

**South Ayrshire Council  
Charitable Trust Funds**

**2020/21 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

Deloitte LLP  
110 Queen Street  
Glasgow  
United Kingdom  
G1 3BX

### Trustees

#### **McKechnie:**

Alec Clark

Peter Henderson

Ian Fitzsimmons

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

Laura Brennan-Whitefield

Ian Fitzsimmons

Siobhian Brown

William Grant

Andy Campbell

Peter Henderson

Douglas Campbell

Hugh Hunter

Iain Campbell

Mary Kilpatrick

Ian Cavana

Lee Lyons

Alec Clark

Craig Mackay

Ian Cochrane

Derek McCabe

Brian Connolly

Brian McGinley

Peter Convery

Helen Moonie

Chris Cullen

Bob Pollock

Ian Davis

Philip Saxton

Julie Dettbarn

Arthur Spurling

Martin Dowey

Margaret Toner

# South Ayrshire Council Charitable Trust Funds

## Trustees' Annual Report (continued)

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 This purpose was superseded by the establishment of a local authority public library and the McKechnie Institute building owned by the Trust is now a museum and exhibition centre.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

### 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.

# South Ayrshire Council Charitable Trust Funds

## Trustees' Annual Report (continued)

### **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 2020/21:

	Number	Amount £
<b>Ayr</b>	<b>18</b>	<b>92,810</b>

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 £160,538 (2019/20: £260,730). A combined deficit of £100,021 was recorded for the financial year (2019/20: deficit of £149,104), 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.

### **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.

# South Ayrshire Council Charitable Trust Funds

## Trustees' Annual Report (continued)

At 31 March 2021, £1,622 of income was received but remained uncashed and not accounted for in the Statement of Receipts and Payments on page 6. 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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*Peter Henderson*

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**Peter Henderson**  
Trustee

**29 September 2021**

## South Ayrshire Council Charitable Trust Funds

### Statement of Receipts and Payments for the year ended 31 March 2021

	Note	SC012759 (McKechnie): Unrestricted £	SC025088 (SAC CT): Restricted £	SC045677 (SACT): Restricted £	Total 2021 £
<b>Receipts:</b>					
Investment income	5, 8	25	244	1,539	1,808
<b>Total receipts</b>		<b>25</b>	<b>244</b>	<b>1,539</b>	<b>1,808</b>
<b>Payments:</b>					
Grants	6	-	-	(92,810)	(92,810)
Governance costs	9	(118)	(196)	(8,705)	(9,019)
<b>Total payments</b>		<b>(118)</b>	<b>(196)</b>	<b>(101,515)</b>	<b>(101,829)</b>
<b>Surplus/(deficit) for the year</b>		<b>(93)</b>	<b>48</b>	<b>(99,976)</b>	<b>(100,021)</b>
<b>Comparative information</b>					
	Note	SC012759 (McKechnie): Unrestricted £	SC025088 (SAC CT): Restricted £	SC045677 (SACT): Restricted £	Total 2020 £
<b>Receipts:</b>					
Investment income	5, 8	42	404	3,713	4,159
<b>Total receipts</b>		<b>42</b>	<b>404</b>	<b>3,713</b>	<b>4,159</b>
<b>Payments:</b>					
Grants	6	-	-	(144,002)	(144,002)
Governance costs	9	(116)	(386)	(8,759)	(9,261)
<b>Total payments</b>		<b>(116)</b>	<b>(386)</b>	<b>(152,761)</b>	<b>(153,263)</b>
<b>Surplus/(deficit) for the year</b>		<b>(74)</b>	<b>18</b>	<b>(149,048)</b>	<b>(149,104)</b>

# South Ayrshire Council Charitable Trust Funds

## Statement of Balances as at 31 March 2021

	Note	SC012759 McKechnie £	SC025088 SAC CT £	SC045677 SACT £	Total 2021 £
<b>Investments</b>	8	<b>2,586</b>	-	<b>15,577</b>	<b>18,163</b>
<b>Bank and cash:</b>					
Unrestricted funds		3,723	-	-	3,723
Restricted funds	2	-	34,372	118,675	153,047
Permanent endowment funds		-	3,768	-	3,768
<b>Total current assets</b>		<b>3,723</b>	<b>38,140</b>	<b>118,675</b>	<b>160,538</b>
<b>Total assets</b>		<b>6,309</b>	<b>38,140</b>	<b>134,252</b>	<b>178,701</b>
<b>Comparative information</b>					
	Note	SC012759 McKechnie £	SC025088 SAC CT £	SC045677 SACT £	Total 2020 £
<b>Investments</b>	8	<b>2,586</b>	-	<b>13,656</b>	<b>16,242</b>
<b>Bank and cash:</b>					
Unrestricted funds		3,987	-	-	3,987
Restricted funds	2	-	34,324	218,651	252,975
Permanent endowment funds		-	3,768	-	3,768
<b>Total current assets</b>		<b>3,987</b>	<b>38,092</b>	<b>218,651</b>	<b>260,730</b>
<b>Total assets</b>		<b>6,573</b>	<b>38,092</b>	<b>232,307</b>	<b>276,972</b>

