

**Argyll and Bute Council**  
Comhairle Earra Ghàidheal agus Bhòid



**County of Argyll Educational Trust  
Scheme, 1960**

**Annual Report and Financial Statements  
2013-2014**

**For the Year ended 31 March 2014**

**Scottish Charity Number: SC020382**

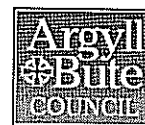


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# County of Argyll Educational Trust Scheme, 1960

## Trustees' Annual Report – For the Year ended 31 March 2014



The Trustees present their annual report together with the financial statements and the Independent Auditor's report for the year ended 31 March 2014.

### REFERENCE AND ADMINISTRATION INFORMATION

<b>Charity Name:</b>	County of Argyll Educational Trust Scheme, 1960
<b>Scottish Charity Number:</b>	SC020382
<b>Principal Office:</b>	Argyll and Bute Council Kilmory Lochgilphead Argyll PA31 8RT
<b>Current Trustees:</b>	Councillor Len Scoullar Councillor Douglas Philand Councillor Dick Walsh Councillor Isobel Strong Councillor Ellen Morton Councillor Roddy McCuish Councillor James Robb Councillor Aileen Morton Councillor Alex McNaughton Councillor Alexander Taylor Councillor Alistair MacDougall Councillor Anne Horn Councillor Bruce Marshall Councillor David Kinniburgh Councillor Donald Kelly Councillor Donald Macmillan Councillor Duncan MacIntyre Councillor Elaine Robertson Councillor Gary Mulvaney Councillor George Freeman Councillor Iain MacDonald Councillor James McQueen Councillor John McAlpine Councillor John Semple Councillor Louise Glen-Lee Councillor Mary Jean Devon Councillor Maurice Corry Councillor Michael Breslin Councillor Richard Trail Councillor Robert Graham MacIntyre Councillor Robert Macintyre

**County of Argyll Educational Trust Scheme, 1960**  
**Trustees' Annual Report – For the Year ended 31 March 2014**



<b>Current Trustees continued:</b>	Councillor Robin Currie Councillor Rory Colville Councillor Vivien Dance Councillor William Blair
<b>Other Trustees who served during the year:</b>	Councillor Frederick Hall (Resigned 16/03/14)
<b>Honorary Secretary:</b>	Douglas Hendry Director of Customer Services Argyll and Bute Council
<b>Honorary Treasurer:</b>	Bruce West, FCCA Head of Strategic Finance Argyll and Bute Council
<b>Independent Auditor:</b>	Fiona Mitchell-Knight Assistant Director, Audit Services Audit Scotland 4 <sup>th</sup> Floor, 8 Nelson Mandela Place Glasgow G2 1BT

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

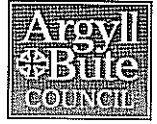
**Governing Document**

The Trust is a scheme under the Education (Scotland) Acts, 1939 to 1956, for the future government and management of certain educational endowments in the County of Argyll. Formed by the amalgamation of fourteen individual endowments and approved by His Late Majesty King George V in Council on 24<sup>th</sup> July, 1933.

Robert MacFie of Airds and Oban, sugar refiner in Liverpool, died 1899. Will confirmed and recorded in 1899 bequest £150.

**Appointment of Trustees**

The trustees of the charities are the elected members (councillors) of Argyll and Bute Council. Trustees are appointed through their election to Argyll and Bute Council.



### **Organisational Structure**

The trustees (as the elected members of the council) meet once a year at the AGM to consider and approve the annual report and financial statements and any other business such as future plans and the reorganisation of trust funds. The trustees delegate the day to day administration of the charities to officers of the Council. The Council has established a range of committees with delegated powers to allow it to discharge its business effectively. This includes the management of charities. The Council has an approved constitution that governs the conduct of business by the Council and covers standing orders for meetings, a scheme of administration and delegation, financial and security regulations, contract standing orders and an ethical framework.

### **Related Parties**

Trustees hold this position because they are elected members of Argyll and Bute Council. Argyll and Bute Council provides administration services to the Trust at no cost to the trust.

