

**THE EDUCATIONAL INSTITUTE OF SCOTLAND BENEVOLENT FUNDS**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS FOR THE  
YEAR ENDED 31 AUGUST 2019**

Registered Charity Number SC007852

**THE EDUCATIONAL INSTITUTE OF SCOTLAND BENEVOLENT FUNDS**  
**Registered Charity Number SC007852**

**REPORT OF THE TRUSTEES**

The members of the Institute's Employment Relations Committee who act as Trustees of the Benevolent Fund present the report and accounts of the Educational Institute of Scotland Benevolent Fund for the year ending 31 August 2019.

**THE BENEVOLENT FUND**

The purposes of the Benevolent Fund and its rules of operation including eligibility for assistance from the Fund are specified in the Institute's Constitution. The relevant sections of the Constitution are reproduced below:

The Benevolent Fund shall be used to provide relief in cases of necessity to members, to former members and to widows, widowers or other dependants of members or former members. Applications from local committees with responsibility for the administration of the assistance provided by the Benevolent Fund shall be made to the Employment Relations Committee and the awarding of any grant and the amount, method and duration thereof shall be entirely at the discretion of that committee as shall be the maintenance of proper financial records.

The sources of income of the Benevolent Fund shall be:

(i) any allocation in accordance with Rule XX.1 from the national subscription (*Rule XX. 1 states "The income of the Institute from the national subscriptions of members shall in the first instance be recorded in a General Fund which will be used for the operational expenses of the Institute. The Council may determine from time to time the amounts or extent of members' subscription income which can be applied to support other Institute Funds"*)

(ii) donations from the General Fund of the Institute; and,

(iii) other donations.

Members shall not be eligible for assistance unless they have been in ordinary membership for at least a year immediately preceding the date of application.

Former members who resigned from the Institute and either continued in eligible employment or subsequently resumed eligible employment in Scotland without rejoining the Institute and their widows, widowers or other dependants are not eligible for assistance from the Fund.

The Employment Relations Committee shall report in general terms to the Council on the nature and extent of its operations in relation to the Benevolent Fund.

**THE EDUCATIONAL INSTITUTE OF SCOTLAND BENEVOLENT FUNDS  
(TRUSTEES' REPORT - CONTINUED)**

The total expenditure in any financial year should not exceed the aggregate of the amount shown in the annual statement of accounts as the income of the fund for the preceding year, and 2.5% of total funds as recorded in the annual statement of accounts balance sheet at the commencement of the current year.

**LEGAL STATUS**

The Fund is registered as a charity in Scotland under the name "The Educational Institute of Scotland Benevolent Funds" and is constituted under the Rules and Regulations of The Educational Institute of Scotland.

The Registered Charity Number is SC007852.

**TRUSTEES**

Members elected to the Institute's Employment Relations Committee act as Trustees of the Benevolent Fund.

Members of the Employment Relations Committee in the year ended 31 August 2019 were as follows:

Andrene Bamford  
David Baxter (Convenor)  
Edward Burns (Appointed 6 June 2019)  
Ricky Cullen (Convener - Resigned 6 June 2019)  
Colin Finlay  
Gael Gillan  
Heather Hughes (Appointed 6 June 2019)  
Annemarie McDermott (Resigned 6 June 2019)  
Alison Murphy  
Susan Slater

David Baxter was appointed as Convenor on 6 June 2019.

Additionally the Institute's constitution specifies that its Office Bearers shall be eligible to attend and vote at meetings of the Employment Relations Committee. In the year ended 31 August 2019 the Office Bearers serving as Trustees were as follows:

Nicola Fisher (Resigned 6 June 2019)  
Bill Ramsay  
Alison Thornton  
Carole Thorpe (Appointed 6 June 2019)

The Trustees received no remuneration in the year to 31 August 2019 nor were they reimbursed expenses from the Benevolent Fund.

The Trustees are considered to have sufficient experience to act as Trustees; however, training would be provided where considered appropriate.

**THE EDUCATIONAL INSTITUTE OF SCOTLAND BENEVOLENT FUNDS  
(TRUSTEES' REPORT - CONTINUED)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The 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 charity's financial activities during the year and of its financial position at the end of the year.

