

**Aberdeen City Council
Education Endowment Investment Funds**

Annual Report and Financial Statements

**For the year ended
31 March 2014**

**Registered Number:
SC025063**

Trustees Annual Report 2013/14 – Education Endowment Investment Fund Registered Charitable Number SC025063

This report relates to the Education Endowment Investment Fund (EEIF), a trust administered by Aberdeen City Council. It is a charitable trust with the registration number SC025063.

Reference and administration details

The principal address for this trust is Aberdeen City Council, Town House, Broad Street, Aberdeen AB10 1AH.

The Secretary of this Trust is Jane MacEachran, Head of Legal & Democratic Services, Aberdeen City Council and the Treasurer is Steven Whyte, Head of Finance, Aberdeen City Council.

The Trustees are the Councillors of Aberdeen City Council, and are as follows:-

Lord Provost George Adam (chairperson)	Councillor Muriel Jaffrey
Councillor Yvonne Allan	Councillor James Kiddie
Councillor Kirsty Blackman	Councillor Jenny Laing
Councillor Marie Boulton	Councillor Graeme Lawrence
Councillor David Cameron	Councillor Neil MacGregor
Councillor Scott Carle	Councillor M. Tauqeer Malik
Councillor Neil Cooney	Councillor Aileen Malone
Councillor John Corall	Councillor Andrew May
Councillor Bill Cormie	Councillor Callum McCaig
Councillor Barney Crockett	Councillor Ramsay Milne
Councillor Steve Delaney	Councillor Jean Morrison MBE
Councillor Graham Dickson	Councillor Nathan Morrison
Councillor Alan Donnelly	Councillor Jim Noble
Councillor Jackie Dunbar	Councillor John Reynolds
Councillor Lesley Dunbar	Councillor Gill Samarai
Councillor Andrew Finlayson	Councillor Jennifer Stewart
Councillor Fraser Forsyth	Councillor Sandy Stuart
Councillor Gordon Graham	Councillor Angela Taylor
Councillor Ross Grant	Councillor Ross Thomson
Councillor Martin Greig	Councillor Gordon Townson
Councillor Len Ironside CBE	Councillor Willie Young
	Councillor Ian Yuill

All Trustees have served for the whole of the financial year to 31 March 2014.

The auditors are Stephen Boyle, Assistant Director, Audit Scotland, 4th Floor South Suite, 8 Nelson Mandela Place, Glasgow G2 1BT.

Structure, governance and management

The governing document is unavailable due to the venerable nature of the trust.

The trustees are elected in the course of the Local Authority elections and new members are supplied with training as part of their induction process.

The positions of Secretary and Treasurer are filled by professionally qualified officers of Aberdeen City Council.

Report of the trustees for the year ended 31 March 2014

The trustees submit their annual report and the financial statements for the year ended 31 March 2014. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2005 in preparing the report.

Reference and administrative details of the charity, its trustees and advisers

The EEIF originally comprised of over 60 smaller trusts, bequests and legacies split into two general areas

- 1) Education – Primarily concerned with prizes or awards at schools.
- 2) Social Work – Funds established to provide comforts at residential homes

While reviewing records as part of the Council's reorganisation of charitable trusts, OSCR advised that only a small number of trusts previously reported as part of the EEIF were actually registered as charities. Only accounts in relation to these registered charities are contained in this document. A review will take place of all trusts that were previously reported as part of the EEIF to consider a reorganisation in consultation with OSCR.

The trust now comprises of the trusts listed on page 6. Fourteen of these trusts relate to prizes or awards at school while the other trust is for the purchase of music of an intrinsically Scottish nature.

Structure, governance and management

The EEIF is administered by Aberdeen City Council's Corporate Governance Directorate with primary responsibility falling to the Education, Culture & Sports accounting team.

Expenditure from the various trusts is at the discretion of the appropriate directorate – Education, Culture & Sports or Social Care & Wellbeing.

Trustees receive an annual report covering the activities of the trust.

Risk management

The Trustees have assessed the major risks to which the charity is exposed, in particular those relating to the finances and assets of the Trust, and are satisfied that systems are in place to mitigate exposure to those risks.

Objectives and activities

The objectives of the various trusts are set out on page 6 – EEIF Trusts list with purpose.

Plans for future periods

All aspects of the Trust will be examined as part of the ongoing Trust Account review taking place at the current date.

Financial review and reserves policy

The attached accounts show the incoming resources of £2,313 and resources expended of £573 for the year to 31 March 2014 (2013 - £2,096 and £766 respectively) and the Balance Sheet value of £167,607 (2013 - £161,768) as at 31 March 2014.

The investment policies of the trust are reviewed periodically. The last review was in the financial year 2006-2007. Surplus monies are invested in Aberdeen City Council loans fund.

Statement of the Trustees' Responsibilities in Respect of the Accounts

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).


Law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources of the charity for that period. In preparing the financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statement of recommended practice 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 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 (as amended), the Statement of Recommended Practice for Charity Accounts 2005 and the provisions of the Trust Deed. The Trustees 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 declare that they have approved the trustees' report above.

