



ORKNEY
ISLANDS COUNCIL

General Charitable Trust
Charity Number: SC044607
Trustees' Report
and Financial Statements
for the Year Ended
31 March 2017

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Trustees' Annual Report

1. Introduction

Orkney Islands Council acts as the sole trustee for the Orkney Islands Council General Charitable Trust SC044607 (OICGCT) which has charitable status and is registered with the Office of the Scottish Charity Regulator (OSCR).

Following approval of a Charity Reorganisation Scheme for the previously registered funds, they were disestablished under OSCR and are now incorporated as restricted funds within OICGCT.

The Charity reorganisation which was started in financial year 2013/14 was intended to integrate a number of smaller registered charities as well as Orkney Educational Trust (OET) into the OICGCT. The integration of OET was originally deferred on advice from OSCR as the Trust was constituted by Act of Parliament. OSCR subsequently advised that assessment of the application for approval of the reorganisation scheme was concluded, and provided a notice of approval of the transfer of assets on 16 June 2015. On 8 December 2015, the Trustees of the OET agreed to the winding up and transferring of OET into the OICGCT.

The transfer of assets was completed on 31 January 2016, and the OET fell under the remit of the OICGCT from this date. OET has been removed from the OSCR charities register.

Transfer of the Trust into the OICGCT ensures that full governance processes are now in place and a common approach is being adopted for fund management and grant awards.

The principal address for the OICGCT is:

Orkney Islands Council
School Place
Kirkwall
Orkney
KW15 1NY

Orkney Islands Council administers the OICGCT and separately accounts for it. They do not form part of the Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the OICGCT 'vest(s) in' the relevant local authority. They are included in the annual accounts of the Council as a note to the main financial statements. The OICGCT accounts were considered as part of the group boundary assessment and concluded that it is not material. The appointed external auditors are:-

Audit Scotland
4th Floor
102 West Port
Edinburgh, EH3 9DN

Trustees

In terms of the 'Trustees' of OICGCT, the guidance provided by OSCR is that those who have 'general control and management' of the charity are the charity trustees. Decisions regarding the general control and management of the OICGCT are made under delegated powers granted to the Trustees on their appointment by Orkney Islands Council.

The following individuals are the Trustees of the OICGCT in their capacity as senior officers and elected members of Orkney Islands Council during 2016/17:

Name	Capacity
Dr Steven Heddle	Convener
Mr James Foubister	Vice Convener
Mr J Harvey Johnston	Chair – Education, Leisure and Housing Committee
Mr James Stockan	Chair – Development and Infrastructure Committee
Mr Alistair Buchan	Chief Executive
Mr Gareth Waterson	Head of Finance

2. Structure, Governance and Management

Structure

The individual funds within the OICGCT were originally constituted in the form of bequests by individuals or families who entrusted the predecessors of the Local Authority with the task of managing the funds for charitable purposes. Many of the funds had very restricted and antiquated purposes which the trustees could no longer satisfy, and therefore made application for approval of a Charity Reorganisation Scheme, in order to better enable them to actively manage funds for public benefit. The restrictions on disbursement of funds are as stated in the Deed of Trust as agreed by OSCR when the new charity was formed and are as follows:-

Fund Name	Post-reorganisation purpose
Sheriff Thoms' Bequest	Upkeep of St Magnus Cathedral
Baron Stewart Moncrieff's Mortification	Relief of poverty
Francis Taylor's Bequest	Upkeep of St Magnus Cathedral
William Orkney Reid Bursary Fund	Advancement of education
Mrs Flett's Bequest	Relief of poverty
County Home Comforts Fund	Benefit of residents in the home
St Peter's House Comforts Fund	Benefit of residents in the home
Lord Lieutenant Orkney Relief Fund	Relief of poverty
Queen's Own Highlanders	Relief of poverty
Orkney Educational Trust	Promote general educational projects and support students through bursaries and educational travel

Governance and Management

The trustees are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Charity law requires the trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the trustees are required to:

- Identify suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) regulations 2006. 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.

The trustees have delegated responsibility for the proper administration of the funds financial affairs to the Head of Finance of Orkney Islands Council. The Head of Finance, through the delegated powers granted by the trustees, manages the affairs of the Trust to secure the economic, efficient and effective use of resources and safeguard the assets of OICGCT.

The Head of Finance has designated responsibility for ensuring an effective system of internal financial control is maintained and operated. The system of internal financial control can only provide reasonable and not an absolute assurance that assets are safeguarded, transactions are recorded and properly authorised, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Head of Finance has designated responsibility for keeping proper accounting records which are up to date and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulation 2006.

