

PERTH & KINROSS COUNCIL CHARITABLE FUNDS

Financial statements for the year ended 31 March 2024

UNAUDITED

PERTH & KINROSS COUNCIL CHARITABLE FUNDS

Financial statements for the year ended 31 March 2024

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PERTH & KINROSS COUNCIL CHARITABLE FUNDS

TRUSTEES' ANNUAL REPORT

For the Year ended 31 March 2024

Reference and administrative information

Introduction

Perth & Kinross Council ("the Council") acts as administrator for a large number of trusts and funds that have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR), as detailed in Note 13.

The Council administers these funds, but their assets are not available to the Council and have not been included in the Council's own balance sheet.

The ex officio Trustees of the Perth & Kinross Council Charitable Funds are the Convenor and Vice Convenors of the Finance and Resources Committee, the leader of the largest Opposition Group, and the Head of Finance. The Senior Manager for Archives, Local and Family History and employed by Culture Perth & Kinross, is an additional Trustee for the Fothergill Bequest only.

Charity trustees: Councillor S Donaldson
Councillor G Laing
Councillor J Duff
S MacKenzie (Head of Finance, Perth & Kinross Council) to
29 February 2024
S Walker (Chief Finance Officer, Perth & Kinross Council)
from 1 March 2024
Ishbel MacKinnon (Culture Perth & Kinross)

Registered office: 2 High Street
Perth
PH1 5PH

Investment manager: Brooks Macdonald
Hobart House
80 Hanover Street
Edinburgh
EH2 1EL

Auditor: Audit Scotland
4th Floor,
102 West Port,
Edinburgh
EH3 9DN

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TRUSTEES' ANNUAL REPORT

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Structure, governance and management

The trusts and funds that the Council administers are constituted in a variety of different ways. Full details of how each trust and fund was originally established are, where known, available from the Council.

These trusts and funds are managed by a Committee comprising the charity trustees listed on page 1, who served throughout the period covered by these financial statements. The Trustees meet and communicate electronically on a regular basis to discuss how the funds should be expended (by reviewing applications for funding) and to review the financial position of each charity.

These accounts are prepared under the connected charities provision which allows for registered charities which have a common or related purpose, or have a common controlling body or administration, to prepare a single set of accounts.

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' 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 state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles of the Charities Statement of Recommended Practice
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable funds and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of each charity's constitution. They are also responsible for safeguarding the assets of the charities and trusts and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Objectives and activities

The majority of the funds are held within the Welfare Trust (SC040516) for the purpose of the prevention or relief of poverty and the relief of those in need by reason of ill health, disability, financial hardship or other disadvantage. A full listing of the other funds administered by the Council on behalf of the charity trustees is shown in Note 15 and the purpose of each trust is provided on the Office of the Scottish Charity Regulator (OSCR) website.

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TRUSTEES' ANNUAL REPORT

For the Year ended 31 March 2024

Risk management

The Management Committee has implemented systems and procedures to identify and mitigate the major risks that the charities and trusts face and to ensure a consistent quality of delivery for all operational aspects of the charitable funds.

Achievements and performance

The reorganisation of the Perth & Kinross Council Charitable Funds continued during 2023/24 and J&H Mitchell WS assist with the review of several small Trusts. During the year, the Trust Deeds for the Kinnoull Hill Endowment Fund and the St. Magdalene's Hill Endowment Fund were updated, and these funds are now included in the Balance Sheet as Restricted Funds.

Detailed below are the other activities undertaken by the Perth & Kinross Charitable Funds during Financial Year 2023/24.

- The following grants were paid from the Welfare Trust: -
 - £28,562 to support 122 residents/families who were in financial need with dependent children and/or disabilities. The value of financial assistance payments ranged from £39 to £500 with an average grant award of £234. In comparison, £60,130 was awarded to 193 residents/families in 2022/23, with an average grant award of £312.
 - £120 to three residents within the area for coal (£200 to five residents in 2022/23).

Financial review

There is no explicit reserves policy for Perth & Kinross Council Charitable Funds (the Charitable Funds), however as a general principle the "Capital" of the funds is held as a permanent endowment with only the annual income from investments available for disbursement in the year. The exception to this relates to the Kinnoull Hill Endowment Fund and the St. Magdalene's Hill Endowment Fund whereby the Trust Deeds for both Funds were updated during 2023/24 and both Funds are now included in the Balance Sheet as Restricted Funds.

The main funding source for the Charitable Funds is income from the investments managed by an investment manager. In addition, one trust receives income from the rental of shop premises in Perth and interest is received on the revenue balances held on deposit with the Perth & Kinross Council Loans Fund. The majority of funds, the exceptions being the Kinnoull Hill Endowment Fund and the St. Magdalene's Hill Endowment Fund, are presently treated as endowment funds due to custom and practice over a long period of time and to ensure the long term sustainability of the funds. The Perth & Kinross Welfare Trust does provide the Trustees with powers to access capital balances if required, however, the Trust continues to be managed as an endowment fund.

