

ANGUS COUNCIL CHARITABLE FUNDS
TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

AUDITED

Angus Council Charitable Funds

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Angus Council Charitable Funds

TRUSTEES' ANNUAL REPORT

1. INTRODUCTION

Angus Council acts as administrator for 2 Trusts that have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR).

The Council administers these Trusts, but their assets are not available to the Council and the Council does not have control over the assets. The Trusts are therefore not included in the Council's own accounts statements but have been included in the Council's Group Accounts statements on a subsidiary basis applying the principle that the substance of the relationship indicates control by the Council.

This is the second Trustees' Annual Report for Angus Council Charitable Funds prepared under Regulation 7 (Connected Charities) of the Charities Accounts (Scotland) Regulations 2006. This regulation allows registered charities which have a common or related purpose, or have a common controlling body or administration, to prepare a single set of accounts.

These collated statements cover the following charities registered with OSCR:

- Robert & William Strang Mortification (SC018687) – hereafter referred to as "Strangs"
- Angus Council Charitable Trust (SC044695) – hereafter referred to as "ACCT"

The Trustees present this annual report together with a statement of financial activities and balance sheet for the year ended 31 March 2024.

ADMINISTRATION INFORMATION

Principal / contact address for both charities	Angus Council Director of Finance Angus House Orchardbank Business Park Forfar Angus DD8 1AN
Trustees	<u>Trustees during the period covered by the annual report</u> Councillor Chris Beattie (ACCT) Councillor Julie Bell (ACCT) Councillor Brian Boyd (ACCT) Councillor Kenny Braes (ACCT) Councillor David Cheape (ACCT) Councillor Linda Clark (Strangs & ACCT) Councillor Serena Cowdy (ACCT) Councillor Jack Cruickshanks (ACCT) – appointed 9 May 2024 Councillor Lynne Devine (Strangs & ACCT) Councillor Heather Doran (ACCT) Councillor Bill Duff (ACCT) Councillor Brenda Durno (ACCT) Councillor David Fairweather (ACCT) – resigned 9 February 2024 Councillor Craig Fotheringham (ACCT) Councillor Iain Gall (ACCT) Councillor Ross Greig (Strangs & ACCT) Councillor Mark McDonald (ACCT) Councillor Ian McLaren (Strangs & ACCT) Councillor George Meechan (ACCT) Councillor Lloyd Melville (ACCT) Councillor Gavin Nicol (ACCT) Councillor Louise Nicol (ACCT) Councillor Ronnie Proctor (ACCT) Councillor Jill Scott (ACCT) Councillor Martin Shepherd (ACCT) Councillor Lois Speed (ACCT) Councillor Tommy Stewart (ACCT) Councillor Derek Wann (ACCT) Councillor Beth Whiteside (ACCT)

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Auditor	Mark Laird Senior Audit Manager Audit Scotland 4 th Floor South Suite The Athenaeum Building 8 Nelson Mandela Place Glasgow G2 1BT
Investment Managers	Rathbones: incorporating Investec Wealth & Investment (UK) 15 Lauriston Place Edinburgh EH3 9EN

2. STRUCTURE AND GOVERNANCE

Robert & William Strang Mortification (Strangs)

The Trust is registered with OSCR and 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 current Trustees for the charity are the members of Angus Council for Ward 3 (Forfar and District) within the Angus Council local authority area. The Trustees were appointed on 26 May 2022 by a vote taken by Angus Council at its statutory meeting following the local government elections and there have been no Trustee changes since that date.

Decisions regarding the overall operation and management of the Trust are taken by the Trustees based on simple majority.

Angus Council Charitable Trust (ACCT)

The Trust is registered with OSCR and is governed by a deed of trust, disposed and conveyed by OSCR, dated 27 February 2014 and recorded in the Scottish Charity Register. The charity is administered in line with the terms contained within the deed of trust.

The current Trustees for the charity are all 28 members of Angus Council who were appointed on 26 May 2022 at its statutory meeting following the local government elections. 1 Trustee resigned on 9 February 2024. Following a Council by-election on 25 April 2024, the new councillor became a Trustee following confirmation of the by-election results at the Council meeting on 9 May 2024.

Decisions regarding consideration of applications for support up to a level of £1,000 per application, are delegated to a sub-group of Trustees comprising 1 Trustee from each Council Ward area. Decisions of the sub-group are based on simple majority. All other decisions are taken by all Trustees, also based on simple majority.

