

**Auchernack Trust (SC043038)**

**Trustees' Report and Financial Statements**

**For the year ended 31 March 2019**



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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 2019. 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 27 June 2018, 11 December 2018 and again on 12 March 2019 to discuss applications to the trust. During the year eight grants were awarded to seven recipients, totalling £20,350 (2017/18 £14,537).

The beneficiaries, along with the grants awarded, were:

Forres Area Community Trust £9,670  
Cameron Court Housing £6,400  
Before I Go Solutions £1,600  
Forres Rotary £800  
Chris Stepien £750  
Forres Victoria Indoor Bowling Club £630  
Alzheimers Scotland £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 28 June 2018 that a two year fixed interest rate of 1.57% be applied for the years 2018/19 and 2019/20. Income received during the year was £24,929 (2017/18 £19,529). This was made up of £3,297 interest received on the trust's loans pool (2017/18 £3,125) and investment income of £16,667 (2017/18 £16,404). Other income of £4,965 (2017/18 £0) relates to a gain on redemption of an investment that happened during the year.

Grants awarded in the year were £20,350 (2017/18 £14,537) and costs for charitable activities were £1,394 (2017/18 £2,161). Other costs of £10,034 (2017/18 £nil) were for the purchase of a new investment, with the proceeds of the investment that was redeemed. This resulted in a net operating loss for the year of £6,849 (2017/18 net surplus of £2,831).

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 2019 unrestricted funds totalled £760,516 (2018 £749,906).

## **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 generally meet biannually, around May and November each year, to consider applications for trust grants. They may have additional meetings during the year if the level of applications require it.

### **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 2018/19:**

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  
3 December 2019**

## Auchernack Trust

### Statement of Financial Activities for the year ended 31 March 2019

|   | Note | 2018/19<br>Unrestricted<br>£ | 2017/18<br>Unrestricted<br>£ |
|---|------|------------------------------|------------------------------|
| <b>Income and endowments from:</b>                  |      |                              |                              |
| Investment Income                                   | 3    | 19,964                       | 19,529                       |
| Other Income  | 4    | 4,965                        | -                            |
| <b>Total</b>  |      | <b>24,929</b>                | <b>19,529</b>                |
| <b>Expenditure on:</b>                              |      |                              |                              |
| Charitable Activities                               | 5    | 21,744                       | 16,698                       |
| Other Costs   |      | 10,034                       | -                            |
| <b>Total</b>  |      | <b>31,778</b>                | <b>16,698</b>                |
| Net gains/(losses) on investment assets             | 6    | 17,459                       | (4,900)                      |
| <b>Net movement in funds</b>                        |      | <b>10,610</b>                | <b>(2,069)</b>               |
| <b>Reconciliation of funds:</b>                     |      |                              |                              |
| Total funds brought forward at 1 April 2018         |      | 749,906                      | 751,975                      |
| <b>Total funds carried forward at 31 March 2019</b> |      | <b>760,516</b>               | <b>749,906</b>               |

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 2019**

|  | Note | 2018/19<br>£          | 2017/18<br>£          |
|--|------|-----------------------|-----------------------|
| <b>Fixed assets:</b>                           |      |                       |                       |
| Investments                                    | 6    | 543,771               | 531,552               |
|  |      | <u>543,771</u>        | <u>531,552</u>        |
| <b>Current assets:</b>                         |      |                       |                       |
| Loans Fund Balance                             |      | 215,991               | 217,279               |
| Debtors  | 7    | 1,104                 | 1,405                 |
|  |      | <u>217,095</u>        | <u>218,684</u>        |
| <b>Liabilities:</b>                            |      |                       |                       |
| Creditors: amounts falling due within one year | 8    | (350)                 | (330)                 |
|  |      | <u>(350)</u>          | <u>(330)</u>          |
| <b>Net current assets</b>                      |      | 216,745               | 218,354               |
| <b>Total assets less current liabilities</b>   |      | <u><b>760,516</b></u> | <u><b>749,906</b></u> |
| <b>The funds of the charity:</b>               |      |                       |                       |
| Unrestricted Funds                             | 12   | 760,516               | 749,906               |
| <b>Total charity funds</b>                     |      | <u><b>760,516</b></u> | <u><b>749,906</b></u> |

The notes on page 6 to 9 form part of these financial statements.

The unaudited financial statements were issued by the Trustees on 1 October 2019.

