

HIGHLAND COUNCIL CHARITABLE TRUSTS
Scottish Charity Number SC025079

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year ended 31 March 2015

**HIGHLAND COUNCIL CHARITABLE TRUSTS
ANNUAL REPORT AND FINANCIAL STATEMENTS 2014/15**

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HIGHLAND COUNCIL CHARITABLE TRUSTS ANNUAL REPORT AND FINANCIAL STATEMENTS 2014/15

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 2015.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name:	Highland Council Charitable Trusts	
Charity Number:	SC025079	
Principal Office:	The Highland Council Finance Service Glenurquhart Road Inverness IV3 5NX	
Current Trustees:	David Alston Roderick Balfour Jennifer Barclay Andrew Baxter David Bremner Ian Brown Caroline Caddick Isabelle Campbell Janet Campbell Helen Carmichael Alasdair Christie Bill Clark Ian Cockburn Gillian Coghill Jim Crawford Margaret Davidson Norrie Donald Jaci Douglas Allan Duffy Dave Fallows George Farlow Bill Fernie Mike Finlayson John Ford Craig Fraser Hamish Fraser Laurie Fraser John Gordon Bren Gormley Ken Gowans Alex Graham Jimmy Gray Michael Green Richard Greene Allan Henderson Drew Henry Donnie Kerr	Liz Macdonald Neil MacDonald Deidre Mackay Donald Mackay Willie Mackay Graham Mackenzie Alister Mackinnon Angela MacLean Thomas MacLennan Kenneth MacLeod Bet McAllister Isobel McCallum Jim McGillivray Drew Millar Hugh Morrison Linda Munro Brian Murphy Fraser Parr Margaret Paterson Graham Philips Thomas Prag Martin Rattray Matthew Reiss Ian Renwick Alasdair Rhind Gregor Rimmell Fiona Robertson John Rosie Gail Ross Graham Ross Roger Saxon Audrey Sinclair Glynis Sinclair Jean Slater Maxine Smith Catriona Stephen Jamie Stone

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	Richard Laird Bill Lobban	Ben Thompson (elected 1.5.14) Carolyn Wilson Hamish Wood
Other Trustees who served during the year:	Colin MacAulay (resigned 15.3.15)	Stephen Fuller (elected 7.5.15)
Honorary Treasurer:	Derek Yule Director of Finance The Highland Council	
Independent Auditor:	Stephen Boyle Assistant Director Audit Scotland 4 th Floor South Suite 8 Nelson Mandela Place GLASGOW G2 1BT	

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

Governing Documents

This is a charitable unincorporated trust. The objectives are described in the "Objectives and Activities" section of the following page.

Since this Charity was formed as a holding charity for 9 individual funds there is no overall governance document.

In terms of the Trustees' governance of the fund, they have determined that this is in terms of the Corporate Governance of Highland Council, namely the code as comprises:-

- Financial Regulations
- Code of Corporate Governance
- Procedural Standing Orders Scheme of Administration, and
- Scheme of Delegation

When considering any action in connection with the Charity the Trustees have to act in the interest of the Charitable Trust.

HIGHLAND COUNCIL CHARITABLE TRUSTS ANNUAL REPORT AND FINANCIAL STATEMENTS 2014/15

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Trust Documents

As a consequence of the age of some of the Trusts, copies of not all Trust Deeds are held. In the absence of governance documentation the Trustees rely on custom and practice to inform any decisions in respect of the Trusts' expenditure and use of assets.

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.

Organisational Structure

The Trustees (as the elected members of the council) shall meet as often as expedient for the convenient despatch of the business of the Trust. A Trustee may at any time summon a meeting of the Trustees by notice served upon all Trustees, to take place at a reasonably convenient time and date. The Trustees delegate the day to day administration of the charity to the officers of the 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.

Related Parties

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

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, and 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.

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OBJECTIVES AND ACTIVITIES

Charitable Purpose:

The charitable purpose of this charity is to hold funds for each Trust, Endowment or Bequest comprising the Charity.

The purposes of the trusts are to:

- a) 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, and
- b) For the poor of the parish of Wick.

In respect of those funds which have land and property, the Trustees recognise their obligations to ensure that these assets are maintained.

ACHIEVEMENTS AND PERFORMANCE

In the year to 31 March 2015 the trustees continued to consider all applications for grant funding received in the year, and awarded a total of 82 grant payments which amounted to £24,020 (2013/14 £14,389). Annual "Christmas Bonus" payments totalling £400 (2013/14 £400) were made to 20 elderly people from the town of Wick with the remaining 62 grants being made in the form of grants or donations for educational purposes. These grants are analysed in note 6. All payments made were in line with the aims of the Trust.

Achievements and Future Plans

During the year, the Trust continued to apply the income generated from its investments to meet its charitable objectives. The Trust will review and consider its investment activities and future grant levels in light of reducing revenue from investment income.

