

**South Ayrshire Council  
Charitable Trust Funds**

**2022/23 Trustees' Annual Report  
and Financial Statements**



# South Ayrshire Council Charitable Trust Funds

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# 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

Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
United Kingdom  
G2 1BT

### Trustees

#### **SAC CT; SACT:**

Kenneth Bell (appointed 6 May 2022)  
Laura Brennan-Whitefield  
Siobhian Brown (resigned 5 May 2022)  
Andy Campbell (resigned 5 May 2022)  
Douglas Campbell (resigned 5 May 2022)  
Iain Campbell  
Ian Cavana  
Alec Clark  
Ian Cochrane  
Brian Connolly  
Peter Convery (resigned 5 May 2022)  
Chris Cullen  
Ian Davis  
Julie Dettbarn  
Martin Dowey  
Mark Dixon (appointed 6 May 2022)  
Stephen Ferry (appointed 6 May 2022)  
Ian Fitzsimmons (resigned 5 May 2022)  
William Grant

Peter Henderson (resigned 30 June 2023)  
Hugh Hunter  
Martin Kilbride (appointed 6 May 2022)  
Mary Kilpatrick  
Lee Lyons  
Craig Mackay  
Derek McCabe (resigned 5 May 2022)  
Brian McGinley  
Helen Moonie (resigned 5 May 2022)  
Bob Pollock  
Cameron Ramsay (appointed 6 May 2022)  
Philip Saxton  
Gavin Scott (appointed 6 May 2022)  
Bob Shields (appointed 6 May 2022)  
Arthur Spurling (resigned 5 May 2022)  
Margaret Toner (resigned 5 May 2022)  
Duncan Townson (appointed 6 May 2022)  
George Weir (appointed 6 May 2022)  
Alan Lamont (appointed 22 September 2023)

# South Ayrshire Council Charitable Trust Funds

## Trustees' Annual Report (continued)

### Trustees (continued)

#### **McKechnie:**

Alec Clark

Ian Fitzsimmons (resigned 5 May 2022)

Alan Lamont (appointed 22 September 2023)

Peter Henderson (resigned 30 June 2023)

Gavin Scott (appointed 6 May 2022)

The resignation and appointment of Trustees during May 2022 as noted above was a consequence of the local government election held on 5 May 2022. The appointment of Alan Lamont as a Trustee on 22 September 2023 was a consequence of a local government by-election in Girvan and South Carrick ward.

### 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 2022/23:

	Number	Amount £
Ayr	9	45,000
Coylton	1	450
<b>Total</b>	<b>10</b>	<b>45,450</b>

All disbursements were made to various community groups including community interest companies, community groups, churches and foodbanks for a range of projects determined by the committees to be in keeping with the purposes of the Trusts. One disbursement was made to an individual during the year.

#### **Reserves policy**

The Trusts have the authority to spend all funds as approved by the Trustees, as 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 £72,042 (2021/22: £121,281). A combined deficit of £49,239 was recorded for the financial year (2021/22: deficit of £39,257), 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.

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, ICT and Procurement 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 – including the impact in previous years of Covid-19 restrictions – 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 process of transferring these shareholdings to the current Trustees remains ongoing and is expected to conclude during 2023/24.

At 31 March 2023, £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.



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**Martin Dowey**  
Trustee

27 September 2023



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**Alec Clark**  
Trustee

27 September 2023

## South Ayrshire Council Charitable Trust Funds

### Statement of Receipts and Payments for the year ended 31 March 2023

	Note	SC012759 (McKechnie): Unrestricted £	SC025088 (SAC CT): Restricted £	SC045677 (SACT): Restricted £	Total 2023 £
<b>Receipts:</b>					
Investment income	6, 9	84	912	1,507	2,503
<b>Total receipts</b>		<b>84</b>	<b>912</b>	<b>1,507</b>	<b>2,503</b>
<b>Payments:</b>					
Grants	7	-	-	(45,450)	(45,450)
Governance costs	10	(133)	(368)	(5,791)	(6,292)
<b>Total payments</b>		<b>(133)</b>	<b>(368)</b>	<b>(51,241)</b>	<b>(51,742)</b>
<b>Surplus/ (deficit) for the year</b>		<b>(49)</b>	<b>544</b>	<b>(49,734)</b>	<b>(49,239)</b>

Comparative information	Note	SC012759 (McKechnie): Unrestricted £	SC025088 (SAC CT): Restricted £	SC045677 (SACT): Restricted £	Total 2022 £
<b>Receipts:</b>					
Investment income	6, 9	18	181	826	1,025
<b>Total receipts</b>		<b>18</b>	<b>181</b>	<b>826</b>	<b>1,025</b>
<b>Payments:</b>					
Grants	7	-	-	(31,538)	(31,538)
Governance costs	10	(114)	(226)	(8,404)	(8,744)
<b>Total payments</b>		<b>(114)</b>	<b>(226)</b>	<b>(39,942)</b>	<b>(40,282)</b>
<b>Deficit for the year</b>		<b>(96)</b>	<b>(45)</b>	<b>(39,116)</b>	<b>(39,257)</b>