In preparing those financial statements, the Trustees should follow best practice and:

- (a) select suitable accounting policies and then apply them consistently;
- (b) observe the methods and principles in the Charities SORP (Statement of Recommended Practice);
- (c) make judgements and estimates that are reasonable and prudent;
- (d) follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- (e) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in operation.

The Trustees are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the provisions of the charity's constitution.

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.

**ADMINISTRATION AND ADVISERS**

Administration of the Fund's affairs is undertaken by The Educational Institute of Scotland at its headquarters at 46 Moray Place, Edinburgh. The Fund's advisers are as follows:

Secretary:                    John McLeod  
   Accountant  
   The Educational Institute of Scotland  
   46 Moray Place  
   Edinburgh

Treasurer:                    Larry Flanagan  
   General Secretary  
   The Educational Institute of Scotland  
   46 Moray Place  
   Edinburgh

Auditors:                     Haines Watts Scotland  
   Chartered Accountants and  
   Statutory Auditors  
   3 Quality Street  
   Edinburgh

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(TRUSTEES' REPORT - CONTINUED)**

Bankers: Unity Trust Bank plc  
Nine Brindleyplace  
Birmingham

Solicitors: Balfour & Manson  
58 Frederick Street  
Edinburgh

**INVESTMENT MANAGERS AND INVESTMENT POLICY**

Aberdeen Standard Capital, 1 George Street, Edinburgh.

The investments are held in accordance with the Trustees' powers. The investment policy is aimed at achieving a balanced return from income and capital growth over the long term. Aberdeen Standard Capital is a signatory to the United Nations Principles for Responsible Investment and therefore the Trustees are happy to confirm consistency with the criteria for Ethical Investment determined by the Council of the Institute on 8 March 2013.

**INVESTMENT POWERS**

The Trustees have powers to retain, purchase and sell stocks, bonds, securities, or other investments of any and every description and invest in heritable and other securities whether or not quoted on any recognised stock exchange.

**REVIEW OF THE FUND'S ACTIVITIES DURING THE PERIOD**

The focus of the Trustees activities in the year to 31 August 2019 was, as is normal, centred on considering the applications made for assistance from the Fund and assessing the financial circumstances of the applicants so that, as far as possible, support could be targeted to their best possible advantage.

The Trustees met on 7 occasions in the year to consider applications for grants and loans. Additionally in urgent cases which arise between meetings the Convener in conjunction with the Accountant is authorised to make grants and seek homologation at the next meeting. The Trustees awarded 92 grants totalling £167,125. Net of amounts subsequently cancelled, the expenditure included in the Statement of Financial Activities is £164,913. No loans were awarded or advanced in the course of the year (2018 £NIL).

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(TRUSTEES' REPORT - CONTINUED)**

Opportunity is also regularly taken when the Convener reports on Employment Relations Committee business to the Institute's Council and Annual General Meeting to seek support from Local Associations. During the year the Fund received donations of £48,165 (2018 £20,228) from local associations.

**TRUSTEES RESERVES POLICY AND FUTURE PLANS**

The Trustees aim to protect the Capital Reserves of the Benevolent Fund by limiting the award of grants to the total of incoming resources of the previous financial year, together with a sum equivalent to 2.5% of total funds as recorded in the balance sheet at the end of that year.

The Trustees have noted that there has been a significant escalation in the level of applications to the Benevolent Fund, and that this high level of demand has continued during 2019. In order to make best use of available resources during the last financial year, the Trustees agreed a temporary reduction in the maximum grant from £2,500 to £1,500.

In recognition of the demands on the Benevolent Fund, the Institute agreed to make a special donation of £100,000 in the 2018/19 financial year which will be available for use from September 2019, and has budgeted to restore the previous policy of donating 1.5% of members' subscriptions from 2019/20 which will be available for use by the Benevolent Fund from 2020/21. Whilst the Benevolent Fund has benefited in recent years from increases in the market value of investments, the restoration of the donation of members' subscriptions will reduce the risk of depleting Capital Reserves from using these to finance grants.