Strangs and ACCT

The Director of Legal, Governance & Change is the designated officer within Angus Council with responsibility for the proper administration of both Trusts.

The Director of Finance is the designated officer within Angus Council with responsibility for the proper administration of the financial affairs of both Trusts, including the maintenance of proper accounting records and ensuring that the connected charities financial statements comply with the Charities Accounts (Scotland) Regulations 2006 (as amended).

3. MANAGEMENT OF FUNDS AND INVESTMENT POLICY

The Trustees arrange for funds to be held in an interest-bearing account or otherwise invested in an appropriate manner. Some funds are deposited with Angus Council's Loans Fund but the majority are managed by an external investment manager.

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Both sets of Trustees agreed that management of funds by the investment manager is to be on a discretionary basis under the overall administration of Angus Council's Director of Finance.

4. RESERVES POLICY

There is no specific policy on the level of reserves that should be held but it is the stated intention of both Trusts to only disburse revenue resources. Both sets of Trustees do, however, have discretion to make payments from capital resources where they consider this appropriate. Decisions by either Trust regarding payments from capital must be considered at a full meeting of the relevant Trustees.

5. CHARITABLE PURPOSE AND ACTIVITIES

Strangs

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.

ACCT

The purposes of the charity as set out within the deed of trust are:

- the prevention or relief of poverty;
- the advancement of education, health, citizenship or community development, arts, heritage, culture or science;
- the provision of recreational facilities with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended;
- the promotion of religious or racial harmony; and
- the relief of those in need by the reason of age, ill health, disability, financial hardship or other disadvantage.

These charitable purposes apply across the whole of the Angus Local Government area.

Strangs & ACCT

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

The 2 Trusts give grants and donations to individuals and organisations under the various charitable purposes detailed above. Grants and donations are awarded following receipt of an application form which is submitted to the relevant Trustees to be considered for cash support. Trustees have sole discretion to approve applications and award support, subject to sufficient funds being available.

6. FINANCIAL OVERVIEW

The collated connected 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.

In the year to 31 March 2024:

- income was received as follows:

	Strangs (£)	ACCT (£)	Total (£)
Investment Income	48,335	16,250	64,585
Deposit Interest	11,273	8,518	19,791
Total Income	59,608	24,768	84,376

- Expenditure was incurred as follows:

	Strangs (No.)	Strangs (£)	ACCT (No.)	ACCT (£)	Total (No.)	Total (£)
Charitable Awards	231	47,085	3	3,965	234	51,050
Operating Costs		23,686		20,269		43,955
Total Expenditure	231	70,771	3	24,234	234	95,005

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Additional breakdown of the operating costs can be found in the core financial statements as well as in notes 7, 9, 11 and 13.

Some 86% of the capital account value of the Trusts is held and managed by the external investment manager, Investec. The associated portfolios are managed by Investec on a discretionary basis with a medium attitude to risk and a balanced objective, with the primary aim of generating in-year income returns for distribution to meet the charitable objectives of the Trusts. The investment manager is though always bound by the investment policies approved by the Trustees of the 2 Trusts, including the ethical restrictions set out therein.

On 31 March 2024 long-term investments were valued at £1,665,427 and cash and bank balances totalled £396,121. The value of investments increased by £117,682 from £1,547,745 in 2022/23. Some 50% (£58,496) of this movement resulted from investment of funds that were held as cash at 31 March 2023, with the remaining movement resulting from world market movements and proactive actions by the investment manager.

7. PLANS FOR THE FUTURE

The Trusts plan to continue to manage resources to provide grants, loans, gifts and donations to applicants that satisfy their requirements.

8. 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 Practices (FRS102) (United Kingdom Generally Accepted Accounting Practice).

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 ensure they:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- keep adequate accounting records that are up to date
- take reasonable steps to ensure the prevention and detection of fraud and other irregularities
- ensure the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the provisions of each charity's constitution.

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.

