

HIGHLAND CHARITIES TRUST
Scottish Charity Number SC044714

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

For the year ended 31 March 2016

**HIGHLAND CHARITIES TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

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HIGHLAND CHARITIES TRUST ANNUAL REPORT AND FINANCIAL STATEMENTS

TRUSTEES' ANNUAL REPORT

The Trustees present their annual report together with the financial statements for the period to 31 March 2016.

REFERENCE AND ADMINISTRATION INFORMATION

Charity Name: Highland Charities Trust

Charity Number: SC044714

Principal Office: The Highland Council
Finance Service
Glenurquhart Road
Inverness
IV3 5NX

Current Trustees:

David Alston	Laurie Fraser	Hugh Morrison
Roderick Balfour	Stephen Fuller from 7/5/15	Linda Munro
Jennifer Barclay	John Gordon	Brian Murphy
Andrew Baxter	Bren Gormley	Fraser Parr
David Bremner	Ken Gowans	Margaret Paterson
Ian Brown	Alex Graham	Graham Philips
Caroline Caddick	Jimmy Gray	Thomas Prag
Isabelle Campbell	Michael Green	Martin Rattray
Janet Campbell	Richard Greene	Matthew Reiss
Helen Carmichael	Allan Henderson	Ian Renwick
Alasdair Christie	Donnie Kerr	Alasdair Rhind
Bill Clark	Richard Laird	Gregor Rimmell
Ian Cockburn	Bill Lobban	Fiona Robertson
Gillian Coghill	Liz Macdonald	John Rosie
Jim Crawford	Neil MacDonald	Gail Ross
Margaret Davidson	Deidre Mackay	Graham Ross
Jean Davis from 8/10/15	Donald Mackay	
Norrie Donald	Willie Mackay	Roger Saxon
Jaci Douglas	Graham Mackenzie	Audrey Sinclair
Allan Duffy	Alistair Mackinnon	Glynis Sinclair
Dave Fallows	Angela MacLean	Jean Slater
George Farlow	Thomas MacLennan	Maxine Smith
Bill Fernie	Kenneth MacLeod	Catriona Stephen
Mike Finlayson	Bet McAllister	Jamie Stone
John Ford	Isobel McCallum	Ben Thompson
Craig Fraser	Jim McGillivray	Carolyn Wilson
Hamish Fraser	Drew Millar	Hamish Wood

Other Trustees who served during the year: Drew Henry (resigned 13/7/15)

HIGHLAND CHARITIES TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

Honorary Treasurer: Derek Yule
Director of Finance
The Highland Council

Independent Auditor: Stephen Boyle
Assistant Director
Audit Scotland
4th Floor South Suite
8 Nelson Mandela Place
Glasgow
G2 1BT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

A Trust Deed was established in 2014 to hold the assets of existing public funds and all further donations, legacies and other monies and property heritable and moveable, real and personal wherever situated and of whatever kind which may hereinafter accrue, be paid, transferred or issued to or acquired by either the Council or the Trust for the Trust purposes.

Appointment of Trustees

The trustees of the charity are the elected members (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 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.

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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 a small number of stock market investments with the majority 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.

OBJECTIVES AND ACTIVITIES

Charitable Purpose:

The purposes of the Trust are as follows:-

- (a) For the prevention or relief of poverty
- (b) To provide relief, financial assistance or Welfare for those inhabitants of the Highland Council area who are in need by reason of age, ill-health, disease, invalidity, disability, infirmity, financial hardship or other disadvantage.
- (c) Advancement of education
- (d) Advancement of health
- (e) Advancement of citizenship or community development
- (f) Advancement of art, heritage, culture or science
- (g) The provision of recreational facilities or the organisation of recreational activities with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended
- (h) To assist other charitable organisations with purposes similar to the Trust so as to further their charitable purposes within the Highland Council Area by the provision of financial and/or material assistance

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ACHIEVEMENTS AND PERFORMANCE

The Highland Charities Trust was established on 6 March 2014 to amalgamate a number of small charitable trusts held by The Highland Council. The funds from these charitable trusts were combined to enable them to be redirected to better serve the needs of the people of the Highland Council area.

