

HIGHLAND CHARITIES TRUST
Scottish Charity Number SC044714

ANNUAL REPORT AND
FINANCIAL STATEMENTS

For the year ended 31 March 2019

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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 2019.

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:

Gordon Adam	James Gray	Hugh Morrison
Blair Allan	Pippa Hadley	Linda Munro
Roderick Balfour	Tom Heggie	Pauline Munro
Jennifer Barclay	Allan Henderson	Margaret Paterson
Andrew Baxter	Andrew Jarvie	Ian Ramon
Bill Boyd	Emma Knox	Matthew Reiss
Raymond Bremner	Richard Laird	Alasdair Rhind
Ian Brown	Bill Lobban	Denis Rixon
John Bruce	Derek Louden	Patricia Robertson
Caroline Caddick	Liz MacDonald	Fiona Robertson
Isabelle Campbell	Ronald MacDonald	Karl Rosie
Janet Campbell	Alexander MacInnes	Graham Ross
Helen Carmichael	Deirdre MacKay	Peter Saggars
Alasdair Christie	Donald MacKay	Glynis Sinclair
Ian Cockburn	William MacKay	Andrew Sinclair
Muriel Cockburn	Graham Mackenzie	Nicola Sinclair
George Cruickshank	Isabelle MacKenzie	Maxine Smith
Kirsteen Currie	Struan Mackie	Callum Smith
Margaret Davidson	Alister Mackinnon	Ben Thompson
Michael Finlayson	Angela MacLean	Carolyn Wilson
John Finlayson	Calum MacLeod	
Craig Fraser	Derek MacLeod	
Laurie Fraser	Duncan MacPherson	
Richard Gale	Ron MacWilliam	
John Gordon	Elizabeth McAllister	
Ken Gowans	James McGillivray	
Alexander Graham	Niall McLean	

Other Trustees who served during the year: Catriona Stephen
(Resigned 30/09/2018)

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Honorary Treasurer: Liz Denovan
Executive Chief Officer for Resources and Finance
The Highland Council

Independent Auditor: Grant Thornton UK LLP
Level 8
110 Queen Street
Glasgow
G1 3BX

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 Depute Chief Executive and Director of Corporate Resources of The Highland Council, through the Corporate Audit and Performance Manager, 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 deposits.

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 31 March 2019 the trustees continued to consider all applications for grant funding received in the year, and awarded 3 grant payments which amounted to £7,097 (2017/18 £8,217). Christmas/winter donations of £60 (2017/18 £1,016) were made, a donation of £3,000 was made to a local food bank charity and the remaining £4,000 was a grant contribution towards the funding of a youth support worker. 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 2018/19 comprised income from stock market investments of £133.23 (2017/18 £137) and interest from deposits held with Highland council of £1,255.96 (2017/18 £712).

The expenditure of the Trusts included Direct Charitable Expenditure of £1,700, Grants and Donations of £7,079 (2017/18 £8,217) and an annual administration charge to the Highland Council of £3,439 (2017/18 £3,512).

The Trust held investments with a market value of £2,654 (2017/18 £2,761) and unrestricted deposits with Highland Council of £119,079 (2017/18 £129,908).

Reserves Policy

The unrestricted free reserves at the end of the financial period were £119,079 (2017/18 £129,908). 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.

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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
25 September 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the statement of accounts of Highland Charities Trust for the year ended 31 March 2019 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In our opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2019 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.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees Responsibilities, the trustees are responsible for the preparation of financial statements which properly present the receipts and payments of the charity, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably

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be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the statement of accounts

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the statement of accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on other requirements

Opinion on matter prescribed by the Accounts Commission

In our opinion, based on the work undertaken in the course of the audit 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 and that report has been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006.

Matters on which we are required to report by exception

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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Joanne Brown (for and on behalf of Grant Thornton UK LLP)
110 Queen Street
Glasgow
G1 3BX
September 2019

Grant Thornton UK LLP 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

STATEMENT OF RECEIPTS AND PAYMENTS

	Note	Unrestricted Funds £	Permanent Endowment £	Total Funds 2018/19 £	Total Funds 2017/18 £
RECEIPTS					
Investment Income		1,389	-	1,389	849
Total Receipts		1,389	-	1,389	849
PAYMENTS					
Direct Charitable Expenditure		1,700	-	1,700	
Grants and donations	5	7,079	-	7,079	8,217
Governance costs	7	3,439	-	3,439	3,512
Total Payments		12,218	-	12,218	11,729
(Deficit)/Surplus for the period		(10,829)	-	(10,829)	(10,880)

The notes on pages 11 to 13 form an integral part of these accounts.

