

ROBERT & WILLIAM STRANG MORTIFICATION
TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

REGISTERED CHARITY NUMBER SC018687

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Trustees' Annual Report

1. INTRODUCTION

The Trustees present the annual report together with statement of financial activities and balance sheet for the financial year ended 31 March 2019.

ADMINISTRATION INFORMATION

Charity Name	Robert & William Strang Mortification
Charity Number	SC018687
Principal / Contact Address	Angus Council Director of Finance Angus House Orchardbank Business Park Forfar Angus DD8 1AF
Trustees	<u>Trustees for the period of Annual Report</u> Councillor Colin Brown Councillor Braden Davy Councillor Lynne Devine Councillor Ian McLaren
Auditor	Rachel Browne Senior Audit Manager Audit Scotland 4 th Floor, 102 West Port Edinburgh EH3 9DN
Investment Managers	Investec Wealth & Investment 15 Lauriston Place Edinburgh EH3 9EN

2. STRUCTURE AND GOVERNANCE

The Robert & William Strang Mortification is registered with the Office of the Scottish Charity Regulator (OSCR).

The charity is governed by a deed of trust, disposed and conveyed by the Magistrates of the Burgh of Forfar, dated February 1873 and recorded in the Register of the Burgh of Forfar in February 1874. The charity is administered in line with the terms of the original bequest which was made in 1651 and enshrined within the deed of trust.

The trustees for the charity are the members of Angus Council for Ward 3 within the Angus Council local authority area. The trustees were appointed on 16 May 2017 by a vote taken by Angus Council at its statutory meeting following local government elections.

The Director of Legal and Democratic Services is the designated officer within Angus Council with responsibility for the proper administration of the charity. The Director of Finance is the designated officer within Angus Council with responsibility for the proper administration of the charity's financial affairs, including the maintenance of proper accounting records and ensuring that the financial statements comply with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

3. MANAGEMENT OF FUNDS AND INVESTMENT POLICY

Decisions regarding the operation and management of the charity are taken by the Trustees on the basis of simple majority.

The Trustees approved the charity's investment policy and have delegated authority for the management of investments and cash reserves to Angus Council's Director of Finance.

Some of the charity's cash is deposited with Angus Council's Loans Fund, however the funds of the charity are largely held in various investment instruments managed by an external investment manager in conjunction with Angus Council's Director of Finance.

4. RESERVES POLICY

The charity has no specific policy on the level of reserves that should be held, but does have an informal policy of only utilising capital balances in exceptional circumstances.

5. CHARITABLE PURPOSE AND ACTIVITIES

The purpose of the charity as set out within the deed of trust is to provide assistance and benefit to the poor of the Burgh of Forfar.

Income is received from investment returns and is expended on awards and operational costs, and where necessary the income is supplemented by revenue balances.

The charity awards heating grants after consideration of applications, particularly from individuals in receipt of benefits. The charity also supports the poor of the burgh through the award of miscellaneous grants to assist with such things as property repairs or replacement of appliances where hardship is demonstrated. These grants are awarded following receipt of an application form which is submitted to the Trustees to be considered for cash support. The Trustees have sole discretion to approve applications and award support, subject to sufficient revenue funds being available.

6. ACHIEVEMENTS AND PERFORMANCE

During the year to 31 March 2019, 165 awards amounting to £32,934 were made covering: heating grants; property repairs; and other miscellaneous purposes.

7. PLANS FOR THE FUTURE

The charity plans to continue to manage its resources to provide grants to those in need in the Forfar area who meet the charity's eligibility criteria.

8. FINANCIAL OVERVIEW

The accounts have been prepared on an accruals basis. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. This is a change of accounting policy from 2017/18 when the accounts were prepared on a cash basis.

In the financial year to 31 March 2019, the charity received investment income of £57,052, made awards totalling £32,934 and incurred operating costs totalling £18,918 resulting in a surplus of £5,200 in respect of unrestricted funds.