9. DECLARATION

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

STATEMENT OF FINANCIAL ACTIVITIES for the financial year ended 31 MARCH 2024

	Note	Strangs Mortification			Angus Council Charitable Trust			Connected Charities Totals		
		Unrestricted Funds 2023/24 £	Endowment Funds 2023/24 £	Total Funds 2023/24 £	Unrestricted Funds 2023/24 £	Endowment Funds 2023/24 £	Total Funds 2023/24 £	Unrestricted Funds 2023/24 £	Endowment Funds 2023/24 £	Total Funds 2023/24 £
Income from:										
Investment Income	6	48,335		48,335	16,250		16,250	64,585		64,585
Deposit Interest	6	11,273		11,273	8,518		8,518	19,791		19,791
Donations	6	0		0	0		0	0		0
Total		59,608		59,608	24,768		24,768	84,376		84,376
Expenditure on:										
Investment Management	11	5,685		5,685	4,910		4,910	10,595		10,595
Charitable Activities – Grants / Donations	7	47,085		47,085	3,965		3,965	51,050		51,050
Audit Fee	13	3,250		3,250	2,750		2,750	6,000		6,000
Finance Support	9	7,196		7,196	8,234		8,234	15,430		15,430
Administration Support	9	6,955		6,955	4,375		4,375	11,330		11,330
Other Expenses		600		600	0		0	600		600
Total		70,771		70,771	24,234		24,234	95,005		95,005
Net Income / (Expenditure) before gains / (losses) on investments		(11,163)		(11,163)	534		534	(10,629)		(10,629)

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	Note	Strangs Mortification			Angus Council Charitable Trust			Connected Charities Totals		
		Unrestricted Funds 2023/24 £	Endowment Funds 2023/24 £	Total Funds 2023/24 £	Unrestricted Funds 2023/24 £	Endowment Funds 2023/24 £	Total Funds 2023/24 £	Unrestricted Funds 2023/24 £	Endowment Funds 2023/24 £	Total Funds 2023/24 £
Net Income / (Expenditure) before gains / (losses) on investments		(11,163)		(11,163)	534		534	(10,629)		(10,629)
Net gains/(losses) on investments		0	56,809	56,809	0	12,972	12,972	0	69,781	69,781
Net Income / (Expenditure)		(11,163)	56,809	45,646	534	12,972	13,506	(10,629)	69,781	59,152
Transfer between funds		0	0	0	0	0	0	0	0	0
Gains/(losses) on revaluation of fixed assets		0	0	0	0	0	0	0	0	0
Other gains / (losses)		0	0	0	0	0	0	0	0	0
Net Movement in Funds		(11,163)	56,809	45,646	534	12,972	13,506	(10,629)	69,781	59,152
Reconciliation of Funds										
Total Funds Brought Forward		39,808	1,405,492	1,445,300	10,113	557,253	567,366	49,921	1,962,745	2,012,666
Total Funds Carried Forward		28,645	1,462,301	1,490,946	10,647	570,225	580,872	39,292	2,032,526	2,071,818

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STATEMENT OF FINANCIAL ACTIVITIES for the prior financial year ended 31 MARCH 2023

	Note	Strangs Mortification			Angus Council Charitable Trust			Connected Charities Totals		
		Unrestricted Funds 2022/23 £	Endowment Funds 2022/23 £	Total Funds 2022/23 £	Unrestricted Funds 2022/23 £	Endowment Funds 2022/23 £	Total Funds 2022/23 £	Unrestricted Funds 2022/23 £	Endowment Funds 2022/23 £	Total Funds 2022/23 £
Income from:										
Investment Income	6	47,210		47,210	13,656		13,656	60,866		60,866
Deposit Interest	6	3,704		3,704	4,467		4,467	8,171		8,171
Donations	6	24,921		24,921	6,666		6,666	31,587		31,587
Total		75,835		75,835	24,789		24,789	100,624		100,624
Expenditure on:										
Investment Management	11	4,160		4,160	4,821		4,821	8,981		8,981
Charitable Activities – Grants / Donations	7	75,097		75,097	0		0	75,097		75,097
Audit Fee	13	3,700		3,700	3,000		3,000	6,700		6,700
Finance Support	9	6,726		6,726	7,695		7,695	14,421		14,421
Administration Support	9	6,500		6,500	4,089		4,089	10,589		10,589
Other Expenses		600		600	0		0	600		600
Total		96,783		96,783	19,605		19,605	116,388		116,388
Net Income / (Expenditure) before gains / (losses) on investments		(20,948)		(20,948)	5,184		5,184	(15,764)		(15,764)