Trustees, who are Councillors, are provided with induction training when appointed.

Grant Making Policy

The Trust considers applications that are within the restrictions of the post re-organisation purpose of monies held, with a focus on applications that promote the common good of the people of Orkney. No further restrictions which are additional to the post-reorganisation purpose of monies are made; thus applications towards capital projects, other projects or core costs are considered. If any grants were to be made in excess of £10,000 the trustees would require follow up documentation proving that monies are spent in accordance with the approved purpose.

Risk

The Trustees have overall responsibility for the OICGCT's system of internal control that is designed by senior management to ensure effective and efficient operations, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

3. Objectives and Activities

Income to the OICGCT funds during 2016/17 was £666 from debtor interest. No donations to the fund are solicited.

Payments are made for charitable purposes for the public benefit of Orkney and its environs.

4. Achievements and Performance

The fund made charitable payments of £15,872 in the year.

The fund provided comforts to residential care homes of £6,422, £4,380 for the advancement of education, and £5,070 for the relief of poverty primarily towards the support of Syrian Refugees.

Total audit fees of £1,000 were paid by the OICGCT during 2016/17, and £360 for advertising.

No other donations were made.

OICGCT funds were invested in the Council's Loans Fund.

5. Financial Review

The OICGCT reserves policy is to hold all assets in the form of cash balances within the Council Loans Fund to enable ease of disbursement of funds. In the Approval of Charity Reorganisation Scheme all restrictions on the retention of capital were removed, because of the generally low value of funds and the minimal levels of interest income earned, to make any meaningful awards.

No individual fund is in deficit. However four funds: the Baikie Bursary, County Home Comforts Fund, Baron Stewart Moncrieff's Mortification and Queens Own Highlanders funds, have now been fully expended.

6. Reserves Policy

The Charitable Trusts have no explicit reserves policy, but as a general principle maintaining the level of donations made over the next years may lead to a reduction in the value of reserves in the longer term.

7. Future Plans

The Trustees' policy is to maintain the level of charitable payments it makes over the next few years to benefit the common good of the people of Orkney and its environs.

The Trustees wish to thank the Orkney Islands Council officers involved in the restructuring of the various charity registrations and funds, and in the production of the Report and Financial Statements.

Signed:



Alistair Buchan
Chief Executive
Orkney Islands Council

Signed:



Gareth Waterson
Head of Finance
Orkney Islands Council

On behalf of the Trustees

Signed:



Convener
Orkney Islands Council

Statement of the Trustees' responsibilities in Respect of the Accounts

The Trustees are responsible for preparing the Trustees' report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Law applicable to charities in Scotland required the Trustees to prepare financial statements for each financial year which gives a true and fair view of the Trust's financial activities during the year and of its financial position at the end of the year. In preparing financial statements, giving a true and fair view, the Trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and which enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) regulations 2006 and the provision of the Trust Deed. The Trustees are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention or detection of fraud and other irregularities.

On behalf of the Trustees

Signed:



Convener

Orkney Islands Council

Trust Accounts Financial Statements Overview

Introduction

The following pages detail the Financial Activities, Balance Sheet and relevant Notes to Accounts, as required by the Charities Accounts (Scotland) Regulations 2006. A Cash Flow Statement is not required as the fund is classified as a small charity as defined in the Charities SORP and therefore exempt from producing a Cash Flow Statement.

Statement of Financial Activities

The Statement of Financial Activities provides an analysis of the incoming and expended resources for the period. The OICGCT funds show incoming and expended resources which are all classified as restricted.

If applicable the Statement would also show any cash movements in relation to fixed assets. In the case of the OICGCT funds, there has been no purchase or sale of fixed assets. In addition, there have been no transfers between the respective funds.

Balance Sheet

The Balance Sheet shows the closing balances of the Assets and Liabilities of the fund at the end of the period.

Notes to the Accounts

Notes to the accounts expand on or explain the information contained in the Statement of Financial Activities and the Balance Sheet.