The contract for the management of the investment portfolio was renewed and awarded to Brooks Macdonald for a further three years with effect from 1 November 2023. The contract includes the option to extend the arrangement for a further twelve months from 1 November 2026.

The fund managed by the investment manager is invested for total return through a diversified portfolio of UK and overseas equities and bonds. The portfolio is managed as medium risk with a

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TRUSTEES' ANNUAL REPORT

For the Year ended 31 March 2024

Financial review (continued)

focus on income to achieve the required return.

This approach is appropriate for seeking a return in excess of inflation over the long term and the Trustees are willing to take capital risk to achieve objectives. Portfolios are well diversified but may contain a high allocation to a single asset class, such as equities. The investment manager provides the Trustees with quarterly updates on the performance of the portfolio; and provides an annual report at a meeting of the Trustees following the financial year end.

In addition, the investment manager conducts an annual review to ensure that the investment mandate remains suitable and in line with the longer-term objectives of the Trustees. The investment manager completed a portfolio suitability assessment at the meeting of the Trustees on 17 January 2024 and there was no change to the investment objectives and risk profile.

The investment portfolio made a gain for the year of £139,923 (loss of £107,746 in 2022/23). The income generated from investments, including interest on balances, is £83,222 (£75,368 in 2022/23).

Strategic plans

The strategic plans to date have predominantly focussed upon the reorganisation of the trusts to make best use of the funds and further the charitable activities of Perth & Kinross Welfare Trust. As noted above, the reorganisation process, which includes the update of Trust deeds to ensure the effective use of the various funds, will continue during Financial Year 2024/25. J&H Mitchell WS is engaged to pursue this task on behalf of the Trustees, and Trust Deeds are in course of being updated for the Clow Bequest and the Den O' Alyth Fund.

The administration of grants continues to be managed by the Welfare Rights Team within the Council, and this has provided opportunity to award funding to individuals and families most in need of financial assistance. Ad hoc requests for funding from charitable bodies operating within the Council area will be considered by the Trustees, subject to the available funding.

The longer-term consequences arising from ongoing world-wide events are largely unknown and it is anticipated that financial markets will respond accordingly. However, it is anticipated that the income generated from the investment portfolio will remain largely in line with 2023/24 and the beneficiaries of the Fund during Financial Year 2024/25 will continue to be the clients of the Welfare Rights Team.

Scott Walker CPFA
Trustee

Signed by one on behalf of all charity trustees

Independent auditor's report to the trustees of Perth & Kinross Council Charitable Funds and the Accounts Commission

Independent auditor's report to the trustees of Perth & Kinross Council Charitable Funds and the Accounts Commission

Independent auditor's report to the trustees of Perth & Kinross Council Charitable Funds and the Accounts Commission

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Statement of Financial Activities for the year ending 31 March 2024

	Notes	Restricted Funds £	Endowment Funds £	Total Funds £	Prior Period Total Funds 2023 £
Income and endowments from:					
Investments	3	<u>997</u>	<u>91,505</u>	<u>92,502</u>	84,648
Total Income		997	91,505	92,502	84,648
Expenditure:					
Expenditure on raising funds					
Investment management costs		136	11,187	11,323	11,107
Expenditure on charitable activities					
Charitable activities	4	0	28,682	28,682	60,330
Governance and support costs	5	40	10,116	10,156	11,333
Other expenditure					
Reorganisations to external charities		0	0	0	0
Total Expenditure		<u>176</u>	<u>49,985</u>	<u>50,161</u>	82,770
Net gains/(losses) on investments	7	1,677	138,246	139,923	(107,746)
Net income/(expenditure)		<u>2,498</u>	<u>179,766</u>	<u>182,264</u>	<u>(105,868)</u>
Reconciliation of funds:					
Total funds brought forward		0	2,253,446	2,253,446	2,359,314
Transfer to/(from)		27,008	(27,008)	0	0
Total funds carried forward	11	<u>29,506</u>	<u>2,406,204</u>	<u>2,435,710</u>	<u>2,253,446</u>

PERTH & KINROSS COUNCIL CHARITABLE FUNDS

Balance Sheet as at 31 March 2024

	Notes	Total Funds 31 March 2024 £	Prior year funds 31 March 2023 £
Fixed assets:			
Investments	6 & 7	<u>2,265,632</u>	<u>2,137,032</u>
Total fixed assets		<u>2,265,632</u>	<u>2,137,032</u>
Current assets:			
Debtors	8	3,663	2,535
Cash at bank and in hand	9	<u>174,361</u>	<u>131,095</u>
Total current assets		<u>178,024</u>	<u>133,630</u>
Liabilities:			
Creditors: Amounts falling due within one year	10	<u>7,946</u>	<u>17,216</u>
Total current liabilities		<u>7,946</u>	<u>17,216</u>
Net current assets		170,078	116,414
Total assets less current liabilities		2,435,710	2,253,446
Total net assets		<u>2,435,710</u>	<u>2,253,446</u>
The funds of the charity:			
Endowment funds	11	2,406,204	2,253,446
Restricted funds	11	29,506	0
Total charity funds		<u>2,435,710</u>	<u>2,253,446</u>

The unaudited accounts were issued on 27 June 2024.