**RISK MANAGEMENT**

The Trustees have examined the major business and operational risks which the Trust faces and have established systems to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

**EXPENSES OF MANAGEMENT**

The direct expenses of management of the Fund including staff costs and the administration of meetings are met by the Institute.

On behalf of the Trustees

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John McLeod  
Secretary

Date:           May 2020

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF  
THE EDUCATIONAL INSTITUTE OF SCOTLAND BENEVOLENT FUNDS**

**Opinion**

We have audited the financial statements of The Educational Institute of Scotland Benevolent Funds (the 'charity') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF THE EDUCATIONAL INSTITUTE OF SCOTLAND BENEVOLENT FUND**

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- the charity has not kept proper and adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Our responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF  
THE EDUCATIONAL INSTITUTE OF SCOTLAND BENEVOLENT FUNDS**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

**Use of Our Report**

This report is made solely to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Haines Watts Scotland  
Chartered Accountants and  
Statutory Auditors  
3 Quality Street  
Edinburgh  
EH4 5BP

Dated: May 2020

Haines Watts Scotland is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**THE EDUCATIONAL INSTITUTE OF SCOTLAND BENEVOLENT FUNDS**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
		Unrestricted Funds	Unrestricted Funds
Income & Expenditure			
Income Resources			
Donations Received			
From the Educational Institute of Scotland		104,645	0
From EIS Local Associations		48,165	20,228
Sales of Donated Goods /Other Donations		<u>225</u>	<u>80</u>
Total Donations		153,035	20,308
Investment Income & Interest Received	2	<u>90,358</u>	<u>78,881</u>
<b>Total Incoming Resources</b>		<u>243,393</u>	<u>99,189</u>
<b>Expenditure on Cost of Charitable Activities - Grants</b>		164,913	223,300
<b>Expenditure on Support Costs</b>			
Auditor's Remuneration		3,000	-600
Other Professional Fees		444	0
Investment and Bank Charges		<u>12,559</u>	<u>10,200</u>
<b>Total Resources Expended</b>		<u>180,916</u>	<u>232,900</u>
<b>Net Income/ (Expenditure) for the Year</b>		62,477	(133,711)
<b>Other Recognised Gains &amp; Losses</b>			
Realised and Unrealised Gains on Investment Assets	3	<u>236,235</u>	<u>241,836</u>
<b>Total Other Recognised Gains &amp; Losses</b>		<u>236,235</u>	<u>241,836</u>
<b>Net Movement in Funds</b>		298,712	108,125
Fund Balances brought forward 1 September 2018		3,378,211	3,270,086
<b>Fund Balances carried forward 31 August 2019</b>		<u>3,676,923</u>	<u>3,378,211</u>

The notes on pages 11 and 12 form part of these Accounts

**THE EDUCATIONAL INSTITUTE OF SCOTLAND BENEVOLENT FUNDS**  
**BALANCE SHEET AS AT 31 AUGUST 2019**

	Note	2019 £	2019 £	2018 £
<b>Investments</b>	3		<u>3,444,644</u>	<u>3,375,409</u>
<b>Current Assets</b>				
Sundry Debtors		2,601		1,250
Investment Bank Account		164,268		1,015
Bank Current Accounts		<u>122,308</u>		<u>64,953</u>
			289,177	67,218
<b>Less: Current Liabilities</b>				
Creditors: Amounts falling due within 1 year	4		<u>56,898</u>	<u>64,416</u>
<b>Net Current Assets</b>			<u>232,279</u>	<u>2,802</u>
<b>Total Assets</b>			<u>3,676,923</u>	<u>3,378,211</u>
<b>Represented by:</b>				
<b>Funds</b>				
<b>Unrestricted</b>				
As at 1 September 2017		3,378,211		3,270,086
Net Movement in Funds for Year		<u>298,712</u>		<u>108,125</u>
As at 31 August 2018			3,676,923	3,378,211
<b>Total Funds</b>			<u>3,676,923</u>	<u>3,378,211</u>

These financial statements have been audited under the requirements of Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

Approved on behalf of the Trustees

Trustee : \_\_\_\_\_ Trustee: \_\_\_\_\_

Dated: May 2020

The notes on pages 11 to 13 form part of these Accounts.