The unaudited financial statements were issued on 29 June 2021 and the audited financial statements were authorised for issue and signed on behalf of the Trustees on 29 September 2021.

DocuSigned by:

Peter Henderson

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**Peter Henderson**  
Trustee

**29 September 2021**



# 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:

	2021 £	2020 £
<b>SC025088 SAC CT</b>	<b>34,372</b>	<b>34,324</b>
<b>SC045677 SACT:</b>		
Ayr	109,648	208,660
Prestwick	5,736	6,581
Coylton	1,053	1,068
Girvan	2,238	2,342
<b>Total SC045677 SACT</b>	<b>118,675</b>	<b>218,651</b>
<b>Total restricted funds</b>	<b>153,047</b>	<b>252,975</b>

### 3 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.

### 4 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)

### 5 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 three grants to related parties: Dalmilling Primary School (£3,240), Newton Primary School (£7,500) and Employability & Skills (£3,040).

The Trusts received interest income of £1,461 from South Ayrshire Council during the financial year (2019/20: £3,755) as analysed below. All financial transactions are made through South Ayrshire Council's bank accounts.

	2021 £	2020 £
<b>SC012759 McKechnie</b>	<b>25</b>	<b>42</b>
<b>SC025088 SAC CT</b>	<b>223</b>	<b>404</b>
<b>SC045677 SACT:</b>		
Ayr	1,147	3,038
Prestwick and Monkton	43	229
Coylton	7	16
Girvan	16	26
<b>Total SC045677 SACT</b>	<b>1,213</b>	<b>3,309</b>
<b>Total income from related party transactions</b>	<b>1,461</b>	<b>3,755</b>

### 6 Grants

<b>SC045677 SACT:</b>		
Ayr	92,810	115,660
Prestwick and Monkton	-	27,842
Coylton	-	500
<b>Total grants</b>	<b>92,810</b>	<b>144,002</b>

# South Ayrshire Council Charitable Trust Funds

## Notes to the Financial Statements (continued)

### 7 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.

### 8 External investments

	2021 £	2020 £
<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)	7,621	5,700
£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>15,577</b>	<b>13,656</b>
<b>Total investments</b>	<b>18,163</b>	<b>16,242</b>

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

	2021 £	2020 £
<b>Interest received on external investments:</b>		
<b>SC045677 SACT</b>	<b>326</b>	<b>404</b>

## South Ayrshire Council Charitable Trust Funds

### Notes to the Financial Statements (continued)

#### 9 Governance costs

	2021 £	2020 £
<b>SC012759 McKechnie:</b>		
Preparation of financial statements	68	66
Audit fee	50	50
<b>Total SC012759 McKechnie</b>	<b>118</b>	<b>116</b>
<b>SC025088 SAC CT:</b>		
Preparation of financial statements	146	236
Audit fee	50	150
<b>Total SC025088 SAC CT</b>	<b>196</b>	<b>386</b>
<b>SC045677 SACT:</b>		
Legal and administrative costs	5,055	3,910
Preparation of financial statements	2,750	3,849
Audit fee	900	1,000
<b>Total SC045677 SACT</b>	<b>8,705</b>	<b>8,759</b>
<b>Total governance costs</b>	<b>9,019</b>	<b>9,261</b>

#### 10 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

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 2021 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 charity for the year ended 31 March 2021 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 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 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 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 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.

#### 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](http://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**

#### **Statutory other information**

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

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 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 statutory 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 statutory other information and we do not express any form of assurance conclusion thereon except to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

#### **Opinion prescribed by the Accounts Commission**

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.

#### **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:

*Sarah Anderson*

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**Sarah Anderson FCCA (for and on behalf of Deloitte LLP)**  
**1 City Square**  
**Leeds**  
**LS1 2AL**  
**United Kingdom**

**29 September 2021**

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