Statement of Financial Activities for the period ended 31 March 2017

	NOTE	Restricted 2017 £	Restricted 2016 £
<u>Incoming Resources</u>			
Voluntary income	5	0	0
Investment income	6	666	617
Orkney Islands Council - Donation of service	11	2,500	2,500
Transfer from OET	8	0	48,952
<u>Total Incoming Resources</u>		3,166	52,069
<u>Resources Expended on raising funds</u>			
Charitable activities	7	15,872	18,708
Administration and facilities	11	2,500	2,500
Governance costs	2	1,360	1,000
<u>Total Resources Expended</u>		19,732	22,208
Net Income / (outgoing) resources before transfers	8	(16,566)	29,861
Net movement in funds	8	(16,566)	29,861
Total Funds brought Forward	8	98,159	68,298
Total Funds carried forward	8	81,593	98,159

Balance Sheet for the period ended 31 March 2017

	Note	<u>2017</u> £	<u>2016</u> £
Current Assets			
Loans Fund Deposit	9	84,622	99,585
Liabilities			
Creditors due within 1 year	10	(3,029)	(1,426)
Net Current Assets		<u>81,593</u>	<u>98,159</u>
Net Assets		<u>81,593</u>	<u>98,159</u>
Represented By:			
OET Revenue Account		17,630	17,630
OET Capital Account		31,547	31,547
Fund Balances		32,416	48,982
Total Funds		<u>81,593</u>	<u>98,159</u>

The unaudited accounts were issued on 29 June 2017 and the audited accounts were authorised for issue on 28 September 2017.

On behalf of the Trustees

Signed:



Convener
Orkney Islands Council

Notes forming part of the financial statements

1. Accounting Policies

Introduction

The Financial Statements for the period ended 31 March 2017 have been compiled in accordance with the Charities Statement of Recommended Practice (the SORP), UK Generally Accepted Accounting Principles (UK GAAP) and the Charities Accounts (Scotland) Regulations 2006. The Financial Reporting Standard FRS 102 has been applied. They are designed to give a true and fair view of the financial performance and position of OICGCT. There are no significant departures from accounting standards. The accounts are prepared on an accruals basis.

The accounting concepts of 'materiality' and 'going concern' have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The going concern concept assumes that neither the Council nor its trustees will significantly curtail the scale of its operations.

The accounts have been prepared under historic cost convention, other than changes resulting from the revaluation of certain categories of assets. The following accounting policies used in its preparation have been reviewed following the introduction of Financial Reporting Standard 18 'Accounting Policies' (FRS18).

Incoming Resources

Recognition of incoming resources

These are analysed between Unrestricted, Restricted and Endowment Funds and included in the Statement of Financial Activity when:

- the charity becomes legally entitled to the resources;
- the trustees are reasonably certain they will receive the resources; and
- the monetary value can be measured with sufficient reliability.

Grants and Donations

Grants and donations are only included in the Statement of Financial Activity when the charity has unconditional entitlement to the resources.

Gifts in Kind

Any gifts in kind are not reflected in the Statement of Financial Activity, but are referred to when necessary in the Trustees' Annual Report.

Investment Income

This is included in the accounts on an accruals basis.

Investment Gains and Losses

This would include any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the period.

Resources Expended

Liability Recognition

Liabilities are recognised on an accruals basis when the liability is incurred.

Charitable Activities

Decisions regarding the way the OICGCT's resources are expended are taken by the Trustees under delegated powers granted to them by Orkney Islands Council.

Costs of Generating Funds

The cost of administering the OICGCT is borne entirely by Orkney Islands Council.

Governance Costs

Governance costs, where applicable, include the:

- Costs of the preparation and audit examination of the annual report and financial statements;
- Cost of any legal advice to trustees on governance or constitutional matters; and
- Cost of advertising the availability of, and administering grants.

Grants Payable Without Performance Conditions

These are recognised in the accounts when the grant is approved.

Assets

The OICGCT holds no assets other than cash, therefore the requirement to disclose accounting policies in respect of fixed asset valuation, depreciation and impairment is negated.

2. Analysis of Payments

Donations totalling £15,872 were made during the period of account, with £6,422 towards comforts within residential care homes, £4,380 for the advancement of education and £5,070 for the relief of poverty. There was expenditure of £1,000 incurred on the audit of the accounts and £360 for advertising.

3. Trustees' Remuneration and Expenses

Neither the trustees of the OICGCT nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the trustees during the period.

4. Related Parties

During the period, the OICGCT balances were invested by Orkney Islands Council who managed the administration of the Funds on behalf of the Trustees. No costs were incurred by OICGCT for this administration. The Council also acts as the banker for OICGCT and all transactions incoming and expended, are made via the Council's accounts. This creates a debtor as detailed in the respective Funds' balance sheets, labelled as short term deposits. There are no outstanding balances due to or from Orkney Islands Council. Interest income of £666, (£617 prior period) has been received in the year from Orkney Islands Council in relation to the debtor balance held.

