire Educational Trust	21,759
Ross & Cromarty Educational Trust	16,060
Caithness Educational Trust	7,087
Sutherland Educational Trust	658
Forbes Meteorological Trust	8
Duncraig College Fund	2
A M MacKay's Bequest	1
John Kirk's Mortification	(264)
	<hr/> 45,311
Opening Unrestricted Fund Balances:	
Sutherland Educational Trust	156
Forbes Meteorological Trust	109
Duncraig College Fund	540
A M MacKay's Bequest	50
John Kirk's Mortification	1,159
	<hr/> 2,014
Adjustment for opening debtors/creditors*	3,796
<b>Surplus for the year</b>	<hr/> <b>51,121</b> <hr/>

\*The 12/13 OSCAR return was adjusted by £3,796 which represented debtors in the accounts which were not reflected on the return as it is prepared on a Receipts and Payments basis, but which were reflected in the fund balance in the 12/13 accounts.

**HIGHLAND COUNCIL CHARITABLE TRUSTS**  
**Notes to the Accounts**

**11b. Permanent endowment funds - surplus for the year**

The surplus in the year comprises the opening capital fund balances from the following trust funds which are now reported under the Highland Council Charitable Trusts:

<b>Trust Fund</b>	<b>Cash</b>	<b>Permanent Endowment Fund Balance</b>
	<b>31 March 2014 £</b>	<b>31 March 2014 £</b>
Opening Permanent Endowment Fund Balances		
Sutherland Educational Trust	99,956	99,956
Forbes Meteorological Trust	-	-
A M MacKay's Bequest	100	100
John Kirk's Mortification	7,172	7,172
<b>Surplus for the year</b>	<b>107,228</b>	<b>107,228</b>