## THE EDUCATIONAL INSTITUTE OF SCOTLAND BENEVOLENT FUNDS

### Notes to the Accounts for the year ended 31 August 2019

#### 1. Accounting Policies

- (a) **Basis of Preparation of Accounts:** The accounts are prepared under the historical cost convention as modified by the revaluation of investments at market value. They have been prepared in accordance with applicable accounting standards for a small entity, The Charities Accounts (Scotland) Regulations 2006 and the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)'.
- (b) **Investments:** Investments in listed shares and bonds are stated at market value. The Statement of Financial Activities includes net gains and losses arising from disposals and revaluations during the year.
- (c) **Taxation:** The Fund is not liable to taxation on any surplus of income over expenditure and can in certain cases recover tax suffered on its investment income and amounts received under Gift Aid.
- (d) **Unrestricted Funds:** Unrestricted Funds represent the retained surplus of unrestricted income, comprising voluntary income received and investment income, over grants awarded to beneficiaries and the running costs of the charity, adjusted for net realised gains and losses on the sale of investments and for unrealised gains and losses on investments held at the balance sheet date.
- (e) **Income Recognition:** Income from donations, grants or legacies is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- (f) **Investment Income:** Income from interest and dividends is recognised when receipt is probable and the amount receivable can be measured reliably.
- (g) **Grants:** Grants awarded by the Fund are recognised when approved for payment by the Trustees.
- (h) **Financial Instruments:** The charity only holds financial assets and financial liabilities of a kind that qualify as basic financial instruments. Other than investments described at (b) above, basic financial instruments are initially measured at their transaction value and subsequently measured at their settlement value.

THE EDUCATIONAL INSTITUTE OF SCOTLAND BENEVOLENT FUNDS

Notes to the Accounts for the year ended 31 August 2019 (contd)

2. Investment Income and Interest Received

	2019 Unrestricted £	2019 Total £	2018 Unrestricted £	2018 Total £
Interest	-	-	(139)	(139)
Investment Income	90,358	90,358	79,020	79,020
	<u>90,358</u>	<u>90,358</u>	<u>78,881</u>	<u>78,881</u>

3. Investments

	2019 £	2018 £
BNY Mellon Fund Managers Limited Newton Growth and Income Fund for Charities	-	3,375,409
Listed Investments	3,444,644	-
	<u>3,444,644</u>	<u>3,375,409</u>

**BNY Mellon Fund Managers Limited  
Newton Growth and Income Fund for Charities**

	£	£
Opening Market Value	3,375,409	3,133,573
Unrealised Gain in Period	-	241,836
Realised Gain in Period	184,910	-
Proceeds of Sale of Investments	-3,560,319	-
Closing Market Value	<u>-</u>	<u>3,375,409</u>

**Listed Investments**

	£	£
<b>Aberdeen Standard Capital Investment Portfolio</b>		
Additions in the year	3,393,319	-
Unrealised Gain in the year	51,325	-
Closing Market Value	<u>3,444,644</u>	<u>-</u>

4 Creditors: Amounts falling due within 1 year

	2019 £	2018 £
Amounts due to related party	35,948	25,811
Accruals for grants payable	19,750	38,605
Other accruals	1,200	-
	<u>56,898</u>	<u>64,416</u>

## **5 Related Party Disclosure**

The Educational Institute of Scotland ("EIS") and the Educational Institute of Scotland Benevolent Fund ("The Benevolent Fund") are related parties, by virtue of the EIS' right to appoint Trustees. As such there is a requirement to disclose material transactions between them.

During the year local associations of the EIS donated £48,165 to the Benevolent Fund (2018 £20,228) and the central body of the EIS donated £104,645 (2018 £Nil). The EIS also paid investment management fees due by the Benevolent Fund. At 31 August 2019 the Benevolent Fund was due £35,948 to the EIS (2018 £25,811). As highlighted in the Trustees' Report the indirect expenses of management of the Benevolent Fund including staff costs and the administration of meetings are met by the EIS.