At 31 March 2019 the charity held investments totalling £1,217,002 and cash and bank balances totalling £281,616.

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The value of investments increased in 2018/19 by £27,034 from £1,189,968 to £1,217,002. UK Fixed Interest, Non-UK Equities and Property Funds/Alternative Assets Investments have increased by £1,893, £16,378 and £31,592 respectively whilst UK Equities and Overseas Fixed Interest Investments decreased in value by £383 and £22,446 respectively.

9. STATEMENT OF THE TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with the Charities Statement of Recommended Practice (FRS102).

The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year in accordance with the Charities Accounts (Scotland) Regulations 2006 (as amended). In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- keep adequate accounting records which are up to date
- take reasonable steps to ensure the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to the auditor

In so far as the trustees are aware:

- there is no relevant information of which the auditor is unaware, and
- the trustees have taken all the steps they ought to have taken to make themselves aware of all relevant audit information, and to establish that the auditor is aware of the information.

10. DECLARATION

This report was approved by the Trustees on 24th September 2019 and signed on their behalf by:

Ian Lorimer CPFA Director of Finance Angus Council	Councillor Lynne Devine Trustee

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st MARCH 2019

	Note	Unrestricted Funds 2018/19 £	Endowment Funds 2018/19 £	Total Funds 2018/19 £	2017/18 £
Income from:					
Donations	11			0	3,000
Investment Income	6	44,412		44,412	53,875
Unit Trust Interest	6	1,000		1,000	1,000
Bank Interest	6	11,640		11,640	5,643
Total		57,052	0	57,052	63,518
Expenditure on:					
Investment Management	10	4,179		4,179	4,267
Charitable Activities – Grants / Donations	7	32,934		32,934	20,157
Audit Fee	11	3,000		3,000	3,000
Finance Support	9	5,355		5,355	4,383
Administration Support	9	6,368		6,368	9,405
Other Expenses		16		16	0
Total		51,852	0	51,852	41,212
Net gains/(losses) on investments			44,077	44,077	(28,002)
Net Movement in Funds		5,200	44,077	49,277	(5,696)
Reconciliation of Funds:					
Total Funds Brought Forward		75,481	1,381,755	1,457,236	1,462,932
Total Funds Carried Forward		80,681	1,425,832	1,506,513	1,457,236

BALANCE SHEET as at 31st MARCH 2019

As at 31 st March 2018			Note	As at 31 st March 2019	
£	£			£	£
		Fixed Assets:			
	1,189,968	Investments	2		1,217,002
		Current Assets:			
10,769		Debtors	4	10,895	
36,806		Premier Investment Account	2	49,670	
219,693		Cash Balance due by Angus Council Loans Fund	2	231,946	
	267,268	Total Current Assets			292,511
		Liabilities:			
	0	Creditors: Amounts falling due within one year	5		3,000
	267,268	Net Current Assets			289,511
	1,457,236	Total Net Assets			1,506,513
		The funds of the charity:			
	1,381,755	Endowment funds	3		1,425,832
	75,481	Unrestricted funds	3		80,681
	1,457,236	Total charity funds			1,506,513

All of the charity's activities are continuing.

The Notes to the Financial Statements on page 7 to 8 form part of these Financial Statements.

This report was approved by the Trustees on 24th September 2019 and signed on their behalf by:

Ian Lorimer CPFA Director of Finance Angus Council	Councillor Lynne Devine Trustee

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Basis of Preparation

The accounts (financial statements) have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the FRS102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The accounts have been prepared on an accruals basis. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. This is a change of accounting policy from 2017/18 when the accounts were prepared on a cash basis however the 2017/18 figures presented in these accounts have been restated accordingly.

Note 2: Accounting Policies

Cash and Bank Balances

During the year the majority of the charity's cash was held by Angus Council, which manages the administration of the funds on the charity's behalf. The Council also acts as banker for the charity and all incoming and outgoing transactions are made via the Council's accounting and banking systems. This cash is repayable on demand and interest is payable on the balance held.