### **Risk Management**

The Head of Strategic Finance of Argyll and Bute Council has taken the steps required by trustees to consider the major risks to which the charity is exposed, in particular those related to its operation and finance, and to be satisfied that the systems are in place to mitigate the exposure to the major risks.

### **Management of Funds and Investment Policy**

The Trustees rely upon the expertise of Argyll and Bute Council to manage the investments to ensure the maximum return at least risk to the charity. The investment approach is a moderate risk tolerance with a balanced portfolio to achieve the primary objectives of capital growth and income for awards. In this way, the capital and income stream for the future benefit of the trust is protected.

The Section 95 Officer of the Council (Head of Strategic Finance) is responsible for securing the proper management of the investments of the trust. The day-to-day management of investments is performed by an external firm of stockbrokers under a discretionary agreement.

## **OBJECTIVES AND ACTIVITIES**

The object of the fund is for the advancement of education for children and young people within the former County of Argyll. This object is met by the issuing of grants to individuals and organisations.

Robert MacFie - The objective of the fund is for the advancement of education by providing a gold Dux medal to Oban High School

## **ACHIEVEMENTS AND PERFORMANCE**

In the year to 31 March 2014, there were grants made as detailed in note 8 to the financial statements to schools and individuals across Argyll totalling £2,150 (2013 - £3,500).

## FINANCIAL REVIEW

### Investments and Reserves

Robert MacFie's Trust was amalgamated into this trust at the yearend at a value of £6,007. The funds increased by £19,305 (2013 - £41,252). Just over half of this increase was due to unrealised "paper" gains at the year-end. The reserves amount to £423,829; £99,009 in unrestricted funds and £324,820 in permanent endowment funds. These funds are held as follows:

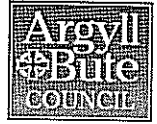
	31 March 2014	31 March 2013
	£	£
Stocks and Shares	229,364	221,092
Government Bonds	21,958	23,251
Corporate Bonds	9,289	9,111
Bond Funds	56,469	56,606
Cash in Investment Portfolio	7,740	1,531
<b>Investments in Endowment Funds</b>	<b>324,820</b>	<b>311,591</b>
Debtor Barclays Wealth Undistributed income	2,935	1,465
Creditor Audit Scotland Audit Fee	5,770	-
Cash and Bank - Argyll & Bute Council	101,844	91,468
<b>Current Assets in Unrestricted Funds</b>	<b>99,009</b>	<b>92,933</b>
<b>Total Funds</b>	<b>423,829</b>	<b>404,524</b>

Over the year, the value of investments increased by £13,229 from £311,591 to £324,820. The stockbrokers, Barclays Wealth, sold investments that cost £7,275; and increased the cash holding by £6,209, an overall decrease of £1,066 and a Government Bond value £150 was transferred in from the Robert MacFie's Trust. A revaluation gain of £14,295 brings the investments in the financial statements to market value at 31 March 2014.

The increase in cash and bank from £91,468 to £101,844 is due to investment income receivable of £12,527 less grants paid of £2,150.

### Reserves Policy

Unrestricted free reserves at 31 March 2014 were £99,009. The Trust has no explicit reserves policy, but the "capital" of the trust is held effectively as a permanent endowment for capital growth and to provide an annual income. Income only from the investments may be distributed on an annual basis to ensure that the original funds grow over time. No specific targets have been set. Any unspent income net of all expenses is held in the unrestricted funds and is available for the objectives of the trust.



**Income and Expenditure**

The Statement of Financial Activities on page 9 provides an analysis of the income and expenditure for the twelve months to 31 March 2014.

Income for the year amounted to £13,997 (2013 - £12,324). Expenditure was incurred on stockbrokers' fees of £1,159 (2013 - £1,353) and grants awarded of £2,150 (2013 - £3,500). A gain of £93 (2013 – £6,270) was realised on shareholdings sold during the year and an unrealised "paper" gain of £14,295 (2013 - £27,537) was recognised for changes in the market value of investments

**FUTURE PLANS**

Argyll and Bute Council are continuing to conduct a review of all its charitable trusts with a view to gaining approval from OSCR to reorganise under Section 39-45 of the Charities and Trustees Investment (Scotland) Act 2005 and the 2007 Regulations. . Some of the proposals for reorganisation being considered by trustees involve some smaller charitable trusts of the council being wound up and merged into the Educational Trust Scheme. Approval from OSCR has already been received and the Robert MacFie's Trust has been amalgamated with this trust:

**CONCLUSION**

The reserves of the trust increased by £19,305, just over half of which was due to "paper" gains on bonds and shares. The trust made 14 awards with total value of £2,150. The trust is well placed to continue to deliver its charitable objects for the foreseeable future.

