



ORKNEY
ISLANDS COUNCIL

GENERAL CHARITABLE TRUST

CHARITY NUMBER: SC044607

**TRUSTEES' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2014**

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Trustees' Annual Report

1. Introduction

Orkney Islands Council acts as the sole trustee for the new 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 have now been struck-off by OSCR and are now incorporated as restricted funds within OICGCT.

Previous Charity OSCR Ref	Fund Name
SC019573	Sheriff Thoms' Bequest
SC019754	Baron Stewart Moncrieff's Mortification
SC019755	Francis Taylor's Bequest
SC019756	James Cumming's Bequest
SC019758	Miss M J Peace's Bequest
SC019761	William Orkney Reid Bursary
SC019762	Baikie Bursary
SC019764	Mrs Flett's Bequest
SC019765	County Home Comforts Fund
SC019766	St Peter's House Comforts Fund
SC003598	Lord Lieutenant Orkney Relief Fund
SC003598	Queens Own Highlanders
SC003598	PC Flett's Bequest (Cursiter Collection)
SC003598	PC Flett's Bequest (Kirkwall Amenities)

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 them. 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 appointed external auditors are:-

Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow, G2 1BT

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:

Name	Capacity
Dr Steven Heddle	Convener
Mr James Foubister	Vice Convener
Mrs Janice Annal	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 purpose. 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
James Cumming's Bequest	Relief of poverty
Miss M J Peace's Bequest	Relief of poverty
William Orkney Reid Bursary Fund	Advancement of education
Baikie Bursary	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
Queens Own Highlanders	Relief of poverty
PC Flett's Bequest (Cursiter Collection)	Education by Kirkwall Library
PC Flett's Bequest (Kirkwall Amenities)	Improvement of amenities in Kirkwall

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.

Company 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 charitable company and the incoming resources and application of resources, including the income and expenditure, of the charitable company 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;

Governance and Management (continued)

- 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 charitable company 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 charitable company and which ensure that the financial statements comply with the Scottish Companies Act 2006 and the Charities Accounts (Scotland) regulations 2006. They are also responsible for safeguarding the assets of the charitable company 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 to 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 finances 2006.

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 support 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 is solely from debtor interest. No donations to the funds are solicited.

The implementation of the Charities and Trustee Investment (Scotland) Act in 2005 and specifically the reorganisation provisions it contains has given the Council an opportunity to reorganise and consolidate the individual funds into the new OICGCT charity, and still be true to the intentions of the original donors, but with revised purposes which better reflect modern circumstances. The Council has secured the necessary consents from OSCR to reorganise the earlier charitable funds, and the following financial statements reflect the starting position for the new OICGCT charity registration.

4. Achievements and Performance

As the Approval of Charity Reorganisation Scheme was only received at the end of the financial period, there has been limited disbursement of funding during the accounting period.

Having all the funds now under the single OICGCT charity registration number will reduce administration and audit fees in the future.

Due to the amalgamation of funds having only recently been completed minimal activities took place in the financial year. The trustees however are currently considering local press and internet website advertisements to solicit applications for donations and grants to benefit the common good of the people of Orkney.

The combined monies of 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. During the year as part of the reorganisation of the various charity funds £106,659 was transferred into this new charity. The relaxation of the original restrictions will now enable us to more actively manage the fund to maximise public benefit which will reduce the level of reserves going forward.

No individual fund is in deficit.

6. Reserves Policy

The Trustees policy is to increase the level of donations over the next few years to benefit the common good of the people of Orkney. This will lead to a reduction in the value of reserves with the amount of donations subject to the fund remaining a going concern and in particular maintaining the criteria of positive net assets.

7. Future Plans

The new governance structure and the relaxation of the previous restricted purposes of the individual funds will enable the Trustees to better actively manage the funds for ongoing public benefit.

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
25 September 2014

Signed



Gareth Waterson
Head of Finance
Orkney Islands Council
25 September 2014

On behalf of the Trustees:

Signed



Dr Steven Heddle
Convener
Orkney Islands Council
25 September 2014

Audit Report to the Trustees of Orkney Islands Council General Charitable Trust and Accounts Commission

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

I have audited the financial statements of Orkney Islands Council General Charitable Trust for the year ended 31 March 2014 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 related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Trustees' Annual Report, the trustees are responsible for the preparation of the financial statements which give a true and fair view. 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 Trustees' Annual Report 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:

- give a true and fair view of the state of the charity's affairs as at 31 March 2014 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.

Opinion on other prescribed matter

In my opinion 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.

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 Scotland

4th Floor South Suite

The Athenaeum Building

8 Nelson Mandela Place

Glasgow G2 1BT

25 September 2014

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

Trust Accounts Financial Statements Overview

1. 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.

2. 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 analysed between Unrestricted, Restricted and Endowment categories.