# South Ayrshire Council Charitable Trust Funds

## Statement of Balances as at 31 March 2023

	Note	SC012759 McKechnie £	SC025088 SAC CT £	SC045677 SACT £	Total 2023 £
<b>Investments</b>	9	<b>2,586</b>	-	<b>14,700</b>	<b>17,286</b>
<b>Bank and cash:</b>					
Unrestricted funds		3,579	-	-	3,579
Restricted funds	2	-	34,871	29,824	64,695
Permanent endowment funds	3	-	3,768	-	3,768
<b>Total current assets</b>		<b>3,579</b>	<b>38,639</b>	<b>29,824</b>	<b>72,042</b>
<b>Total assets</b>		<b>6,165</b>	<b>38,639</b>	<b>44,524</b>	<b>89,328</b>
<b>Comparative information</b>					
	Note	SC012759 McKechnie £	SC025088 SAC CT £	SC045677 SACT £	Total 2022 £
<b>Investments</b>	9	<b>2,586</b>	-	<b>14,972</b>	<b>17,558</b>
<b>Bank and cash:</b>					
Unrestricted funds		3,627	-	-	3,627
Restricted funds	2	-	34,327	79,559	113,886
Permanent endowment funds	3	-	3,768	-	3,768
<b>Total current assets</b>		<b>3,627</b>	<b>38,095</b>	<b>79,559</b>	<b>121,281</b>
<b>Total assets</b>		<b>6,213</b>	<b>38,095</b>	<b>94,531</b>	<b>138,839</b>

The unaudited financial statements were issued on 28 June 2023. The audited financial statements were authorised for issue and signed on behalf of the Trustees on 27 September 2023.



**Martin Dowey**  
Trustee

27 September 2023



**Alec Clark**  
Trustee

27 September 2023



**Tim Baulk BA Acc CPFA**  
Head of Finance, ICT and  
Procurement  
South Ayrshire Council

27 September 2023



# 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). The financial statements are prepared on a going concern basis as the Trustees consider that the Charitable Trusts are financially sustainable for the foreseeable future.

### 2 Restricted funds

The Trusts' restricted funds are analysed as follows:

	2023 £	2022 £
<b>SC025088 SAC CT</b>	<b>34,871</b>	<b>34,327</b>
<b>SC045677 SACT:</b>		
Ayr	27,086	76,280
Prestwick	414	436
Coylton	-	465
Girvan	2,324	2,378
<b>Total SC045677 SACT</b>	<b>29,824</b>	<b>79,559</b>
<b>Total restricted funds</b>	<b>64,695</b>	<b>113,886</b>

### 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 Trusts received interest income of £2,323 from South Ayrshire Council during the financial year (2021/22: £691) as analysed below. All financial transactions are made through South Ayrshire Council's bank accounts.

	2023 £	2022 £
<b>SC012759 McKechnie</b>	<b>84</b>	<b>18</b>
<b>SC025088 SAC CT:</b>		
Interest on revenue balances	800	169
Interest on capital balances	112	12
<b>Total SC025088 SAC CT</b>	<b>912</b>	<b>181</b>
<b>SC045677 SACT:</b>		
Ayr	1,249	470
Prestwick and Monkton	10	6
Coylton	11	4
Girvan	57	12
<b>Total SC045677 SACT</b>	<b>1,327</b>	<b>492</b>
<b>Total income from related party transactions</b>	<b>2,323</b>	<b>691</b>

### 7 Grants

<b>SC045677 SACT:</b>		
Ayr	45,000	25,802
Prestwick and Monkton	-	5,236
Coylton	450	500
<b>Total grants</b>	<b>45,450</b>	<b>31,538</b>

# 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

	2023 £	2022 £
<b>SC012579 McKechnie:</b> £2,586.46 nom value 3½% War Stock (redeemed but not received)	<b>2,586</b>	<b>2,586</b>
<b>SC045677 SACT:</b> 2088 BMO UK High Income Trust plc (Comp 3A Ordinary and 1B Ordinary)	6,744	7,016
£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
<b>Total SACT investments</b>	<b>14,700</b>	<b>14,972</b>
<b>Total investments</b>	<b>17,286</b>	<b>17,558</b>

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

	2023 £	2022 £
<b>Interest received on external investments:</b>		
<b>SC045677 SACT</b>	<b>180</b>	<b>334</b>

## South Ayrshire Council Charitable Trust Funds

### Notes to the Financial Statements (continued)

#### 10 Governance costs

	2023 £	2022 £
<b>SC012759 McKechnie:</b>		
Preparation of financial statements	78	64
Audit fee	55	50
	<hr/>	<hr/>
<b>Total SC012759 McKechnie</b>	<b>133</b>	<b>114</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>SC025088 SAC CT:</b>		
Preparation of financial statements	313	176
Audit fee	55	50
	<hr/>	<hr/>
<b>Total SC025088 SAC CT</b>	<b>368</b>	<b>226</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>SC045677 SACT:</b>		
Legal and administrative costs	1,500	4,250
Preparation of financial statements	3,301	3,254
Audit fee	990	900
	<hr/>	<hr/>
<b>Total SC045677 SACT</b>	<b>5,791</b>	<b>8,404</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Total governance costs</b>	<b>6,292</b>	<b>8,744</b>

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**

#### **Report on the audit of the financial statements**

##### **Opinion on financial statements**

I certify that I have audited the financial statements in the statement of accounts of South Ayrshire Council Charitable Trust Funds for the year ended 31 March 2023 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 my opinion the accompanying financial statements:

- properly present the receipts and payments of the charities for the year ended 31 March 2023 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**

I conducted my 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. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charities in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Responsibilities of the Trustees for the financial statements**

The Trustees are responsible for the preparation of financial statements that properly present the receipts and payments of the charities, 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**

My 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 my 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.

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

## South Ayrshire Council Charitable Trust Funds

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charities;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charities;
- inquiring of the Trustees concerning the charities' policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charities' 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### Reporting on other requirements

#### Other information

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

My 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 my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I 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 my 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 Charity Accounts (Scotland) Regulations 2006.

## South Ayrshire Council Charitable Trust Funds

### 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.

### Use of my 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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Andrew Kerr*

27 September 2023

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**Andrew Kerr CA  
Senior Audit Manager  
Audit Scotland  
4th Floor South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT**

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