Scott Walker CPFA
Trustee

PERTH & KINROSS COUNCIL CHARITABLE FUNDS

Statement of Cash Flows for year ending 31 March 2024

	Total Funds 31 March 2024 £	Prior year funds 31 March 2023 £
Cash flows from operating activities:		
Net cash used in operating activities	<u>(49,236)</u>	<u>(64,217)</u>
	<u>(49,236)</u>	<u>(64,217)</u>
Cash flows from investing activities		
Dividends, interest and rents from investments	<u>92,502</u>	<u>84,648</u>
Net cash provided by/(used in) investing activities	<u>92,502</u>	<u>84,648</u>
Change in cash and cash equivalents in the reporting period	43,266	20,431
Cash and cash equivalents at the beginning of the reporting period	<u>131,095</u>	<u>110,664</u>
Cash and cash equivalents at the end of the reporting period	<u>174,361</u>	<u>131,095</u>

Reconciliation of net expenditure to net cash flow used in operating activities:-

	Total Funds 31 March 2024 £	Prior year funds 31 March 2023 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	182,264	(105,868)
Adjustments for:-		
(Gains)/losses on investments	(139,923)	107,746
Management Fees	11,323	11,107
Dividends, interest and rents from investments	(92,502)	(84,648)
Reduction in debtors	(1,128)	(924)
Increase/(reduction) in creditors	(9,270)	8,370
Net cash used in operating activities	<u>(49,236)</u>	<u>(64,217)</u>

Analysis of cash and cash equivalents:-

	Total Funds 31 March 2024 £	Prior year funds 31 March 2023 £
Cash in hand	<u>174,361</u>	<u>131,095</u>

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Notes forming part of the financial statements for the year ended 31 March 2024

1 Basis of preparation

These financial statements are prepared under the historical cost convention as modified by the inclusion of investments at market value and in accordance with the Charities Accounts (Scotland) Regulations 2006 (as amended) and the principles of 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 United Kingdom and Republic of Ireland (FRS 102), commonly referred to as the Charities SORP.

In line with Regulation 7 of the 2006 Regulations, these financial statements have been prepared on the basis that the Trust funds for which the Trustees act are connected charities. As such, the accounts of the individual charities have been prepared on a collective basis. These financial statements contain all the relevant information that the individual charity accounts would have contained if they had been prepared on an individual basis.

2 Principal accounting policies

(a) Incoming resources

Investment income is accounted for in the period in which the receipt due to the charitable trusts is probable and the amount can be measured reliably.

(b) Resources expended

Expenditure and liabilities are recognised as soon as there is a legal or constructive obligation committing the charitable funds to pay out resources.

Costs of raising funds comprise those costs directly attributable to managing the investment portfolio and raising the investment income.

(c) Investments

Investments are included at market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

(d) Investment Property

Investment property is measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Investment properties are not depreciated and are instead revalued annually according to market conditions at year-end.

(e) Cash at bank and in hand

Cash at bank and in hand is held to meet short-term cash commitments as they fall due rather than for investment purposes. Perth & Kinross Council manages the funds on behalf of the trusts; the deposits are therefore held within the Council's Loans Fund and the trusts do not hold separate bank accounts.

PERTH & KINROSS COUNCIL CHARITABLE FUNDS

Notes (continued)

3 Investment Income

	2024	2023
	£	£
Rental Income	9,280	9,280
Dividends and interest on listed investments	83,222	75,368
	<u>92,502</u>	<u>84,648</u>

4 Charitable activities

Information on the £28,682 (2022/23 £60,330) grants awarded to claimants is included in the Trustees' Annual Report on page 3 under "Achievements and performance".

5 Governance and Support costs

No trustee received any remuneration or expenses during either of the two years ending 31 March 2024. There are no employees of the Perth & Kinross Council Charitable Funds.

	2024	2023
	£	£
Audit Fees	6,400	6,000
Legal Fees	2,060	2,270
Finance & Admin Support Costs	1,696	3,063
	<u>10,156</u>	<u>11,333</u>

6 Investment Properties

The Fraser Mortification Trust owns a property at 17 High Street, Perth. This was revalued by Ashley Peace MRICS, Senior Estates Surveyor, on an open market basis as at 31 March 2024.