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	Note	Strangs Mortification			Angus Council Charitable Trust			Connected Charities Totals		
		Unrestricted Funds 2022/23 £	Endowment Funds 2022/23 £	Total Funds 2022/23 £	Unrestricted Funds 2022/23 £	Endowment Funds 2022/23 £	Total Funds 2022/23 £	Unrestricted Funds 2022/23 £	Endowment Funds 2022/23 £	Total Funds 2022/23 £
Net Income / (Expenditure) before gains / (losses) on investments		(20,948)		(20,948)	5,184		5,184	(15,764)		(15,764)
Net gains/(losses) on investments		0	(98,743)	(98,743)	0	(35,053)	(35,053)	0	(133,796)	(133,796)
Net Income / (Expenditure)		(20,948)	(98,743)	(119,691)	5,184	(35,053)	(29,869)	(15,764)	(133,796)	(149,560)
Transfer between funds		0	0	0	0	0	0	0	0	0
Gains/(losses) on revaluation of fixed assets		0	0	0	0	0	0	0	0	0
Other gains / (losses)		0	0	0	0	0	0	0	0	0
Net Movement in Funds		(20,948)	(98,743)	(119,691)	5,184	(35,053)	(29,869)	(15,764)	(133,796)	(149,560)
Reconciliation of Funds										
Total Funds Brought Forward		60,756	1,504,235	1,564,991	4,929	592,306	597,235	65,685	2,096,541	2,162,226
Total Funds Carried Forward		39,808	1,405,492	1,445,300	10,113	557,253	567,366	49,921	1,962,745	2,012,666

BALANCE SHEET on 31 MARCH 2024

31 March 2023				Note	31 March 2024		
Strangs £	ACCT £	Total £			Strangs £	ACCT £	Total £
1,196,987	350,758	1,547,745	Fixed Assets:				
			Investments	2	1,236,991	428,436	1,665,427
			Current Assets:				
11,471	3,983	15,454	Debtors	4	11,718	4,552	16,270
32,203	105,666	137,869	Premier Investment Account	2	43,323	36,050	79,373
208,339	109,959	318,298	Cash Balance due by Angus Council Loans Fund	2	202,164	114,584	316,748
252,013	219,608	471,621	Total Current Assets		257,205	155,186	412,391
			Liabilities:				
3,700	3,000	6,700	Creditors: Amounts falling due within one year	5	3,250	2,750	6,000
248,313	216,608	464,921	Net Current Assets		253,955	152,436	406,391
1,445,300	567,366	2,012,666	Total Net Assets		1,490,946	580,872	2,071,818
			The funds of the charity:				
1,405,492	557,253	1,962,745	Endowment funds	3	1,462,301	570,225	2,032,526
39,808	10,113	49,921	Unrestricted funds	3	28,645	10,647	39,292
1,445,300	567,366	2,012,666	Total charity funds		1,490,946	580,872	2,071,818

All of the charity's activities are continuing.

The Notes to the Financial Statements on page 12 to 14 form part of these Financial Statements.

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

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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).

These are collated statements prepared under Regulation 7 (Connected Charities) of the Charities Accounts (Scotland) Regulations 2006.

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.

Note 2: Accounting Policies

Going Concern

At the time of approving the financial statements, the Trustees for both Trusts have a reasonable expectation that the Trusts have adequate resources to continue in operational existence for the foreseeable future. Thus, the Trustees have adopted the going concern basis of accounting in preparing the financial statements.

Cash and Bank Balances

During the year cash was held by Angus Council, which manages the administration of the funds. The Council also acts as banker for the funds 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 received on the balance held.

An element of cash is however held by the investment manager (Premier Investment Account) to effect investment transactions. The split of the total cash held on 31 March 2024 is detailed in Note 10 along with the split on 31 March 2023 for comparative purposes.

Investments

Investments are held by the investment manager and are managed with a balanced income return and capital growth objective on a medium risk basis. Investments are shown at market value on 31 March 2024 as provided in a report by the investment manager. An analysis of the market value of investments is detailed at Note 12.

Note 3: Nature and Purpose of Funds

Funds are held for the charitable purposes listed at section 5 of the Trustees' Annual Report. All decisions regarding the disbursement of funds are taken by the relevant Trustees.

Expendable endowment funds relate to the funds in the capital account, held in both cash and investments. Trustees are not prohibited from expending these funds, however the Trustees of both Trusts operate an informal policy of retaining these funds to generate distributable income and only expending these funds in exceptional circumstances.

Unrestricted funds are the funds in the revenue account, held in cash, and are available in their entirety to meet the charitable objectives.

Note 4: Debtors

The accounts on 31 March 2024 include a debtor balance of £16,270 in respect of investment income accrued to 31 March 2024 but received after the year-end. The debtor balance in 2022/23 was £15,454.

Note 5: Creditors

The accounts on 31 March 2024 include a creditor balance of £6,000 which relates to the audit fee. The creditor balance in 2022/23 was £6,700 and also related to the audit fee.