In the year to 31st March 2016 the trustees continued to consider all applications for grant funding received in the year, and awarded 9 grant payments which amounted to £11,131 (2014/15 £1,722). Christmas donations of £1,131 (2014/15 £722) were made, with the remaining grant of £10,000 made to Wick High School for the purchase of books. All grants are analysed in note 5. All payments made were in line with the aims of the Trusts.

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

Income during 2015/16 comprised income from stock market investments of £194 (2014/15 £1,571), interest from deposits held with Highland Council of £787 (2014/15 £1,600), and proceeds from the sale of investments of £9,198 (2014/15 £24,516).

The expenditure of the Trusts included Grants and Donations of £11,131 (2014/15 £1,722) and an annual administration charge to the Highland Council of £1,701 (2014/15 £14,872).

The Trust held investments with a market value of £2,904 (2014/15 £12,650) and deposits with Highland Council of £184,840 (2014/15 £187,493).

Reserves Policy

The unrestricted free reserves at the end of the financial period were £151,126 (2014/15 £162,977). This includes cash and bank only repayable on demand. The Trust has no explicit reserves policy, but Reserves are held in order to fund future charitable activities as determined by the Trustees in accordance with the objectives of the Charity. The trust deed states that payments can be made from income or capital of the trust fund and that income need not be fully paid out in any year but can be carried forward provided that it will be used for trust purposes and not accumulated with capital funds.

Plans for the Future

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

HIGHLAND CHARITIES TRUST ANNUAL REPORT AND FINANCIAL STATEMENTS

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
29 September 2016

HIGHLAND CHARITIES TRUST ANNUAL REPORT AND FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the trustees of Highland Charities Trust and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Highland Charities Trust for the year ended 31 March 2016 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 applicable law and 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 2016 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.

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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 1 BT

30 September 2016

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

HIGHLAND CHARITIES TRUST
Statement of Receipts and Payments
For the year ended 31 March 2016

STATEMENT OF RECEIPTS AND PAYMENTS

		Unrestricted Funds	Permanent Endowment	Total Funds 2015/16	Total Funds 6/3/14 to 31/3/15
	Note	£	£	£	£
RECEIPTS					
Donations		-	-	-	176,400
Investment Income		981	-	981	3,171
		981	-	981	179,571
RECEIPTS FROM ASSET AND INVESTMENT SALES					
Redemption of investments	8	-	9,198	9,198	24,516
Total Receipts		981	9,198	10,179	204,087
PAYMENTS					
Grants and donations	5	11,131	-	11,131	1,722
Governance costs	7	1,701	-	1,701	14,872
Total Payments		12,832	-	12,832	16,594
(Deficit)/Surplus for the period		(11,851)	9,198	(2,653)	187,493

The notes on pages 10 to 12 form an integral part of these accounts.

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Notes to the Accounts

STATEMENT OF BALANCES

		Unrestricted Funds	Permanent Endowment	Total Funds 31/3/16 £	Total Funds 31/3/15 £
Cash and bank balances	Note 6	£	£		£
Opening Balances		162,977	24,516	187,493	-
Surplus for period		(11,851)	9,198	(2,653)	187,493
Closing Balances		151,126	33,714	184,840	187,493
Investments at cost					
HMT Stocks	8			-	5,335
HBOS 25p Ordinary Shares				-	-
				-	5,335
Investments at Market Value					
HMT Stocks				-	9,309
HBOS 25p Ordinary Shares				2,904	3,341
Total Investments				2,904	12,650

The notes on pages 10 to 12 form an integral part of these accounts.

The financial statements were approved and authorised for issue on 29 September 2016 and approved by the trustees and signed on their behalf.

