

**South Ayrshire Council
Charitable Trust Funds**

**2021/22 Trustees' Annual Report
and Financial Statements**



South Ayrshire Council Charitable Trust Funds

Contents	Page
Trustees' Annual Report	1
Statement of Receipts and Payments	5
Statement of Balances	6
Notes to the Financial Statements	7
Independent Auditor's Report	11

South Ayrshire Council Charitable Trust Funds

Trustees' Annual Report

The Trustees present their Annual Report and Financial Statements in respect of the following charitable trusts, registered with the Office of the Scottish Charity Regulator (OSCR) and administered on behalf of the Trustees by South Ayrshire Council:

SC012759 McKechnie Library Trust (McKechnie)
SC025088 South Ayrshire Council Charitable Trusts (SAC CT)
SC045677 South Ayrshire Charitable Trust (SACT)

Principal address

South Ayrshire Council
County Buildings
Wellington Square
Ayr
KA7 1DR

Auditor

Deloitte LLP
110 Queen Street
Glasgow
United Kingdom
G1 3BX

Trustees

SAC CT; SACT:

Kenneth Bell (appointed 6 May 2022)	Peter Henderson
Laura Brennan-Whitefield	Hugh Hunter
Siobhian Brown (resigned 5 May 2022)	Martin Kilbride (appointed 6 May 2022)
Andy Campbell (resigned 5 May 2022)	Mary Kilpatrick
Douglas Campbell (resigned 5 May 2022)	Lee Lyons
Iain Campbell	Craig Mackay
Ian Cavana	Derek McCabe (resigned 5 May 2022)
Alec Clark	Brian McGinley
Ian Cochrane	Helen Moonie (resigned 5 May 2022)
Brian Connolly	Bob Pollock
Peter Convery (resigned 5 May 2022)	Cameron Ramsay (appointed 6 May 2022)
Chris Cullen	Philip Saxton
Ian Davis	Gavin Scott (appointed 6 May 2022)
Julie Dettbarn	Bob Shields (appointed 6 May 2022)
Martin Dowe	Arthur Spurling (resigned 5 May 2022)
Mark Dixon (appointed 6 May 2022)	Margaret Toner (resigned 5 May 2022)
Stephen Ferry (appointed 6 May 2022)	Duncan Townson (appointed 6 May 2022)
Ian Fitzsimmons (resigned 5 May 2022)	George Weir (appointed 6 May 2022)
William Grant	

South Ayrshire Council Charitable Trust Funds

Trustees' Annual Report (continued)

Trustees (continued)

McKechnie:

Alec Clark

Ian Fitzsimmons (resigned 5 May 2022)

Peter Henderson

Gavin Scott (appointed 6 May 2022)

The resignation and appointment of Trustees as noted above was as a consequence of the local government election held on 5 May 2022.

Founding documents and purpose

McKechnie:

The founding document is a Disposition and Settlement by Thomas McKechnie dated 7 May 1886. The purpose was the founding and operation of a library and reading rooms in Dalrymple Street, Girvan. This purpose was superseded by the establishment of a local authority public library and the McKechnie Institute building owned by the Trust is now a museum and exhibition centre.

SAC CT:

The Trust was set up from Trust document. The purposes of the Trust are to fund maintenance of the War Memorial at Turnberry golf course and prizes/ bursaries for specific schools in South Ayrshire.

SACT:

The Trust was established by the approval of the South Ayrshire Charitable Trust Deed by South Ayrshire Council on 18 December 2014. The purposes of the Trust are:

- a) the prevention and relief of poverty; and
- b) the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage in South Ayrshire.

Within this Trust, funds are restricted by geographical area (refer below). A further restrictive purpose (for relieving ill-health) was previously in place over certain funds within the Troon area; however these funds have now been fully disbursed.

Trustee recruitment and appointment

McKechnie:

Per the Trust's founding deed, the Trustees are the "Chief Magistrate of Girvan along with the Factor of Bargany Estate". The Trustees are now deemed to be the elected councillors of Girvan and South Carrick ex-officio.

SAC CT; SACT:

The Trustees are Elected Members of South Ayrshire Council ex-officio. Training is provided to Elected Members on the role and responsibilities of Trustees, both in general and specifically related to the objectives of the Trusts. Training is refreshed following local government elections.