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Statement of Balances

STATEMENT OF BALANCES

		Unrestricted Funds	Permanent Endowment	Total Funds 31/3/19	Total Funds 31/3/18
	Note	£	£	£	£
Cash and bank balances					
Opening Balances	6,9	129,908	33,714	163,622	174,502
Surplus/(Deficit) for period		(10,829)	-	(10,829)	(10,880)
Closing Balances		<u>119,079</u>	<u>33,714</u>	<u>152,793</u>	<u>163,622</u>
Investments at cost	8			<u>1,224</u>	<u>1,224</u>
Total Funds				<u>154,017</u>	<u>164,846</u>
Investments at Market Value	8			<u>2,654</u>	<u>2,761</u>

The notes on pages 11 to 13 form an integral part of these accounts.

Trustee

Liz Denovan CPFA
 Executive Chief Officer for Resources and Finance
 25 September 2019

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

2018/19	Individual/ Institution	Number of grants made	Value £
Christmas Donations for Older People	Institution	1	60
Funding Towards Youth Support Worker	Institution	1	4,000
Food Bank Donation	Institution	1	3,037
Unpresented Cheques	Individual	2	(18)
Total		<u>5</u>	<u>7,079</u>

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Notes to the Accounts

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 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 (2017/18 £1,000), and administration fees paid to Highland Council to cover provision of accounting and legal services.

8. Investments

The Lloyds 25p ordinary shares, held by Granttown Poor Fund which have a historical cost of £1,224 and a market value of £2,654.

9. Analysis of Funds

Unrestricted Funds

	31 March 2019 £	31 March 2018 £
HCT Wick Poor Fund	8,561	14,417
HCT Wick Education & Heritage	69	68
HCT Wester Ross Poor Fund	5,979	6,105
HCT Tain & Easter Ross Poor	36	3,037
HCT Skye Poor Fund	812	825
HCT Nairn Children's Fund	585	589
HCT Nairn and Auldearn Poor	9,375	9,489
HCT Lochaber Education Fund	27	27
HCT Landward Caithness Poor	61	45
HCT Inverness Poor Fund	41	29
HCT Highland Health Fund (all)	15,477	15,803
HCT Highland Educat Fund (all)	9,264	9,460
HCT Granttown Poor Fund	22,809	23,137
HCT Granttown Heritage Fund	688	701
HCT Glenelg Heritage Fund	1,011	1,032
HCT Gairloch High School Fund	27,410	27,989
HCT Fort William Poor Fund	518	528
HCT East Sutherl & Edder Poor	1,963	1,987
HCT Durness Poor Fund	70	71
HCT Dores Poor Fund	2,287	2,336
HCT Dingwall and Conon Poor	125	125
HCT Daviot & Moy Poor Fund	1,437	1,463
HCT Cromarty Firth Poor Fund	933	952
HCT Cawdor Poor Fund	2,492	2,545
HCT Caol & Mallaig Poor Fund	3,229	3,286
HCT Black Isle Poor	621	616
HCT Badenoch & Strathspey Poor	3,199	3,246
	119,079	129,908

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Notes to the Accounts

Permanent Endowment	31 March 2019 £	31 March 2018 £
HCT Badenoch and Strathspey Poor Fund	2,614	2,614
HCT Black Isle Poor Fund	2,288	2,288
HCT Caol and Mallaig Poor Fund	1,496	1,496
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	100
HCT Grantown Heritage Fund	150	150
HCT Grantown Poor Fund	2,772	2,772
HCT Inverness Poor Fund	1,553	1,553
HCT Landward Caithness Poor Fund	2,224	2,224
HCT Nairn and Auldearn Poor Fund	10,641	10,641
HCT Nairn Children's Fund	1,000	1,000
HCT Skye Poor Fund	510	510
HCT Tain and Easter Ross Poor Fund	1,610	1,610
HCT Wick Education & Heritage Fund	283	283
HCT Wick Poor Fund	5,508	5,508
	33,714	33,714

10. Related Parties

A grant of £4,000 was provided for the funding towards a youth support worker to High Life Highland. Four of the directors of High Life Highland are also trustees of the Highland Charities Trust.