The audited financial statements were authorised for issue on 3 December 2019 and were signed on its behalf by:

**Councillor G. Alexander**  
**3 December 2019**

## **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.

## Notes to the Financial Statements (continued)

### Investments (continued)

During the year the trustees were advised that one investment was being closed down because its small size no longer made it viable, making it unlikely to attract significant levels of new inflows. The investment was redeemed, and the proceeds released to the trust. The balance of this investment was written out of the balance sheet on the fixed assets and the Available For Sale Financial Instruments (AFSFI) Reserve, giving a gain on redemption. With the proceeds, another investment was purchased that would continue to give investment income to the Trust. The movements in the balance sheet, for the redemption and the purchase of the new investment, are shown in Notes 4 and 6. The gain on revaluation figure in Note 6 includes the movement in the market value of all other investment funds held by the Auchernack Trust.

### Funds

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

### 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

|                                      | 2018/19       | 2017/18       |
|--------------------------------------|---------------|---------------|
|                                      | £             | £             |
| Interest earned on loans pool income | 3,297         | 3,125         |
| Dividend Income                      | 16,667        | 16,404        |
|                                      | <u>19,964</u> | <u>19,529</u> |

### Note 4 Other Income

| <u>Gain/Loss on Investment redemption</u>    | 2018/19      | 2017/18  |
|--|--------------|----------|
|  | £            | £        |
| Redemption proceeds                          | 10,205       | -        |
| Write out investment from BS                 | (9,755)      | -        |
| Write out Available for Sale Reserve balance | 4,515        | -        |
| Gain/(Loss) on redemption                    | <u>4,965</u> | <u>-</u> |

## Notes to the Financial Statements (continued)

### Note 5 Awarding of Grants

|   | 2018/19       | 2017/18       |
|---|---------------|---------------|
|   | £             | £             |
| Grants Paid                             | 20,350        | 14,537        |
| Governance Costs:                       |               |               |
| Accountancy and Legal Costs             | 1,039         | 1,826         |
| Independent Examination of the Accounts | 355           | 335           |
|   | <u>21,744</u> | <u>16,698</u> |

### Note 6 Movement on Investments

| <b>SoFA</b>  | <b>2018/19</b> | <b>2017/18</b> |
|--|----------------|----------------|
|  | £              | £              |
| Write out AFS reserve balance of redeemed investment | (4,515)        | -              |
| Add: Net gain/(loss) on revaluations                 | 11,940         | (4,900)        |
| Add: Additions to investment at cost                 | 10,034         | -              |
|  | <u>17,459</u>  | <u>(4,900)</u> |

| <b>Balance Sheet</b>                 | <b>2018/19</b> | <b>2017/18</b> |
|--------------------------------------|----------------|----------------|
|                                      | £              | £              |
| Market Value at 1 April              | 531,552        | 536,452        |
| Add: Net gain/(loss) on revaluation  | 11,940         | (4,900)        |
| Less: Disposals at carrying value    | (9,755)        | -              |
| Add: Additions to investment at cost | 10,034         | -              |
| Market Value at 31 March             | <u>543,771</u> | <u>531,552</u> |

### Note 7 Debtors

|                   | 2018/19      | 2017/18      |
|-------------------|--------------|--------------|
|                   | £            | £            |
| Investment Income | 1,104        | 1,405        |
|                   | <u>1,104</u> | <u>1,405</u> |

## Notes to the Financial Statements (continued)

### Note 8 Creditors: amounts falling due within one year

|                             | 2018/19    | 2017/18    |
|-----------------------------|------------|------------|
|                             | £          | £          |
| Independent Examination Fee | 350        | 330        |
|                             | <u>350</u> | <u>330</u> |

### Note 9 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 10 Staff Costs and Emoluments

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

### Note 11 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 2018/19 was £1,039 (2017/18 £1,826).

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 other outstanding balances due to or from Moray Council at 31 March 2019.

### Note 12 Analysis of Charitable Funds

#### Analysis of movements in unrestricted funds

|              | Balance at<br>1 April 18 | Income | Expenditure | Gains and<br>Losses | Balance at<br>31 March 19 |
|--------------|--------------------------|--------|-------------|---------------------|---------------------------|
|              | £                        | £      | £           | £                   | £                         |
| General Fund | 749,906                  | 24,929 | (31,778)    | 17,459              | 760,516                   |

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