South Ayrshire Council Charitable Trust Funds

Trustees' Annual Report (continued)

Summary of main achievements of the Trusts during the financial year

McKechnie:

The McKechnie Institute building is leased to South Ayrshire Council indefinitely, subject to tacit relocation, for the sum of £10 per annum which is not normally requested.

The Trust made no disbursements during the financial year. Funds are held for maintenance of the McKechnie Institute which is leased to South Ayrshire Council on a tenant repairing lease. Accordingly, opportunities for disbursement of the Trust's funds do not frequently present themselves. However, further consideration will be given as to how these funds can best be utilised in the future for the purpose of the Trust.

SAC CT; SACT:

Decisions for the disbursement of funds are delegated to committees of Trustees comprising councillors for the areas of Ayr; Prestwick and Monkton; Troon; Coylton; Maybole; Girvan; and Barr. All funds for Troon, Maybole and Barr are now exhausted and funds remaining for Girvan are held as external investments that South Ayrshire Council officers are working to realise. The remaining committees convene at least annually and through an application process approved the following disbursements in 2021/22:

	Number	Amount £
Ayr	6	25,802
Prestwick and Monkton	2	5,236
Coylton	1	500
Total	9	31,538

All disbursements were made to various community groups including schools, churches and foodbanks for a range of projects determined by the committees to be in keeping with the purposes of the Trusts. No disbursements were made to individuals during the year.

Reserves policy

The Trusts have the ability to spend all funds as approved by the Trustees, restricted by the appropriate geographical area or school. The Trustees' intent is to reduce the Trusts' reserves through the awarding of grants, prizes and bursaries which meet the Trusts' objectives.

At the end of the financial year, unrestricted reserves and reserves with restrictions totalled £121,281 (2020/21: £160,538). A combined deficit of £39,257 was recorded for the financial year (2020/21: deficit of £100,021), primarily due to the decisions taken by the Trustees to expend the Trusts' reserves on their stated objectives and to a lesser extent, the costs of administering the Trusts being greater than income from investments as a result of low interest rates.

The Trusts' reserves are held within South Ayrshire Council's loans fund and external investments.

South Ayrshire Council Charitable Trust Funds

Trustees' Annual Report (continued)

Other information

The Head of Finance and ICT for South Ayrshire Council is the designated officer with responsibility for the proper administration of the Trusts' financial affairs and is also responsible for keeping proper accounting records that are up to date and which ensure that financial statements comply with the Charities Accounts (Scotland) Regulations 2006.

The administration of predecessor trusts in the Girvan area to South Ayrshire Charitable Trust transferred to South Ayrshire Council during 2012/13. Difficulties – not least due to Covid-19 restrictions since March 2020 – continue to be encountered in transferring these predecessor trusts' assets, as investments continue to be held in the names of former Trustees on behalf of those trust. The transfer of shareholdings to the current Trustees remains ongoing.

At 31 March 2022, £1,622 of income was received but remained uncashed and not accounted for in the Statement of Receipts and Payments on page 5. When the transfer of shareholdings is complete, all uncashed income will be appropriately accounted for in the Statement of Receipts and Payments in that financial year.

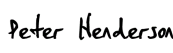
The investment in 3½% War Stock was redeemed but not received as the stock is still held in the names of former trustees. Accordingly, this is shown in the Statement of Balances on page 6 as the stock held remains an asset of South Ayrshire Charitable Trust.

DocuSigned by:

D47773A7F6044A5...

Martin Dowey
Trustee

23 November 2022

DocuSigned by:

18ED42E6DC274DB...

