



ORKNEY
ISLANDS COUNCIL

GENERAL CHARITABLE TRUST

CHARITY NUMBER: SC044607

TRUSTEES' REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2020

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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 remaining funds within the OICGCT at 1 April 2019 were William Orkney Reid Bursary Fund for the advancement of education, and the OET to promote general educational projects and support students through bursaries and educational travel; Francis Taylors Bequest and Sheriff Thoms Bequest for the upkeep of St Magnus Cathedral. Francis Taylors Bequest and Sheriff Thoms Bequest were fully expended during the year.

The Trustees' policy is to expend the remaining fund balances to benefit the common good of the people of Orkney and its environs.

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. It does 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. It is 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. A summary of transactions and balances held is disclosed at note 7 (page 15). 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 as at 31 March 2020:

Name	Capacity
Mr Harvey Johnston	Convener
Mr James Stockan	Leader
Mrs Gwenda Shearer	Chair – Education, Leisure and Housing Committee (from 14 May 2019)
Mr Graham Sinclair	Chair – Development and Infrastructure Committee
Mr John W Mundell	Interim Chief Executive (from 24 June 2019)
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
Francis Taylor's Bequest	Upkeep of St Magnus Cathedral
William Orkney Reid Bursary Fund	Advancement of education
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, see page 6 Statement of the Trustees' responsibilities in Respect of the Accounts.

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) Regulations 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 2019/20 was £536 from deposit interest. No donations to the fund are solicited. See also Section 2 (Structure).

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 £22,741 in the year, please refer to Note 6 (Resources Expended Analysis), for details.

A grant of £20,708 was paid from Sheriff Thom's Bequest Fund and Frances Taylor's Bequest to the Friends of St Magnus to be spent on alterations to the west door and access works at St Magnus Cathedral.

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 low value of funds and the minimal levels of interest income earned, to make any meaningful awards.

No individual fund is in deficit.

The expenditure on charitable activities has increased in 2019/20 (note 6, page 15). The two funds relating to the upkeep of the St Magnus Cathedral, the Sheriff Thoms Bequest Fund and the Francis Taylor's Bequest Fund, were fully expended during the year. An increased number of applications were also received and approved for funding from the William Orkney Reid Bursary Fund, for advancement of education.

The two remaining funds, both of which are for educational purposes, have a cumulative balance of £52,225 remaining at 31 March 2020.

6. Reserves Policy

The Charitable Trusts have no explicit reserves policy. As a general principle, maintaining the level of charitable payments made over the next few years should lead to a reduction in the value of reserves.

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.

On 29 August 2019 the OICGCT Trustees resolved that, as a guideline amount, except in cases of exceptional merit, the amount of award to be made in respect of application was to be increased from £100 to £200. Also, that powers be delegated to the Head of Finance, in consultation with the Chair of the Education, Leisure and Housing Committee, to determine applications for assistance from the General Charitable Trust, within the guideline amount of £200, noting that a formal meeting of the Trustees would be convened to consider exceptional applications or where the Head of Finance was not prepared to exercise delegation. Advertising plans for 2020/21 will be discussed at the next Trustees' meeting.

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:

John Mundell

John W Mundell, OBE
Interim Chief Executive
Orkney Islands Council
26 October 2020

Signed:

Gareth Waterson

Gareth Waterson
Head of Finance
Orkney Islands Council
26 October 2020

On behalf of the Trustees

Signed:

Harvey Johnston

Harvey Johnston
Convener
Orkney Islands Council
26 October 2020

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 requires 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 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 an 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:

Harvey Johnston

Harvey Johnston
Convener
Orkney Islands Council
26 October 2020

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

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Orkney Islands Council General Charitable Trust for the year ended 31 March 2020 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 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 2020 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 for opinion

I conducted my 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. 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 Standard, 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.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about ability of the charity to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 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.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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 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 my 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 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, my 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 my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am 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 I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinion on matter prescribed by the Accounts Commission

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.

Use of my 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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Claire Gardiner

Claire Gardiner, CPFA

Senior Audit Manager

Audit Scotland

102 West Port

Edinburgh

EH3 9DH

26 October 2020

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

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 2020

	Note	Restricted 2020	Restricted 2019
<u>Incoming Resources</u>		£	£
Investment Income	5	536	665
Orkney Islands Council - Donation of Service	10	2,500	2,500
Total Incoming Resources		3,036	3,165
<u>Resources Expended on Raising Funds</u>			
Charitable Activities	6	22,741	300
Administration and Facilities	10	2,500	2,500
Governance Costs	6	1,000	1,000
Total Resources Expended		26,241	3,800
Net Income/(Outgoing) Resources	7	(23,205)	(635)
Net Movement in Funds	7	(23,205)	(635)
Total Funds Brought Forward	7	75,430	76,065
Total Funds carried Forward	7	52,225	75,430

Balance Sheet for the period ended 31 March 2020

	Note	2020	2019
		£	£
Current Assets			
Loans Fund Deposit	8	52,225	75,430
		<u>52,225</u>	<u>75,430</u>
Net Assets		<u>52,225</u>	<u>75,430</u>
Represented By:			
OET Revenue Account		13,189	13,490
OET Capital Account		31,547	31,547
Fund Balances		<u>7,489</u>	<u>30,393</u>
Total Funds		<u>52,225</u>	<u>75,430</u>

The audited accounts were authorised for issue on 26 October 2020.

On behalf of the Trustees

Signed:

Harvey Johnston

Harvey Johnston
Convener
Orkney Islands Council
26 October 2020

Notes forming part of the financial statements

1. Accounting Policies

Introduction

The Financial Statements for the period ended 31 March 2020 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 102 'Accounting Policies' (FRS102).

Incoming Resources

Recognition of incoming resources

These are analysed between Unrestricted and Restricted 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 and recorded as a donation of service.

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.
- 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

2. 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.

3. 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. Deposit interest of £536, (£665 prior period) has been received in the year from Orkney Islands Council in relation to the debtor balance held.

4. Income from Donations and Legacies

There was no income from donations or legacies during 2019/20.

5. Investment Income Analysis

	Restricted Funds 2020 £'s	Restricted Funds 2019 £'s
Deposit Interest	536	665
Total Investment Income	536	665

6. Resources Expended Analysis

	Restricted Funds 2020 £'s	Restricted Funds 2019 £'s
Charitable Activities		
Upkeep of St Magnus Cathedral	20,708	0
Advancement of Education	2,033	300
Residential Care Homes	0	0
Relief of Poverty	0	0
OET	0	0
	<u>22,741</u>	<u>300</u>
Governance Costs		
Auditors Fees	1,000	1,000
Advertising	0	0
	<u>1,000</u>	<u>1,000</u>
Total	<u>23,741</u>	<u>1,300</u>

7. Movement in Funds Analysis

	At 1 April 2019 £	Incoming Resources £	Outgoing Resources £	At 31 March 2020 £
Restricted Funds				
Sheriff Thoms Bequest	18,758	0	18,758	0
Francis Taylor Bequest	1,950	0	1,950	0
William Orkney Reid Bursary Fund	9,685	86	2,283	7,488
OET	45,037	450	750	44,736
Total All Funds	<u>75,430</u>	<u>536</u>	<u>23,741</u>	<u>52,225</u>

8. Short Term Deposits

General Charitable Trust funds held by related parties	2020 £'s	2019 £'s
Orkney Islands Council - Short term loan	<u>52,225</u>	<u>75,430</u>

9. 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 2019/20, at market rates, was £2,500.

10. 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 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.