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.

In late 2013/14 the charitable status of 8 various funds was formally recognised under a single Charity registration.

The number of funds included was increased to 9 in 2014/15 with the addition of Duncraig Endowment.

The charity combines the following educational trusts as at 31/3/2015:

- Inverness-Shire Educational Trust
- Ross & Cromarty Educational Trust
- Caithness Educational Trust
- Sutherland Educational Trust

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- Duncraig College Fund
- Forbes Meteorological Trust
- A M Mackay's Bequest
- Duncraig Endowment

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

- John Kirk's Mortification Trust

Income during 2014/15 comprised income on interest and investments of £30,739 (2013/14 £40,295), rental income of £13,950 (2013/14 £13,950), and proceeds from sale of investments of £69,795.

The expenditure of the Trusts included grants of £24,020 (2013/14 £14,389), an annual administration charge to the Highland Council of £7,902 (2013/14 £8,355), and compensation payments to a former employee of Duncraig College of £1,820 (2013/14 nil).

The Trusts held investments with market value £2,296,970 (2013/14 £1,500,730), and deposits with Highland Council of £1,012,061 (2013/14 £914,273).

Reserves Policy

The unrestricted free reserves at the end of the financial period were £106,299 (2013/14 £92,347). This includes cash and bank balances only repayable on demand. The Trust 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 objectives of the trusts. Where annual income exceeds disbursements in a year, revenue surpluses can be added to unrestricted reserves up to the following limits:

- 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.

Plans for the Future

The Trust will continue to utilise the income received each year in line with the charitable purpose of each fund.

HIGHLAND COUNCIL CHARITABLE TRUSTS ANNUAL REPORT AND FINANCIAL STATEMENTS 2014/15

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 are properly presented in accordance with charities legislation. 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.

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
30 September 2015

HIGHLAND COUNCIL CHARITABLE TRUSTS

INDEPENDENT AUDITOR'S REPORT

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

I certify that I have audited the financial statements of Highland Council Charitable Trusts for the year ended 31 March 2015 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 Statement of Receipts and Payments, the 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 Statement of Trustees' Responsibilities, 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 and Financial Statements 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.

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 2015 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.

HIGHLAND COUNCIL CHARITABLE TRUSTS

Opinion on other prescribed matter

In my opinion the information given in the Annual Report and Financial Statements 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 Services)
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

30 September 2015

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

HIGHLAND COUNCIL CHARITABLE TRUSTS
Notes to the Accounts

STATEMENT OF RECEIPTS AND PAYMENTS

	Note	Unrestricted Funds £	Permanent Endowment £	Total Funds 2014/15 £	Total Funds 2013/14
RECEIPTS					
Donations – amounts transferred on reorganisation		17,047	-	17,047	109,242
Income from investments other than land and buildings		30,739	-	30,739	40,295
Rent from land and buildings		13,950	-	13,950	13,950
		61,736	-	61,736	163,487
RECEIPTS FROM ASSET AND INVESTMENT SALES					
Redemption of investments	10	-	69,795	69,795	17,606
Total Receipts		61,736	69,795	131,531	181,093
PAYMENTS					
Charitable activities:					
Grants and donations	6	24,020	-	24,020	14,389
Governance costs	8	7,902	-	7,902	8,355
Other resources expended	9	1,820	-	1,820	-
Total Payments		33,742	-	33,742	22,744
Surplus for the period		27,994	69,795	97,789	158,349
Transfers between funds		(14,042)	14,042	-	-
Net movement in funds		13,952	83,837	97,789	158,349

Income in the period relates to unrestricted funds, and the redemption of investments.
The notes on page 11-14 form an integral part of these accounts.

HIGHLAND COUNCIL CHARITABLE TRUSTS
Notes to the Accounts

STATEMENT OF BALANCES

	Note	Unrestricted Funds £	Permanent Endowment £	Total Funds as at 31 March 2015 £	Total Funds 2013/14
Cash and bank balances					
Opening Balances		92,347	821,925	914,272	755,923
Surplus for period		27,994	69,795	97,789	158,349
Transfers		(14,042)	14,042	-	-
Closing Balances		106,299	905,762	1,012,061	914,272
Investments					
Cost		-	861,752	861,752	120,854
Market Value	10	-	2,296,970	2,296,970	1,500,730
Investment Properties					
Market Value	11		100,000	100,000	100,000

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

The financial statements were approved and authorised for issue on 30 September 2015 and approved by the trustees and signed on their behalf.

Trustee _____
 30 September 2015

Derek Yule B.Com, CPFA, IRRV(Hons) _____
 Treasurer

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 unspent funds from previous years, and may be used at the discretion of the Trustees in furtherance of the objectives of the charity.

(b) The permanent endowment funds comprise donated investments, which are held in perpetuity to provide investment income to fund the charitable activities of the Trust.