Signed on behalf of the charity's trustees on 30 September 2014.

..... Trustee

Charity Name and purpose

Charity Name	Purpose of Trust
D. M. Andrew Bequest	For prizes in Classics at Aberdeen Grammar School
Athol Benzie Prize Fund	For best all-round pupil in the fifth year at Aberdeen Academy
E & D.R. Bishop Prize Fund	For prizes to pupils at Aberdeen Grammar School selected by the rector
Lucy Cruickshank Prize Fund	For prize to best pupil or pupils in French or German at High School for Girls
Jessie Durmo Prize Fund	For prize in Mathematics at Aberdeen Academy
Mary Durmo Prize Fund	For prize in English at Aberdeen Academy
Margaret C. Harper Prize Fund	For best pupil in German at Aberdeen Academy
Bessie Heriot Prize Fund	For prize to best girl at Kaimhill Secondary School
Dr G. MacKenzie Prize Fund	For prize to best pupil in German at Aberdeen Academy
Kenneth Macintosh Bequest	For paying or supplementing the expenses of pupils at Aberdeen Grammar School who might otherwise be unable to afford the cost of school trips
Dr Charles McLeod Trust	For purchase of books on Physical Science and Astronomy at Aberdeen Grammar School
William Meston Bursary Fund	For bursary to pupil of merit at Culter School undertaking a secondary course
J M Robertson Memorial Prize Fund	For prize to best pupil in commercial subjects at Aberdeen Grammar School
Rose Hip Fund	To be used at discretion of Director of Education
John M Henderson Bequest	To purchase music of an intrinsically Scottish Nature

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2014**

Charity Name – Educational Endowment Investment Fund
Charity Number – SC025063

	Unrestricted Funds 2014 £	Endowment Funds 2014 £	Total Funds 2014 £	Total Funds 2013 £
	<u>Note</u>			
Incoming resources				
Incoming resources from generated funds				
Investment income	2	2,313	-	2,313
			2,313	2,096
Total incoming resources		2,313	-	2,313
			2,313	2,096
Resources expended				
Charitable activities	3	573	-	573
			573	766
Total resources expended		573	-	573
			573	766
Net incoming/(outgoing) resources before other recognised gains and losses		1,740	-	1,740
			1,740	1,330
Other recognised gains/(losses)				
Gains/(losses) on investment assets		-	4,081	4,081
Net movement in funds		1,740	4,081	5,821
			1,740	11,726
Reconciliation of funds				
Total funds brought forward		57,289	104,497	161,786
Total funds carried forward		59,029	108,578	167,607
			161,786	161,786

BALANCE SHEET AS AT 31 MARCH 2014

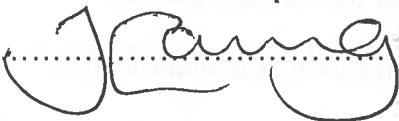
Charity Name – Educational Endowment Investment Fund

Charity Number – SC025063

		2014 £	2013 £
Fixed assets	<u>Note</u>		
Investments		108,578	104,497
Total fixed assets	5	108,578	104,497
Current Assets			
Investments - City of Aberdeen Loans Fund	6	59,629	57,289
Total current assets		59,629	57,289
Liabilities			
Creditors: Amounts falling due within one year	7	(600)	-
Net current assets/(liabilities)		59,029	57,289
Net asset/(liabilities)		167,607	161,786
The funds of the charity			
Endowment funds	8	108,578	104,497
Unrestricted funds	8	59,029	57,289
Total charity funds		167,607	161,786

These accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The Statement of Financial Activities, Balance Sheet and related notes were approved and authorised for issue by the Trustees on 30 September 2014 and signed on their behalf by:

 Trustee

Notes forming part of the financial statements for the year ended 31 March 2014

Charity Name – Educational Endowment Investment Fund
Charity Number – SC025063

1 - Accounting Policies

Accounting Convention

The accounts are prepared under the historical cost convention, with the exception of investments which are included at market value.

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP) issued in March 2005, and comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Financial Reporting Standard for Smaller Entities (effective April 2008).

Going Concern

The accounts have been prepared under the going concern concept on the basis that Trustees have considered it and are satisfied that the going concern concept is appropriate.

Recognition of Revenue and Expenditure

All income and expenditure due to be paid or received in respect of the year ended 31 March 2014 has been provided for within these accounts.

Incoming Resources

Incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. All incoming resources are in relation to unrestricted funds.

Income from investments is included in the Statement of Financial Activities in the year in which it is receivable.

It is long standing policy to reserve 33% of investment income for the Education Endowment Investment Fund in order to fund future capital investment. This amounted to £972 in 2013/14. The remaining 67% is made available to distribute. Unspent income is retained in the City of Aberdeen Loans Funds as a cash balance

This policy does not apply to the John M. Henderson bequest which has 100% of its income available for distribution.

