

Auchernack Trust (SC043038)

Trustees' Report and Financial Statements

For the year ended 31 March 2018

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Trustees' Annual Report

The Trustees present their annual report and financial statements for the Trust for the year ended 31 March 2018. The financial statements have been prepared in accordance with the accounting policies set out in note 2 to the accounts and comply with the trust deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102 (FRS 102) applicable in the UK and Republic of Ireland which is effective for accounting periods beginning after 1 January 2015.

Objectives and Activities

The Trustees shall pay or apply the income of the Trust Fund and shall have power in their discretion at any time or times to pay or apply the whole or any part or parts of the capital thereof for the benefit of the elderly community (as hereinafter defined) in the Forres area (as hereinafter defined) and that solely for the relief of those in need by reason of advanced age.

The trust does not carry out any other activity apart from the awarding of grants.

Achievements and Performance

The Trustees met on 29 June 2017 and again on 11 December 2017 to discuss applications to the trust. During the year five grants were awarded, totalling £14,537 (2016/17 £30,207).

The beneficiaries, along with the grants awarded, were:

Hanover Housing - Varis Court £7,438
Right Lines Productions £5,000
Moray Hydrotherapy Pool £1,000
Rotary Club of Forres £599
Leys Pensionaires £500

Financial Review

All funds are unrestricted.

The trust uses the Moray Council's bank account for financial transactions and the balance is invested in the Council's Loans Fund, for which it earns interest. It was agreed by the Council's Policy and Resources Committee on 30 August 2016 that a two year fixed interest rate of 1.5% be applied for the years 2016/17 and 2017/18. Income received during the year was £19,529 (2016/17 £18,024). This was made up of £3,125 interest received on the trust's loans pool (2016/17 £3,381) and investment income of £16,404 (2016/17 £14,643).

Grants awarded in the year were £14,537 (2016/17 £30,207) and costs for the year were £2,161 (2016/17 £1,739). This resulted in a net operating surplus for the year of £2,831 (2016/17 net loss of £13,922).

The default policy for Council administered Trusts relating to the reinvestment of income in, and disbursement from, the Trust was amended on 8 October 2013. The policy was amended to allow disbursement of capital from the Trust in accordance with the trust deed, provided there is unanimity amongst the trustees. The whole annual income of the trust will be available for disbursement in accordance with the trust deed, provided sufficient funds are maintained to meet commitments.

The default policy is to only disburse grants from trusts where the cumulative disposable income is greater than £50.

The Trust has no specific reserves policy other than that noted above regarding disbursement of capital and annual income. At 31 March 2018 unrestricted funds totalled £749,906 (2017 £751,975).

Trustees' Annual Report (continued)

Risk Management

The Trustees implemented a risk management strategy which monitors and assesses the major risks to which they are exposed. This comprised of an annual review of the risks which the trust may face, the establishment of systems and processes to mitigate those risks identified in the risk assessment and the implementation of procedures designed to minimise any potential impact on the trust should any of those risks materialise.

Plans for Future Periods

The trustees meet biannually, around May and November each year, to consider applications for trust grants.

Structure, Governance and Management

Moray Council inherited its interest in the Auchernack Trust following reorganisation of local government in 1996. It is considered that the trust is a subsidiary of the local authority as the Council has a controlling interest in the trust. Auchernack trust is included in the Group accounts of the Council, its parent company, and these consolidated accounts can be obtained from the same principal address as the Auchernack trust on page 3.

The trustees are listed below. They are the Forres elected members of the Moray Council, or such committee or sub-committee or group of elected members of the Moray Council as it may determine from time to time, together with the chair of the Forres Community Council. The local councillors who are trustees are appointed at local government elections. Those appointed at the most recent election of 4 May 2017 are listed below.

The trust is governed using the same governance framework that is applicable to the Council. This framework includes the principles:

- taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- engaging with local people and other stakeholders to ensure robust public accountability.

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select 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 departures 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 business.

The trustees are responsible for keeping accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at anytime 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, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. 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 are responsible for the maintenance and integrity of the charity and financial information included on the Moray Council's website in so far as it relates to the charity. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' Annual Report (continued)

Structure, Governance and Management (continued)

Reference and Administrative Details

Auchernack Trust
Registered Charity No: SC043038

Principal Address of the Trust is:

The Moray Council
Council Offices
High Street
Elgin
IV30 1BX

Trustees

Name of Trustees in financial year 2017/18:

Councillor George Alexander
Councillor Lorna Creswell
Councillor Claire Feaver
Councillor Aaron McLean
Mr Graham Hilditch

Approved and signed by one trustee on behalf of all the trustees:

**Councillor G. Alexander
5 December 2018**

Auchernack Trust

Statement of Financial Activities for the year ended 31 March 2018

	Note	2017/18 Unrestricted £	2016/17 Unrestricted £
Income and endowments from:			
Investment Income	3	19,529	18,024
Total		19,529	18,024
Expenditure on:			
Charitable Activities	4	16,698	31,946
Total		16,698	31,946
Net (losses)/gains on investment assets	5	(4,900)	84,588
Net movement in funds		(2,069)	70,666
Reconciliation of funds:			
Total funds brought forward at 1 April 2017		751,975	681,309
Total funds carried forward at 31 March 2018		749,906	751,975

All results derive from continuing operations.

There is no material difference between the funds carried forward for the financial year stated above and their historical cost equivalents, with the exception of Fixed Asset Investments which are carried at fair value.

