

**McKechnie Library Trust  
SC012759**

**2016/17 Trustees' Annual Report  
and Financial Statements**



**McKechnie Library Trust**  
**SC012759**

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# **McKechnie Library Trust**

## **SC012759**

### **Trustees' Annual Report**

#### **Principal Address**

South Ayrshire Council  
County Buildings  
Wellington Square  
Ayr  
KA7 1DR

#### **Trustees**

Alec Clark	
Ian Fitzsimmons	(appointed 5 May 2017)
Peter Henderson	(appointed 5 May 2017)
John McDowall	(resigned 4 May 2017)
Alec Oattes	(resigned 4 May 2017)

#### **Auditor**

Deloitte LLP  
110 Queen Street  
Glasgow  
G1 3BX

#### **Founding Document**

Disposition and Settlement by Thomas McKechnie dated 7 May 1886.

#### **Trustee Recruitment and Appointment**

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 ex-officio.

#### **Purpose**

The purpose of the charity is 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 This purpose was superseded by the establishment of a local authority public library and the McKechnie Institute building owned by the Trust is now a museum and exhibition centre.

#### **Summary of Main Achievements of the Trust during the Financial Year**

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.

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**Trustees' Annual Report (continued)**

**Policy on Reserves**

The Trust has no explicit reserves policy but the "capital" (as identified from the governing documents or available evidence) is effectively held as a permanent endowment. Unrestricted reserves are available towards the objects of the Trust.

Nominal Trust income is applied towards the McKechnie Institute on matters not covered by the fully-maintaining lease to South Ayrshire Council.

Unrestricted free reserves at the end of the financial year were £4,234 (2015/16: £4,323). A deficit of £89 was recorded for the financial year, due to the costs of administering the Trust being greater than income from investments as a result of low interest rates.

The Trust's reserves are held within South Ayrshire Council's loans fund and 3½% War Stock.

**Other Information**

The administration of this Trust transferred to South Ayrshire Council during 2012/13. The Head of Finance and ICT Services for South Ayrshire Council is the designated officer with responsibility for the proper administration of the Trust's 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.

Difficulties have been encountered in transferring the Trust's assets, as investments continue to be held in the names of former Trustees on behalf of the Trust. The transfer of shareholdings to the current Trustees remains ongoing.

Signed on behalf of the Trustees:



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**Peter Henderson  
Trustee**

**26 September 2017**

## **Independent Auditor's Report to the Trustees of McKechnie Library Trust and the Accounts Commission**

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 approved by the Accounts Commission, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Report 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 McKechnie Library Trust for the year ended 31 March 2017 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 a summary of 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 McKechnie Library Trust for the year ended 31 March 2017 and its 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 of opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 Financial Reporting Council's Ethical Standards for Auditors, 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 which properly present the receipts and payments of the charity, 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.

## **McKechnie Library Trust SC012759**

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and 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 circumstances of the charity 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.

Our objectives are to achieve 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&I) 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.

### **Other information in the statement of accounts**

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. 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 matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK&I), our responsibility is to read all the financial and non-financial information in the statement of accounts 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Report on other requirements**

### **Opinion on other prescribed matter**

We are required by the Accounts Commission to express an opinion on the following matter. 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 Accounts (Scotland) Regulations 2006 (as amended).

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

We are required by The Charity Accounts (Scotland) Regulations 2006 (as amended) 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.

*Sarah Anderson*

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**Sarah Anderson FCCA (for and on behalf of Deloitte LLP)**  
**110 Queen Street**  
**Glasgow**  
**G1 3BX**  
**United Kingdom**

*26 September 2017*

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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**Statement of Receipts and Payments**  
**for the year ended 31 March 2017**

	<b>Note</b>	<b>Unrestrict. Funds £</b>	<b>Permanent Endowment £</b>	<b>Total 2016/17 £</b>	<b>Total 2015/16 £</b>
<b>Receipts:</b>					
Investment income	5, 8	24	-	24	32
<b>Total receipts</b>		<b>24</b>	<b>-</b>	<b>24</b>	<b>32</b>
<b>Payments:</b>					
Governance costs	9	113	-	113	849
<b>Total payments</b>		<b>113</b>	<b>-</b>	<b>113</b>	<b>849</b>
<b>Deficit for the year</b>		<b>(89)</b>	<b>-</b>	<b>(89)</b>	<b>(817)</b>



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**Statement of Balances as at 31 March 2017**

	Note	2017 £	2016 £	Movement £
<b>Investments</b>	8	<u>2,586</u>	<u>2,586</u>	<u>-</u>
<b>Bank and cash:</b>				
Unrestricted funds	2	<u>4,234</u>	<u>4,323</u>	<u>(89)</u>
<b>Total current assets</b>		<u>4,234</u>	<u>4,323</u>	<u>(89)</u>
<b>Total assets</b>		<u>6,820</u>	<u>6,909</u>	<u>(89)</u>

The unaudited financial statements were issued on 30 June 2017 and the audited financial statements were authorised for issue and signed on behalf of the Trustees on 26 September 2017.



**Peter Henderson**  
**Trustee**

**26 September 2017**

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**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 Fund Accounting**

Unrestricted funds are general funds available for use at the Trustees' discretion, in the furtherance of the Trust's objectives.

Permanent endowment funds are held for the benefit of the Trust as a capital fund. Income arising from investments is available for the charitable purpose and is added to unrestricted funds.

**3 Taxation**

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

**4 Trustees' Remuneration and Expenses**

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

**5 Related Party Transactions**

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

The Trust received interest income of £24 from South Ayrshire Council during the financial year (2015/16: £32). All financial transactions are made through South Ayrshire Council's bank accounts.

**6 Grants**

No grants were paid to individuals during the financial year.

**7 Bank and Cash Balances**

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

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**Notes to the Financial Statements (continued)**

	2017 £	2016 £
<b>8 Investments</b>		
£2,586.46 nom value 3½% War Stock (redeemed but not received)	2,586	2,586
	<u>2,586</u>	<u>2,586</u>
Investments are valued at market value.		
Interest received on investments	-	-
	<u>-</u>	<u>-</u>
<b>9 Governance costs</b>		
Legal and administrative costs	-	202
Preparation of financial statements	63	314
Audit fee	50	333
	<u>113</u>	<u>849</u>

**10 McKechnie Institute**

The McKechnie Institute is a 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.