Notes forming part of the financial statements for the year ended 31 March 2014

Charity Name – Educational Endowment Investment Fund

Charity Number – SC025063

1 - Accounting Policies (cont'd)

Resources Expended

Liabilities are recognised when the charity has an obligation to make payment to a third party. Resources expended are in relation to unrestricted funds.

Resources expended are included in the Statement of Financial Activities on an accruals basis inclusive of any irrecoverable VAT and are classified under headings that aggregate all costs related to the category.

Funds

Unrestricted funds include incoming resources receivable or generated for the objects of the charity without specified purpose and are available as general funds. These funds can be used in accordance with the charitable objects at the discretion of the Trustees.

Endowment funds represent those Assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of these funds. These funds are to be used in accordance with the specific restrictions imposed by donors.

It is long standing policy to reserve 33% of investment income for the Education Endowment Investment Fund in order to fund future capital investment. This amounted to £972 in 2013/14 being transferred from the unrestricted fund to the endowment fund in accordance with that policy. The balance of the investment income is made available for distribution.

Taxation

The Trusts are recognised by HM Revenue and Customs as charities and as a consequence of the tax reliefs available, income is not liable to taxation.

Investments

Investments are stated at market value as the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Notes forming part of the financial statements for the year ended 31 March 2014

Charity Name – Educational Endowment Investment Fund
Charity Number – SC025063

1 - Accounting Policies (cont'd)

Interest and Management Charges

Interest and Management Charges are not treated as Debtors/Creditors but are treated as adjustments within the balances held by the Aberdeen City Council Loans Fund.

Interest is applied to the charity accounts gross of income tax based on an annual interest rate received from banks, on funds invested by Aberdeen City Council on behalf of the charity during the year.

An audit fee of £211 was paid in 2013/14 (£230 in 2112/13 pro-rata). This was deducted from the gross income before distribution and is not shown in these accounts.

Historically there are no management fees charged to the EEIF, and this was the case in financial years 2012/13 and 2013/14.

	2014 £	2013 £
2 INVESTMENT INCOME		
Interest receivable	210	231
Investment Income	<u>2,103</u>	<u>1,865</u>
	<u>2,313</u>	<u>2,096</u>
3 CHARITABLE ACTIVITIES		
Athol Benzie Prize Fund	31	38
E & D.R. Bishop Prize Fund	-	52
Lucy Cruickshank Prize Fund	-	277
Jessie Dumo Prize Fund	99	123
Mary Durno Prize Fund	111	138
Margaret C. Harper Prize Fund	9	11
Bessie Heriot Prize Fund	-	69
Dr G. MacKenzie Prize Fund	22	28
Dr Charles McLeod Trust	-	15
J M Robertson Memorial Prize Fund	-	15
John M Henderson Bequest	<u>301</u>	<u>-</u>
	<u>573</u>	<u>766</u>
4 TRUSTEES REMUNERATION AND STAFF COSTS		
The Trust has no employees. None of the trustees received any remuneration for their services, nor were they reimbursed for any expenses during the year.		
5 INVESTMENTS HELD AS FIXED ASSETS		
Market value at 1st April	104,497	94,101
Net investment gains/(losses) on revaluation	4,081	10,396
Market value at 31st March	<u>108,578</u>	<u>104,497</u>
Historical cost (where known)	<u>63,350</u>	<u>63,350</u>
UK listed investments are represented by:		
Fixed interest securities	103,734	99,220
Investment trusts and unit trusts	4,844	5,277
	<u>108,578</u>	<u>104,497</u>

Notes forming part of the financial statements for the year ended 31 March 2014

Charity Name – Educational Endowment Investment Fund

Charity Number – SC025063

	2014 £	2013 £
6 INVESTMENTS HELD AS CURRENT ASSETS		
City of Aberdeen loan funds:		
School Charitable Trusts	29,542	27,202
John Henderson Trust	30,087	30,087
	<u>59,629</u>	<u>57,289</u>

The trustees have invested the free reserves of the charity in the City of Aberdeen loans fund, in order to earn interest for the benefit of the charity. The loans fund is a cash investment and is stated at market value at the Balance Sheet date.

7 CREDITORS: Amounts falling due within one year

Accruals	<u>(600)</u>	-
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8 ANALYSIS OF NET ASSETS IN FUNDS

	Tangible fixed assets £	Current assets/ (liabilities) £	Total £	Total £
Unrestricted funds	-	59,029	59,029	57,289
Endowment funds	108,578	-	108,578	104,497
	<u>108,578</u>	<u>59,029</u>	<u>167,607</u>	<u>161,786</u>

9 CONTROLLING INTEREST

Each charity is under the control of its trustees.

10 RELATED PARTY TRANSACTIONS

Aberdeen City Council provides the accounting services for the trust. No charge is made for this service.

Independent auditor's report to the trustees of Aberdeen City Council Education Endowment Investment Funds and the Accounts Commission for Scotland

I have audited the financial statements of Aberdeen City Council Education Endowment Investment Funds 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 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 funds' 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 Funds' affairs as at 31 March 2014 and of their 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.



Stephen Boyle
Assistant Director of Audit
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow G2 1BT

30 September 2014

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