All gains and losses recognised in the year are included in the statement of financial activities.

Auchernack Trust
Balance Sheet as at 31 March 2018

	Note	2017/18 £	2016/17 £
Fixed assets:			
Investments	5	<u>531,552</u>	<u>536,452</u>
		531,552	536,452
Current assets:			
Loans Fund Balance		217,279	214,529
Debtors	6	<u>1,405</u>	<u>1,304</u>
		218,684	215,833
Liabilities:			
Creditors: amounts falling due within one year	7	<u>(330)</u>	<u>(310)</u>
Net current assets		218,354	215,523
Total assets less current liabilities		<u>749,906</u>	<u>751,975</u>
The funds of the charity:			
Unrestricted Funds		749,906	751,975
Total charity funds		<u>749,906</u>	<u>751,975</u>

The notes on page 6 to 8 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 5 December 2018 and were signed on its behalf by:

Councillor G. Alexander
5 December 2018

Notes to the Financial Statements

Note 1 General Information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

The principal activity of Auchernack Trust can be found in the Report of the Trustees.

Auchernack Trust is an unincorporated charity in the United Kingdom and registered in Scotland. It is recognised as a charity for tax purposes and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC043038. Details of the registered office can be found in the Report of the Trustees.

Note 2 Accounting Policies

Basis of Preparation and Assessment of Going Concern

The financial statements for the trust have been prepared in accordance with the Charities: Statement of Recommended Practice 2015, commonly referred to as the SORP, in accordance with the Financial Reporting Standard 102 (FRS 102), which is effective for accounting periods beginning after 1 January 2015. The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at fair value, in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements are prepared on a going concern basis and in accordance with applicable United Kingdom accounting standards. The principal accounting policies have been applied consistently throughout the year.

An amendment to the Charities SORP (FRS 102) issued by the Financial Reporting Council and published in February 2016 states the requirement of larger charities to prepare a statement of cash flow. Auchernack Trust is not classed as a large charity and so a cash flow statement has not been prepared this year.

Incoming Resources

Investment income and other income is accounted for in the period in which the charity is entitled to the receipt and the amount can be measured with reasonable clarity.

Resources expended

Expenditure is included in the financial statements on an accruals basis and recognised when the activity takes place and not simply when the cash payment is made.

Governance Costs include the costs of the preparation and examination of statutory financial statements; legal advice to trustees on governance or constitutional matters and costs of administering grants.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. When a grant condition allows for the recovery of an unexpended grant, a liability is recognised when repayment becomes probable.

Investments

Investments are included at fair value at the balance sheet date in accordance with the principles of the SORP.

Investment gains and losses 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.

Funds

Unrestricted funds are available to spend on activities that further any of the purposes of the trust.

Notes to the Financial Statements (continued)

Financial Instruments

The charity only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable. Debt instruments that are payable or receivable within one year are measured, initially and subsequently, at the undiscounted amount of the cash expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

Other Matters

The Trust is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

The Trust is a Public benefit entity as defined by FRS 102 in that their primary objective is to make grants to the individuals or community groups rather than with a view to providing a financial return to trustees. The Charitable Activity of the trust is making grants in accordance with the trust deed and in agreement of the Trustees.

There are no judgements, apart from those involving estimations, that the trustees have made in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the accounts.

There are no key assumptions concerning the future, or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Note 3 Investment Income

	2017/18	2016/17
	£	£
Interest earned on loans pool income	3,125	3,381
Dividend Income	16,404	14,643
	<u>19,529</u>	<u>18,024</u>

Note 4 Awarding of Grants

	2017/18	2016/17
	£	£
Grants Paid	14,537	30,207
Governance Costs:		
Accountancy and Legal Costs	1,826	1,393
Independent Examination of the Accounts	335	310
Advertising	-	36
	<u>16,698</u>	<u>31,946</u>

Note 5 Movement on Investments

	2017/18	2016/17
	£	£
Market Value at 1 April	536,452	451,864
Net (Loss)/Gain on Revaluation	(4,900)	84,588
Market Value at 31 March	<u>531,552</u>	<u>536,452</u>

Note 6 Debtors

	2017/18	2016/17
	£	£
Investment Income	1,405	1,304
	<u>1,405</u>	<u>1,304</u>

Notes to the Financial Statements (continued)

Note 7 Creditors: amounts falling due within one year

	2017/18	2016/17
	£	£
Independent Examination Fee	330	310
	<u>330</u>	<u>310</u>

Note 8 Trustee Remuneration, Benefits and Expenses

Neither the trustees of the Trust 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 year.

Note 9 Staff Costs and Emoluments

The Trust has no employees and has not incurred any staff costs or emoluments.

Note 10 Related Parties

The trustees are required by the Charities SORP to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Trust Fund, or to be controlled or influenced by the Trust Fund. The amounts paid by the Trust to Moray Council for support services, including Legal and Finance costs, in 2017/18 was £1,826 (2016/17 £1,393).

The trust fund uses Moray Council's bank account for all transactions and the balance is invested in the Council's loans fund, for which it earns interest. There are no outstanding balances due to or from Moray Council at 31 March 2018.

Note 11 Analysis of Charitable Funds

Analysis of movements in unrestricted funds

	Balance at 1 April 17	Income	Expenditure	Gains and Losses	Balance at 31 March 18
	£	£	£	£	£
General Fund	751,975	19,529	(16,698)	(4,900)	749,906

The unrestricted funds are available to spend on activities that further any of the purposes of the trust.