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.

3. Balances Sheet

The Balances Sheet closing balances of the Assets and Liabilities of the fund at the end of the period. This is the first year of the fund so there are no prior year comparisons.

4. Notes to the Accounts

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

Statement of Financial Activity the period ended 31 March 2014

		£'s
<u>Incoming Resources</u>		
Incoming resources from generated funds		
Voluntary income	5	107,691
Investment income from Debtor Balance	6	<u>1,439</u>
<u>Total Incoming Resources</u>		<u>109,130</u>
 <u>Resources Expended</u>		
Charitable activities	7	581
Governance costs	7	<u>1,890</u>
<u>Total Resources Expended</u>		<u>2,471</u>
 Net Income / outgoing resources before transfers		
	8	<u>106,659</u>
 Net movement in funds		
	8	106,659
 Total Funds brought Forward		
		0
 Total Funds carried forward		
	8	<u><u>106,659</u></u>

Balances Sheet for the period ended 31 March 2014

	Note	<u>2014</u> <u>£'s</u>
Current Accounts		
Debtors - Short term deposits	9	106,659
Net Current Assets		<u>106,659</u>
Net Assets		<u>106,659</u>
Restricted Funds		106,659
Total Funds		<u>106,659</u>

The unaudited accounts were issued on 26 June 2014 and the audited accounts were authorised for issue on 25 September 2014.

On behalf of the Trustees:

Signed



Dr Steven Heddle
Convener
Orkney Islands Council
25 September 2014

Notes forming part of the financial statements

1. Accounting Policies

Introduction

The Financial Statements for the period ended 31 March 2014 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. They are designed to give a true and fair view of the financial performance and position of OICGCT. There are no comparative figures for the previous year as this charity has only been registered during the year. 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

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.

Notes forming part of the financial statements (cont.)

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 examination of the annual report and financial statements;
- Cost of any legal advice to trustees on governance or constitutional matters; and
- Cost of 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 of £100 towards the advancement of education and £481 towards comforts within residential care homes were made in the period of account. Expenditure of £1,890 was incurred relating to the audit of the accounts and previously registered funds.

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 £1,439 has been received in the year from Orkney Islands Council in relation to the debtor balance held.

Notes forming part of the financial statements (cont.)

5. Voluntary Income Analysis

	Restricted Funds 2014 £'s
Offerings from reorganised charities	<u>107,691</u>

6. Investment Income Analysis

	Restricted Funds 2014 £'s
Deposit interest	<u>1,439</u>

7. Resources Expended Analysis

	Restricted Funds 2014 £'s
Charitable Activities	
Advancement of Education	100
Residential Care Homes	<u>481</u>
	<u>581</u>
Governance Costs	
Auditors Fees	<u>1,890</u>
	<u>1,890</u>
	<u>2,471</u>
Total	<u>2,471</u>

Notes forming part of the financial statements (cont.)**8. Movement in Funds Analysis**

	At 1 April 2013 £'s	Incoming Resources £'s	Outgoing Resources £'s	Transfers £'s	At 31 March 2014 £'s
Restricted Funds					
Sheriff Thomas Bequest	0		135	19,368	19,233
Francis Taylor Bequest	0		135	3,477	3,342
William Orkney Reid Bursary Fund	0		135	11,219	11,084
Baikie Bursary	0		135	438	303
PC Flett's Bequest (Cursiter Collection)	0		235	1,468	1,233
County Home Comforts Fund	0		365	14,799	14,434
St Peter's Home Comforts Fund	0		386	21,051	20,665
Baron Stewart Moncrieff's Mortification	0		135	1,677	1,542
Miss M J Peace's Bequest	0		135	193	58
James Cumming's Bequest	0		135	979	844
Mrs Flett's Bequest	0		135	3,529	3,394
Lord Lieutenant Orkney Relief Fund	0		135	3,964	3,829
Queens Own Highlanders	0		135	1,209	1,074
P C Flett's Bequest (Kirkwall Amenities)	0		135	25,759	25,624
Total All Funds	0	0	2,471	109,130	106,659

Purpose of restricted funds

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

The William Orkney Reid Bursary Fund, Baikie Bursary and PC Flett's Bequest are to be used for the advancement of education.

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

The Baron Stewart Moncrieff's mortification, Miss M J Peace's Bequest, James Cumming Bequest, Mrs Flett Bequest, Lord Lieutenant Orkney relief Fund and Queens Own Highlanders funds are to be used for the relief of poverty.

The P C Flett Bequest is to be used to enhance Kirkwall amenities.

Notes forming part of the financial statements (cont.)

9. Funds held by Related Parties Analysis

General Charitable Trust funds held by related Parties	2014
	£'s
Orkney Island Council - Short term loan	<u>106,659</u>