From 2013-2014 an audit is required to be carried out by the appointed auditor of Argyll and Bute Council in accordance with the requirements of the Local Government (Scotland) Act 1973.

The appointed auditor of Argyll and Bute Council is Audit Scotland and the Trustees would like to thank them for undertaking this task.

**DECLARATION**

Approved and authorised for issue by the trustees on 25<sup>th</sup> September 2014 and signed on their behalf by:

Signature(s):		
Full names(s):	DICK WALSH	Bruce West
Position:	Trustee	Honorary Treasurer
Date:	25/09/14	25/09/14

# County of Argyll Educational Trust Scheme, 1960

## Independent Auditor's Report

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### Independent auditor's report to the trustees of the County of Argyll Education Trust Scheme, 1960 and the Accounts Commission for Scotland

I have audited the financial statements of County of Argyll Education Trust Scheme, 1960 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 the financial activities, the balance sheet, the cash flow statement 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

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 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.



# County of Argyll Educational Trust Scheme, 1960

## Independent Auditor's 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.

### Other matter - unaudited comparative amounts

The financial statements for the year ended 31 March 2013 were not audited. The comparative amounts in the financial statements for the year ended 31 March 2014 are therefore unaudited.

### 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.

A handwritten signature in black ink, appearing to read 'Fiona Mitchell-Knight'.

Fiona Mitchell-Knight  
Assistant Director, Audit Services  
Audit Scotland  
4th Floor, The Athenaeum Building  
8 Nelson Mandela Place, Glasgow, G2 1BT

30 September 2014

Fiona Mitchell-Knight is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

County of Argyll Educational Trust Scheme, 1960  
Statement of Financial Activities – for the Year ended March 2014



	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2014 £	Total Funds 2013 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generating funds:</b>					
Investment income from managed funds	5	13,672	-	13,672	11,996
Interest from short-term deposits		325	-	325	328
<b>Total Incoming Resources</b>		<b>13,997</b>	<b>-</b>	<b>13,997</b>	<b>12,324</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds:</b>					
Investment management costs	6		1,159	1,159	1,353
Audit fee	7	5,770	-	5,770	-
<b>Charitable Activities:</b>					
Grants awarded	8	2,150	-	2,150	3,500
<b>Total Resources Expended</b>		<b>7,920</b>	<b>1,159</b>	<b>9,079</b>	<b>4,853</b>
<b>Net Incoming/(Outgoing) Resources before Other Recognised Gains/(Losses)</b>		<b>6,077</b>	<b>(1,159)</b>	<b>4,918</b>	<b>7,471</b>
<b>OTHER RECOGNISED GAINS AND (LOSSES)</b>					
<b>Gains and (losses) on investment assets</b>					
Realised gains/(losses)	9		93	93	6,270
Unrealised gains/(losses)		-	14,295	14,295	27,537
<b>Total Gains and (Losses) on Investment Assets</b>		<b>-</b>	<b>14,388</b>	<b>14,388</b>	<b>33,807</b>
<b>Net Movement in Funds</b>		<b>6,077</b>	<b>13,229</b>	<b>19,306</b>	<b>41,278</b>
Total funds brought forward	10	92,932	311,591	404,523	363,246
<b>Total funds carried forward</b>		<b>99,009</b>	<b>324,820</b>	<b>423,829</b>	<b>404,524</b>

All incoming resources and resources expended derive from continuing activities.

The notes on pages 11 to 14 form an integral part of these accounts.