An element of cash is however held by the investment manager to effect investment transactions at the direction of the Council's Director of Finance. The split of the total cash held at 31 March 2019 is detailed in Note 9 along with the split as at 31 March 2018 for comparative purposes.

Investments

Investments are shown at market value as at 31 March 2019 as provided in a report by the investment manager, Investec.

Investments are held by the external investment manager and are managed as 2 distinct portfolios to balance the risk profile of the investments.

The narrower range portfolio is presently restricted to Government Stocks and sterling denominated Corporate Bonds / Funds. The investment objective of this portfolio is generation of income with low capacity for risk.

The Wider Range portfolio allows greater freedom of investment across direct equities and collectives. The investment objective of this portfolio is a balanced return from income and capital appreciation with a medium attitude to risk.

The asset split between the two Portfolios should ideally be around 40% / 60% (Narrower / Wider respectively) and this balance is maintained as far as reasonable with the Narrower Range comprising 30% as a minimum.

Donations

There were no donations in 2018/19. However in the 2017/18 accounts, Angus Council bore the cost of the audit fee £3,000 which was treated as a donation.

Note 3: Nature and Purpose of Funds

The expendable endowment fund is the charity's capital account, held in both cash and investments. Trustees are not prohibited from expending these funds, however the Trustees operate an informal policy of retaining these funds to generate distributable income and only expending these funds in exceptional circumstances.

The unrestricted funds are the charity's revenue account, held in cash, and are available in their entirety to meet the charity's objectives.

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Note 4: Debtor

The account balances include a debtor balance of £10,895. The debtor balance in 2017/18 was £10,769.

Note 5: Creditor

The account balances include a creditor balance of £3,000 which relates to the audit fee. There was no creditor balance in 2017/18.

Note 6: Income

Income of £45,412 was received from the investment portfolios and £11,640 was received from Angus Council in respect of cash deposited with the Council's Loans Fund.

Note 7: Grant Awards

During the year to 31 March 2019 total grants amounting to £32,934 were awarded. The following awards were made:

Heating Grants

158 heating grant applications were approved by the Trustees, each for the value of £150. The total net amount of heating grants awarded in year was £23,200.

Direct Grants For Property Repairs

5 grant amounts totalling £2,234 were awarded to qualifying individuals for various property repairs.

Miscellaneous Grant

2 grant amounts totalling £7,500 was awarded to local organisation for various approved purposes.

Note 8: Trustee Remuneration and Expenses

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

Note 9: Related Party Transactions

The charity was charged £11,723 by Angus Council in respect of Finance £5,355 (17/18 £4,383) and Administration support £6,368 (17/18 £9,405).

Cash and Bank Balances:-

	Cash Held at 31 March 2019 £	Cash Held at 31 March 2018 £
Angus Council	231,946	219,693
Investment Manager	49,670	36,806
Total Cash	281,616	256,499

Note 10: Management Fees

The investment management fees relating to financial year 2018/19 were £4,179 and were borne by the charity. The investment management fees relating to financial year 2017/18 were £4,267 and were also borne by the charity.

Note 11: Audit Fees

The audit fee for 2018/19 was £3,000. This fee is borne by the Charity. The 2017/18 audit fee (£3,000) was borne by Angus Council and was treated as a donation.

Independent auditor's report to the trustees of Robert & William Strang Mortification 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 Robert & William Strang Mortification for the year ended 31 March 2019 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 Financial Activities, the Balance Sheet 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 the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 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 charity 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.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about ability of the charity to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

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.

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 my auditor's report.

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 my auditor's report thereon. 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 matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the statement of accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Report on other requirements

Opinion on matter prescribed by the Accounts Commission

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 Charities SORP (FRS 102).

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 120 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.

Rachel Browne CPFA
Senior Audit Manager
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

24 September 2019

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