Trustee

Derek Yule B.Com, FCPFA, IRRV(Hons)
Treasurer
29 September 2016

HIGHLAND CHARITIES TRUST

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. Grants

2015/16	Individual/ Institution	Number of grants made	Value £
Wick High School Library	Institution	1	10,000
Christmas donations for older people	Institution	2	1,060
Christmas donations to older people	Individuals	6	71
Total		9	11,131

2014/15	Individual/ Institution	Number of grants made	Value £
Wick High School Youth Room	Institution	2	1,000
Christmas donations for older people	Institution	9	333
Christmas donations to older people	Individuals	11	389
Total		22	1,722

6. 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

HIGHLAND CHARITIES TRUST

Notes to the Accounts

made via the Council's accounts. The balances are repayable on demand. Interest is payable on the balances.

7. Governance Costs

Governance costs include the fee for the external audit of the charity of £1,000 (2014/15 £1,000), and administration fees paid to Highland Council to cover provision of accounting and legal services.

8. Investments

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% Conversion Stock	£4,025	1/4/15
2.5% Consolidated Stock	£1,310	5/7/15

Investment gains of £3,863 were generated in the year.

9. Analysis of Funds

	31 March 2016	31 March 2015
Unrestricted Funds	£	£
HCT Wick Poor Fund	21,634	22,577
HCT Wick Education and Heritage Fund	3,668	13,629
HCT Wester Ross Poor Fund	6,525	6,504
HCT Tain and Easter Ross Poor	3,086	3,183
HCT Skye Poor Fund	858	853
HCT Nairn Children's Fund	594	643
HCT Nairn and Auldearn Poor Fund	9,621	10,716
HCT Lochaber Education Fund	7,180	7,157
HCT Landward Caithness Poor Fund	29	112
HCT Inverness Poor Fund	145	138
HCT Highland Health Fund (all)	16,117	16,064
HCT Highland Education Fund (all)	9,647	9,617
HCT Grantown Poor Fund	23,769	23,633
HCT Grantown Heritage Fund	677	674
HCT Glenelg Heritage Fund	1,053	1,048
HCT Gairloch High School Fund	28,544	28,451
HCT Fort William Poor Fund	541	539
HCT East Sutherland and Eddereton Poor Fund	2,073	2,122
HCT Durness Poor Fund	73	72
HCT Dores Poor Fund	2,382	2,374
HCT Dingwall and Conon Poor Fund	125	129
HCT Daviot and Moy Poor Fund	1,493	1,487
HCT Cromarty Firth Poor Fund	970	968
HCT Cawdor Poor Fund	2,595	2,587
HCT Caol and Mallaig Poor Fund	3,493	3,466
HCT Black Isle Poor Fund	685	674
HCT Badenoch and Strathspey Poor Fund	3,549	3,560
	151,126	162,977

HIGHLAND CHARITIES TRUST
Notes to the Accounts

Permanent Endowment	31 March 2016	31 March 2015
	£	£
HCT Badenoch and Strathspey Poor Fund	2,614	1,672
HCT Black Isle Poor Fund	2,288	2,027
HCT Caol and Mallaig Poor Fund	1,496	944
HCT Cromarty Firth Poor Fund	100	100
HCT Daviot and Moy Poor Fund	591	591
HCT Dingwall and Conon Poor Fund	274	274
HCT Fort William Poor Fund	100	90
HCT Grantown Heritage Fund	150	150
HCT Grantown Poor Fund	2,773	1,171
HCT Inverness Poor Fund	1,553	1,089
HCT Landward Caithness Poor Fund	2,224	2,224
HCT Nairn and Auldearn Poor Fund	10,641	10,577
HCT Nairn Children's Fund	1,000	1,000
HCT Skye Poor Fund	510	435
HCT Tain and Easter Ross Poor Fund	1,610	1,610
HCT Wick Education & Heritage Fund	283	283
HCT Wick Poor Fund	5,507	5,614
	33,714	29,851