# County of Argyll Educational Trust Scheme, 1960

## Balance Sheet as at 31 March 2014



	Note	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2014 £	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds 2013 £
<b>Fixed Assets</b>							
Investments	10	-	324,820	324,820	-	311,591	311,591
<b>Total Fixed Assets</b>		-	324,820	324,820	-	311,591	311,591
<b>Current Assets</b>							
Debtors	12	2,935	-	2,935	1,465	-	1,465
Cash at Bank and at Hand	11	101,844	-	101,844	91,468	-	91,468
<b>Net Current Assets</b>		104,779	-	104,779	92,933	-	92,933
<b>Current Liabilities</b>							
Creditors	7	5770	-	5770	-	-	0
<b>Total current Liabilities</b>		5770	0	5770	0	0	0
<b>Net Assets</b>		99,009	324,820	423,829	92,933	311,591	404,524
<b>Funds of the Charity</b>							
Unrestricted Funds	13	99,009	-	99,009	93,933	-	93,933
Endowment Funds		-	324,820	324,820	-	311,591	311,591
<b>Total Funds</b>		99,009	324,820	423,829	93,933	311,591	405,524

The notes on pages 11 to 14 form an integral part of these financial statements.

Approved and authorised for issue by the trustees on 25<sup>th</sup> September 2014 and signed on their behalf by:

Signature(s):		
Full names(s):	DICK WALSH	Bruce West
Position:	Trustee	Honorary Treasurer
Date:	25/09/14	25/09/14



### 1. Basis of Preparation

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

#### 1.1. Basis of Accounting

The financial statements are prepared under the historic cost convention and in accordance with:

- a) Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005 - 2<sup>nd</sup> Edition); and the Financial Reporting Standard for Smaller Entities (FRSSE) (Effective April 2008)
- b) The Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

### 2. Accounting Policies

#### 2.1 Form of Financial Statements

- a) Unrestricted funds are those that may be used at the discretion of the trustees in the furtherance of the objects of the charity.
- b) The permanent endowment funds are invested in perpetuity and derive an annual investment income which is available for distribution.

#### 2.2 Incoming Resources

- a) All incoming resources are recognised and included in the Statement of Financial Activities when the charity becomes entitled to the resources; the trustees are virtually certain they will receive the resources and the monetary value can be measured with sufficient reliability. The following specific policies are applied to particular categories of income.
- b) Income from investments is included in the year to which it relates.
- c) Investments gains and losses includes 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 year.
- d) The value of the services provided free of charge by Argyll and Bute Council has not been included in the accounts but is described in the trustees' annual report.

#### 2.3 Resources Expended

- a) All expenditure is included in the Statement of Financial Activities on an accrual basis and is recognised when there is a legal or constructive obligation to pay out resources.

#### 2.4 Investments

- a) Investments held as fixed assets quoted on a recognised stock exchange are valued at mid market value at the balance sheet date.
- b) Barclays Wealth manages the investment portfolio of the trust under a discretionary agreement.

# County of Argyll Educational Trust Scheme, 1960

## Notes to the Financial Statements



### 3. Taxation

The charity is not liable to income or capital gains tax on its charitable activities. Irrecoverable VAT is included in the expense to which it relates.

### 4. Trustee Remuneration, Expenses and Related Party Transactions

- (a) No remuneration or expenses were paid to charity trustees or persons connected to a trustee during the year (2013 - Nil).
- (b) The trust received interest of £325 (2013/14 - £328) from Argyll and Bute Council on unrestricted reserves placed on short-term deposit with them. All transactions incoming and outgoing are made via the Council's accounts.
- (c) There were no other transactions between the charity and any trustee or any connected person during the year (2013 - Nil)

### 5. Investment Income

	Unrestricted Funds £	Permanent Endowment Fund £	Total Funds 2014 £	Total Funds 2013 £
Dividends and Interest from UK Listed Investments	13,672	-	13,672	11,996
Interest on Short-term deposits with Argyll and Bute Council	325	-	325	328
<b>Total Investment Income</b>	<b>13,997</b>	<b>-</b>	<b>13,997</b>	<b>12,324</b>

### 6. Investment Management Costs

In the year to 31 March 2014 investment management fees of £1,159 (2013 - £1,353) were paid to Barclays Wealth. Broking costs associated with the sale of an investment are deducted from the proceeds available to reinvest under the arrangement with the Stockbroker and are charged to the "capital" permanent endowment funds.