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Note 6: Income

Income received during 2023/24 totalled £84,376 with £64,585 received from investments and £19,791 cash deposit interest received. Deposit interest was received from Angus Council in respect of the cash deposited with the Council's Loans Fund (£15,644) and from the investment manager in respect of the cash balances held by them (£4,147). The breakdown of income received by each Trust is detailed on the face of the Statement of Financial Activities.

The comparative income receipts in 2022/23 totalled £69,037, split £60,866 and £8,171 respectively.

Note 7: Grant Awards

During the year to 31 March 2024 grants totalling £51,050 were awarded as follows:

	Strangs (No.)	Strangs (£)	ACCT (No.)	ACCT (£)	Total (No.)	Total (£)
Heating Grants	220	41,450	0	0	220	41,450
Property Related Grants	8	2,835	1	825	9	3,660
Miscellaneous Grants	3	2,800	2	3,140	5	5,940
Total Expenditure	231	47,085	3	3,965	234	51,050

Additional Information

- Heating Grants: awards of £100 / £150 / £200 were approved by the Trustees relative to individual circumstances.
- Property Related Grants: awards were made to qualifying individuals for various property related costs, including furniture, flooring and repairs.
- Miscellaneous Grants: awards were made in support of those suffering hardship.

Note 8: Trustee Remuneration, Expenses and Related Party Transactions

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

Note 9: Related Party Transactions

During the year to 31 March 2024, Angus Council charged £15,430 in respect of Finance support and £11,330 in respect of Administration support. The breakdown of these costs by each Trust is detailed on the face of the Statement of Financial Activities.

The comparative charges in 2022/23 were £14,421 and £10,589 respectively.

Note 10: Cash and Bank Balances

	Cash Held at 31 March 2024 £	Cash Held at 31 March 2023 £
Angus Council Loans Fund	316,748	318,298
Premier Investment Account	79,373	137,869
Total Cash	396,121	456,167

The breakdown of these cash balances by each Trust is detailed on the face of the Balance Sheet.

Note 11: Investment Management Fees

The investment management fees relating to financial year 2023/24 totalled £10,595 and were borne by the funds of the Trusts. The investment management fees relating to financial year 2022/23 totalled £8,981. The breakdown of these fees by each Trust is detailed on the face of the Statement of Financial Activities.

The investment management fees are directly linked to the value of the investment portfolios and thus the increase between years reflects growth achieved in the value of the portfolios which also resulted in the income generated increasing.

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Note 12: Investments

Investment Category	Market Value on 31 March 2024			Market Value on 31 March 2023		
	Strangs £	ACCT £	Total £	Strangs £	ACCT £	Total £
UK Fixed Interest	262,183	87,943	350,126	400,037	92,231	492,268
UK Equities	222,855	60,823	283,678	253,976	57,571	311,547
Overseas Fixed Interest	41,220	28,670	69,890	34,105	61,203	95,308
European Equities	84,763	30,189	114,952	60,090	13,389	73,479
North American Equities	254,105	75,530	329,635	53,099	9,323	62,422
Far East & Australasian Equities	41,074	21,466	62,540	14,582	10,010	24,592
Overseas Equities	142,142	40,741	182,883	237,304	32,010	269,314
Property	59,724	22,513	82,237	18,774	17,138	35,912
Emerging Economies	25,237	9,147	34,384	0	0	0
Alternative Assets	103,688	51,414	155,102	125,020	57,883	182,903
TOTALS	1,236,991	428,436	1,665,427	1,196,987	350,758	1,547,745

Note 13: Audit Fee

The audit fee for 2023/24 was £6,000 and was borne by the funds of the Trusts. The audit fee for 2022/23 was £6,700.

The breakdown of this cost by each Trust is detailed on the face of the Statement of Financial Activities.

Note 14: Events After the Reporting Date

There are no events after the reporting date which affect the accounts or otherwise require to be disclosed.

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ANGUS COUNCIL CHARITABLE FUNDS AND THE ACCOUNTS COMMISSION

Reporting 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 Angus Council Charitable Funds for the year ended 31 March 2024 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 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 charities as at 31 March 2024 and of their 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 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.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charities' ability to continue to adopt the going concern basis of

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accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' Annual Report 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 determines 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 charities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees intend to discontinue the charities' operations, or have no realistic alternative but to do so.

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:

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, the 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 and the Director of Finance 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 and the Director of Finance 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

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- 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. 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 Charities SORP (FRS 102).

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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.

Mark Laird
Senior Audit Manager
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

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