Peter Henderson
Trustee

23 November 2022

South Ayrshire Council Charitable Trust Funds

Statement of Receipts and Payments for the year ended 31 March 2022

	Note	SC012759 (McKechnie): Unrestricted £	SC025088 (SAC CT): Restricted £	SC045677 (SACT): Restricted £	Total 2022 £
Receipts:					
Investment income	6, 9	18	181	826	1,025
Total receipts		18	181	826	1,025
Payments:					
Grants	7	-	-	(31,538)	(31,538)
Governance costs	10	(114)	(226)	(8,404)	(8,744)
Total payments		(114)	(226)	(39,942)	(40,282)
Deficit for the year		(96)	(45)	(39,116)	(39,257)
Comparative information					
	Note	SC012759 (McKechnie): Unrestricted £	SC025088 (SAC CT): Restricted £	SC045677 (SACT): Restricted £	Total 2021 £
Receipts:					
Investment income	6, 9	25	244	1,539	1,808
Total receipts		25	244	1,539	1,808
Payments:					
Grants	7	-	-	(92,810)	(92,810)
Governance costs	10	(118)	(196)	(8,705)	(9,019)
Total payments		(118)	(196)	(101,515)	(101,829)
Surplus/(deficit) for the year		(93)	48	(99,976)	(100,021)

South Ayrshire Council Charitable Trust Funds

Statement of Balances as at 31 March 2022

	Note	SC012759 McKechnie £	SC025088 SAC CT £	SC045677 SACT £	Total 2022 £
Investments	9	2,586	-	14,972	17,558
Bank and cash:					
Unrestricted funds		3,627	-	-	3,627
Restricted funds	2	-	34,327	79,559	113,886
Permanent endowment funds	3	-	3,768	-	3,768
Total current assets		3,627	38,095	79,559	121,281
Total assets		6,213	38,095	94,531	138,839
Comparative information					
	Note	SC012759 McKechnie £	SC025088 SAC CT £	SC045677 SACT £	Total 2021 £
Investments	9	2,586	-	15,577	18,163
Bank and cash:					
Unrestricted funds		3,723	-	-	3,723
Restricted funds	2	-	34,372	118,675	153,047
Permanent endowment funds	3	-	3,768	-	3,768
Total current assets		3,723	38,140	118,675	160,538
Total assets		6,309	38,140	134,252	178,701

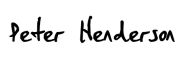
The unaudited financial statements were issued on 28 June 2022. The audited financial statements were authorised for issue and signed on behalf of the Trustees on 23 November 2022.

DocuSigned by:

 D47773A7F6044A5...

Martin Dowey
Trustee

23 November 2022

DocuSigned by:

 18FD42E6DC274DB...

Peter Henderson
Trustee

23 November 2022

South Ayrshire Council Charitable Trust Funds

Notes to the Financial Statements

1 Basis of financial statements

These financial statements have been prepared on a receipts and payments basis in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended).

2 Restricted funds

The Trusts' restricted funds are analysed as follows:

	2022 £	2021 £
SC025088 SAC CT	34,327	34,372
SC045677 SACT:		
Ayr	76,280	109,648
Prestwick	436	5,736
Coylton	465	1,053
Girvan	2,378	2,238
Total SC045677 SACT	79,559	118,675
Total restricted funds	113,886	153,047

3 Permanent endowment funds

Permanent endowment funds are held with South Ayrshire Council for the benefit of the Trusts as a capital fund. In keeping with the Trusts' reserves policy, redeemed investments continue to be effectively held as a permanent endowment. Income earned from these funds is available for the charitable purposes and is added to unrestricted funds.

4 Taxation

The Trusts are not liable to either income or capital gains tax on their charitable activities. Irrecoverable VAT is included as part of the expense to which it relates.

5 Trustees' remuneration and expenses

No remuneration or expenses were paid to the Trustees or any connected persons during either the current or prior financial year.

South Ayrshire Council Charitable Trust Funds

Notes to the Financial Statements (continued)

6 Related party transactions

The McKechnie Institute is leased to South Ayrshire Council on a full tenant repairing lease. The rental charge of £10 per annum is not currently requested from the lessee.

The South Ayrshire Charitable Trust awarded one grant to related parties: STEM grants to Prestwick schools (£4,736).

The Trusts received interest income of £691 from South Ayrshire Council during the financial year (2020/21: £1,482) as analysed below. All financial transactions are made through South Ayrshire Council's bank accounts.