5. Income from Donations and Legacies

There was no income from donations or legacies during 2016/17.

6. Investment Income Analysis

	Restricted Funds 2017 £'s	Restricted Funds 2016 £'s
Deposit interest	666	617
Total investment income	<u>666</u>	<u>617</u>

7. Resources Expended Analysis

	Restricted Funds 2017 £'s	Restricted Funds 2016 £'s
Charitable Activities		
Upkeep of St Magnus Cathedral	0	0
Advancement of Education	430	0
Residential Care Homes	6,422	18,708
Kirkwall Amenities	0	0
Relief Of Poverty	5,070	0
OET	<u>3,950</u>	<u>0</u>
	<u>15,872</u>	<u>18,708</u>
Governance Costs		
Auditors Fees	1,000	1,000
Advertising	<u>360</u>	<u>0</u>
	<u>1,360</u>	<u>1,000</u>
Total	<u>17,232</u>	<u>19,708</u>

8. Movement in Funds Analysis

	At 1 April 2016 £	Transfer £	Incoming Resources £	Outgoing Resources £	At 31 March 2017 £	Purpose of Fund
Restricted Funds						
Sheriff Thoms' Bequest	19,144		145	216	19,073	Note 1
Francis Taylor Bequest	2,536		20	142	2,414	Note 1
William Orkney Reid Bursary Fund	10,886		82	608	10,360	Note 2
County Home Comforts Fund	319		0	319	0	Note 3
St Peter's House Comforts Fund	7,390		0	6,242	1,148	Note 3
Baron Stewart Moncrieff's Mortification	1,335		0	1,335	0	Note 4
Mrs Flett's Bequest	3,199		24	2,335	888	Note 4
Lord Lieutenant Orkney Relief Fund	3,532		21	1,113	2,440	Note 4
Queen's Own Highlanders	641		0	641	0	Note 4
OET	49,177		374	4,281	45,270	Note 5
Total All Funds	98,159	0	666	17,232	81,593	

Note 1 - Upkeep of St Magnus Cathedral

Note 2 - Advancement of Education

Note 3 - Residential care home comforts

Note 4 - Relief of Poverty

Note 5 - Promote general educational projects and support students through bursaries and educational travel

Purpose of restricted funds

The Sheriff Thoms' bequest and the Francis Taylor's Bequest are to be used for the upkeep of St Magnus Cathedral.

The William Orkney Reid Bursary Fund is to be used for the advancement of education.

The County Home Comforts Fund and the St Peter's House Comforts Fund are to be used for comforts within care home.

The Baron Steward Moncrieff's mortification, Mrs Flett's Bequest, Lord Lieutenant Orkney relief Fund and Queen's Own Highlanders funds are to be used for the relief of poverty.

The Orkney Educational Trust is to be used for promotion of general educational projects, and to support students through bursaries and educational travel.

9. Funds held by Related Parties Analysis

General Charitable Trust funds held by related parties	2017	2016
	£'s	£'s
Orkney Islands Council - Short term loan	84,622	99,585

10. Creditors

	2017	2016
	£'s	£'s
Awards approved in current year	3,029	1,426
Total	3,029	1,426

11. Donated Services and Facilities

The Orkney Islands Council provides accountancy services to the trust, administration services on behalf of the trustees and provides meeting room facilities. The benefit to the Trust during 2016/17, at market rates, was £2,500.

12. Events after the Balance Sheet Date

The audited accounts were signed on behalf of the Trustees, being the responsible persons for the financial affairs of the OICGCT. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Independent Auditor's Report

Independent auditor's report to the trustees of Orkney Islands Council General Charitable Trust and the Accounts Commission

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 approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the Trustees' Report and Financial Statements of Orkney Islands Council General Charitable Trust for the year ended 31 March 2017 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 Financial Activities, the Balance Sheet, and the 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 the United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of the Trustees' responsibilities in respect of the accounts, the trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, 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

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the charity 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.

My objectives are to achieve 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) 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 be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 my auditor's report thereon. My opinion on the financial statements does not cover the other information and I 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 my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the statement of accounts 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.

Report on other requirements

Opinion on other prescribed matter

I am required by the Accounts Commission to express an opinion on the following matter. In my 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 SORP (FRS 102).

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.



Gillian Woolman MA FCA CPFA
Assistant Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

28 September 2017

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