	2024	2023
	£	£
Balance at start of year	80,000	80,000
Balance at end of year	<u>80,000</u>	<u>80,000</u>

7 Investments

	2024	2023
	£	£
Market value at beginning of year	2,057,032	2,175,885
Management Fees	(11,323)	(11,107)
Net gain/(loss) on acquisitions, disposals and revaluation	(139,923)	(107,746)
Market value at end of year	<u>2,185,632</u>	<u>2,057,032</u>

PERTH & KINROSS COUNCIL CHARITABLE FUNDS

Notes (continued)

Analysis of investments at market value:

	2024	2023
	£	£
Overseas Equities	542,349	481,529
UK Equities	463,739	443,026
International Bonds	398,777	383,333
Hedge Funds	199,567	235,922
GBP Bonds	282,534	230,187
Structured Return	119,848	113,607
Oversees Bonds	101,436	79,191
UK Commercial Property	56,164	57,652
Cash Funds	21,218	32,585
	<u>2,185,632</u>	<u>2,057,032</u>

8 Debtors: amounts falling due within one year

	2024	2023
	£	£
Investment Manager – income due	3,663	2,535
	<u>3,663</u>	<u>2,535</u>

9 Related Parties

Perth & Kinross Council manage funds on behalf of the charities and trusts. The charitable and other trusts do not have separate bank accounts and the revenue balance is held within the Council's Loans Fund. The balance held at 31 March is noted within the Balance Sheet as 'Cash at bank and in hand' as the funds are held to meet short term cash commitments as they fall due.

The balance held on deposit with Perth and Kinross Council was £174,361 at 31 March 2024 (2022/23 £131,095).

There is a Finance & Administration recharge in respect of the time incurred by Council staff supporting the charitable trusts of £1,696 (£2,363 in 2022/23).

10 Creditors: amounts falling due within one year

	2024	2023
	£	£
Audit Fee	6,400	13,400
J & H Mitchell	0	2,270
Rents paid in advance	1,546	1,546
	<u>7,946</u>	<u>17,216</u>

PERTH & KINROSS COUNCIL CHARITABLE FUNDS

Notes (continued)

11 Funds of the charity

	2024	2023
	£	£
Charitable trusts	2,406,204	2,253,446
Restricted funds:		
Kinnoull Hill Endowment Fund	19,645	0
St Magdalene's Hill Endowment Fund	9,860	0
	<u>2,435,710</u>	<u>2,253,446</u>

The majority of funds are presently treated as endowment funds due to custom and practice over a long period of time and to ensure the long term sustainability of the funds, albeit the Perth & Kinross Welfare Trust does provide the Trustees with powers to access capital balances if required. The Trust Deeds for the Kinnoull Hill Endowment Fund and the St. Magdalene's Hill Endowment Fund were updated in 2023/24 and these funds are treated as Restricted due to the specific trust purposes.

12 Post Balance Sheet Events

There were no adjusting events after the balance sheet date.

13 Analysis of charitable funds

As detailed below there is one trust where there is no governance documentation, however there are details of the original purpose and this information is also held by OSCR.

Detailed information for individual charities: summary of movements on funds during the year:-

Name of fund	Charity number	Governance Documentation	Funds brought forward at 01/04/2023 £	Transfer In/(Out) £	Income in year £	Expenditure in year £	Gain/(loss) on investment £	Funds carried forward at 31/03/2024 £
Welfare Fund	SC040516	Yes	1,406,455	0	51,942	(44,648)	87,331	1,501,060
Fraser Mortification	SC017114	No	202,846	0	16,771	(1,318)	12,595	230,894
Kinnoull Hill Endowment Fund	SC019650	Yes	17,981	0	664	(117)	1,117	19,645
St Magdalene's Hill Endowment Fund	SC009422	Yes	9,025	0	334	(59)	560	9,860
Perth & Kinross Charitable Funds	SC025085	See below	14,653	0	541	(85)	910	16,019
Fothergill Bequest	SC051007	Yes	602,486	0	22,250	(3,914)	37,410	658,232
			2,253,446	0	92,502	(50,161)	139,923	2,435,710

PERTH & KINROSS COUNCIL CHARITABLE FUNDS

Analysis of charitable funds (continued)

Name of fund	Charity number	Governance Documentation	Funds brought forward at 01/04/2023 £	Transfer In/(Out) £	Income in year £	Expenditure in year £	Gain/(loss) on investment £	Funds carried forward at 31/03/2024 £
Public Trusts included in Perth & Kinross Charitable Funds:	SC025085							
Clow Bequest	Public Trust	Yes	6,439		238	(37)	400	7,040
Den O' Alyth Fund	Public Trust	No	8,214		303	(48)	510	8,979
			14,653	0	541	(85)	910	16,019