	2022 £	2021 £
SC012759 McKechnie	18	25
SC025088 SAC CT:		
Interest on revenue balances	169	223
Interest on capital balances	12	21
Total SC025088 SAC CT	181	244
SC045677 SACT:		
Ayr	470	1,147
Prestwick and Monkton	6	43
Coylton	4	7
Girvan	12	16
Total SC045677 SACT	492	1,213
Total income from related party transactions	691	1,482

7 Grants

SC045677 SACT:		
Ayr	25,802	92,810
Prestwick and Monkton	5,236	-
Coylton	500	-
Total grants	31,538	92,810

South Ayrshire Council Charitable Trust Funds

Notes to the Financial Statements (continued)

8 Bank and cash balances

During the financial year the Trusts' bank and cash balances were held and administered by South Ayrshire Council on behalf of the Trustees.

9 External investments

	2022 £	2021 £
SC012579 McKechnie:		
£2,586.46 nom value 3½% War Stock (redeemed but not received)	2,586	2,586
SC045677 SACT:		
2088 BMO UK High Income Trust plc (Comp 3A Ordinary and 1B Ordinary)	7,016	7,621
£1,100 nominal value 3% London County Consolidated Stock	616	616
£7,340 nominal value 3½% War Stock (redeemed but not received)	7,340	7,340
Total SACT investments	14,972	15,577
Total investments	17,558	18,163

Investments are entirely in respect of the Girvan area and are valued at market value.

	2022 £	2021 £
Interest received on external investments:		
SC045677 SACT	334	326

South Ayrshire Council Charitable Trust Funds

Notes to the Financial Statements (continued)

10 Governance costs

	2022 £	2021 £
SC012759 McKechnie:		
Preparation of financial statements	64	68
Audit fee	50	50
	<hr/>	<hr/>
Total SC012759 McKechnie	114	118
	<hr/>	<hr/>
SC025088 SAC CT:		
Preparation of financial statements	176	146
Audit fee	50	50
	<hr/>	<hr/>
Total SC025088 SAC CT	226	196
	<hr/>	<hr/>
SC045677 SACT:		
Legal and administrative costs	4,250	5,055
Preparation of financial statements	3,254	2,750
Audit fee	900	900
	<hr/>	<hr/>
Total SC045677 SACT	8,404	8,705
	<hr/>	<hr/>
Total governance costs	8,744	9,019
	<hr/>	<hr/>

Governance costs are allocated based on a combination of staff time spent on legal, administrative and financial tasks and the volume of transactions for each Trust.

11 McKechnie Institute

The McKechnie Institute is heritage asset and it is the opinion of the Trustees that it is neither practicable to obtain a valuation at a cost commensurate with the benefits to the users of the financial statements, nor possible to obtain a reliable cost or valuation. Accordingly, the asset is not presently recognised on the Trust's Balance Sheet.

South Ayrshire Council Charitable Trust Funds

Independent Auditor's Report to the Trustees of South Ayrshire Council Charitable Trust Funds and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the statement of accounts of South Ayrshire Council Charitable Trust Funds for the year ended 31 March 2022 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 Receipts and Payments, the Statement of Balances and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis

In our opinion the accompanying financial statements:

- properly present the receipts and payments of the charities for the year ended 31 March 2022 and their statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. 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 charities in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council'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.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

South Ayrshire Council Charitable Trust Funds

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- considering the nature of the charity's control environment and reviewing the charity's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired with management and those charged with governance about their own identification and assessment of the risks of irregularities;
- obtaining an understanding of the applicable legal and regulatory framework and how the charity is complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These included the Scottish Charity Regulator (OSCR) regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of the performing the above, we identified the greatest potential for fraud was in relation to the grant payments. The risk is that grants are paid to external bodies by the charity that do not satisfy the charity's objectives. In response to this risk, we tested a sample of grant payments made in the year to confirm that they have been made in accordance with the charity's objectives.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

South Ayrshire Council Charitable Trust Funds

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

Our responsibility is to read all 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In our opinion, based on the work undertaken in the course of the audit, 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 and that report has been prepared in accordance with the Charities SORP (FRS 102).

Matters on which we are required to report by exception

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

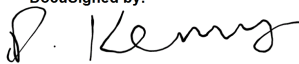
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

South Ayrshire Council Charitable Trust Funds

Use of our report

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 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

DocuSigned by:

15866F02CE69431...

Pat Kenny CPFA (for and on behalf of Deloitte LLP)
110 Queen Street
Glasgow
G1 3BX
United Kingdom

30 November 2022

Pat Kenny, CPFA (for and on behalf of Deloitte LLP) is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.