### 7. Independent Auditor's Report.

The independent auditor's fee of £5,770 is included as an accrual within current liabilities.



**8. Grants Awarded**

During the year to 31 March 2014 £2,150 of grants were awarded in accordance with the trust's objective of the advancement of education for children and young people within the former County of Argyll. Of this amount, £750 was awarded to seven individuals and £1,400 to the following institutions:

Name of Institution	Purpose	Total Paid £
Barcaldane Primary School	Residential Visit	100
Dunoon Grammar School	Educational Visit Paris	200
Strone Primary School	Residential Trip to Dalguise OC	300
Sandbank Primary School	Prizes/Memorial Funds	100
Southend Primary School	Forest Schools Experience	150
Tobermory High School	Fund	350
Strachur Primary School	Partnership in Scottish Opera	200
<b>Total</b>		<b>1,400</b>

**9. Gains and Losses on Investment Assets**

Four shareholdings that cost £7,275 were sold for £7,368 to give a realised gain of £93. A "paper" gain of £14,295 was recognised on changes in the market value of investments (see note 10) and is an unrealised revaluation gain.

**10. Fixed Asset Investments**

	Narrow Range £	Wider Range £	Total £
<b>Carrying (market) value at 1 April 2013</b>	89,919	221,522	311,441
Add: additions to investments at cost	-	-	-
Add: Government Bond transferred from McFies Trust	150	-	150
(Less): disposals at cost	0	(11,072)	11,072
Add/(deduct): net gain/(loss) on revaluation	(1,252)	19,344	18,092
Change in uninvested cash balance in Capital Account	413	6,622	7,035
<b>Carrying (market) value at 31 March 2014</b>	<b>89,230</b>	<b>236,416</b>	<b>325,646</b>

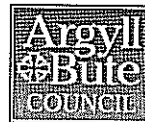
**Analysis of Investments**

Investments listed on recognised stock exchange	87,566	229,364	316,930
Add: Government Bond transferred from McFies Trust	150	-	150
Cash held as part of the investment portfolio	1,514	7,052	8,566
<b>Total</b>	<b>89,230</b>	<b>236,416</b>	<b>325,646</b>

**Material Investment Holdings**

There are no investments worth more than 10% of the charity's total investments.

County of Argyll Educational Trust Scheme, 1960  
Notes to the Financial Statements



11. Cash and Bank Balances

	Unrestricted Funds £	Permanent Endowment Funds £	Total Funds £
<b>Short-term deposits with Argyll and Bute Council:</b>			
Carrying value at 1 April 2013	91,467	-	91,467
Add: lodgements during year	18,357	-	18,357
(Less): withdrawals during year	(7,920)	-	(7,920)
<b>Cash and Bank at 31 March 2014</b>	<b>101,904</b>	<b>-</b>	<b>101,904</b>

During the year the above short term deposits were held by Argyll and Bute Council, which manages the administration of the funds on behalf of the Trustees. The Council also acts as the banker for the charity and, as detailed above, all transactions incoming and outgoing are made via the Council's accounts. No costs were incurred by the trust for this work. The balances are repayable on demand. Interest is payable on balance.

12. Debtors: Amounts Falling Due within One Year

Debtors at 31 March 2014 were £2,935 (2013 - £1,465) and relate to undistributed dividends and interest in the revenue account held by the stockbroker.

13. Movement in Funds

	At 1 April 2013 £	Incoming Resources £	Outgoing Resources	Transfers	Gains/ Losses £	At 31 March 2014 £
Unrestricted Revenue Funds	92,932	13,997	(7,920)	-	-	99,009
Permanent Endowment Funds	311,591	-	(1,159)	-	14,388	324,820
<b>Total Funds</b>	<b>404,523</b>	<b>13,997</b>	<b>(9,079)</b>	<b>-</b>	<b>14,388</b>	<b>423,829</b>

14. Investments

The charity holds a £150 UK Government bond. The market value of this bond at 31 March 2014 was £121 (2013: £130). The interest rate at 21st March 2014 was 1.75%.