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 period.

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

(c) All incoming and outgoing transactions are made via the council's bank accounts.

5. Balances Transferred on Reorganisation of Trusts

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

	Unrestricted	Permanent Endowment	Total
	£	£	£
Statement of Receipts and Payments			
Donations – amounts transferred on reorganisation	17,047	-	17,047
Statement of Balances			
Cash	17,047	-	17,047
Investments at Cost		793,349	793,349

HIGHLAND COUNCIL CHARITABLE TRUSTS
Notes to the Accounts

6. Grants

6.1 Total Value of Grants

	Grants to institutions		Grants to Individuals	
	2014/15	2013/14	2014/15	2013/14
	£	£	£	£
Christmas Payments	-	-	400	400
Educational Grants	5,788	1,000	14,035	5,783
Educational Music Grant	600	100	800	-
Educational Travel Grant	1,995	4,215	100	-
Educational Volunteering	150	-	-	-
School Prizes	152	141	-	-
Support of Clubs	-	2,750	-	-
Total	8,685	8,206	15,335	6,183

6.2 Grants made to institutions

2014/15

Names of Institutions	Grant Purpose	Total Amount of Grant Paid £
Comhairle nan Eilean Siar	Educational Grants	5,788
Golspie High School	Educational Music	400
Milton Primary School	Educational Music	200
Culloden Academy	Educational Travel	1,200
Ferintosh Primary School	Educational Travel	125
Invergordon Academy	Educational Travel	200
Mallaig High School	Educational Travel	280
Plockton High School	Educational Travel	190
Project Trust	Educational Volunteering	150
Golspie High School	School Prizes	125
Keiss Primary School	School Prizes	17
Rogart Primary School	School Prizes	10
		8,685

HIGHLAND COUNCIL CHARITABLE TRUSTS

Notes to the Accounts

2013/14

Names of Institutions	Grant Purpose	Total Amount of Grant Paid £
Comhairle nan Eilean Siar	Educational Grants	5,800
Mulbuie Primary School Fund	Educational Travel	170
Fortrose Academy School Fund	Educational Travel	160
Avoch Primary School Fund	Educational Travel	185
Alness Academy School Fund	Educational Travel	500
Golspie High School	Educational Travel	415
Keiss Primary	Educational Travel	316
Caithness Schools Wind Band	Educational Travel	500
Ullapool High School	Educational Travel	150
Rogart Primary	Prizes	10
		8,206

7. Cash and Bank Balances

During the year the trust's 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. Governance Costs

Governance costs include the fee for the external audit of the charity of £1,000, and administration fees paid to Highland Council to cover provision of accounting and legal services.

9. Other Resources Expended

Spend of £1,820 relates to compensation payments made to a former employee of Duncraig College.

10. Investments

The Trusts held the following investments:

	Investment Properties £	Cost £	Market Value £
Inverness Educational Trust	-	28,323	557,076
Ross & Cromarty Educational Trust	-	36,997	942,928
Caithness Educational Trust	100,000	3,083	3,617
		68,403	1,503,621
Duncraig Endowment	-	793,349	793,349
	100,000	861,752	2,296,970

HIGHLAND COUNCIL CHARITABLE TRUSTS

Notes to the Accounts

During the period under review the undernoted Treasury Stocks were redeemed by HM Government. The capital from these has been reinvested with the Highland Council Loans Fund.

Stock	Capital Redeemed	Date repaid
3.5% War Stock	£52,450	9.3.15

Investment gains of £17,345 were generated in the year.

11. Investment Property

Caithness Educational Trust owns an investment property called Rhind House for which an annual rental of £13,950 is received from Highland Council. The property has been independently valued at 31 March 2015 at £100,000 (2013/14 £100,000).

12. Analysis of Charitable Trusts

Endowment Funds	Permanent Endowment Fund Balance	
	31 March 2015	31 March 2014
Fund name	£	£
Inverness-Shire Educational Trust	263,478	242,764
Duncraig Endowment	793,349	-
Forbes Meteorological Trust	200	200
Ross & Cromarty Educational Trust	505,908	501,086
Sutherland Educational Trust	101,640	100,370
Caithness Educational Trust	192,495	188,292
A M MacKay's Bequest	100	100
John Kirk's Mortification	10,344	9,966
Total Funds	1,867,514	1,042,778

Unrestricted Funds	Unrestricted Fund Balance	
	31 March 2015	31 March 2014
	£	£
Inverness-shire Educational Trust	500	500
Duncraig Endowment	8,333	-
Duncraig College	500	543
Forbes Meteorological Trust	116	117
Ross and Cromarty Educational Trust	1,000	1,000
Sutherland Educational Trust	400	400
Caithness Educational Trust	94,808	88,842
A M Mackay's Bequest	47	50
John Kirk's Mortification	595	895
Total Funds	106,299	92,347

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